

BIOTECH INNOVATION FOR A GLOBAL COMPETITIVENESS







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We are confident that we continue improving our performance in the present and the future. Our production processes are managed according to Sustainable Development Goals (SDGs).

We continue to innovate in biotechnology, actively maintain vaccine supply and national vaccine security for national immunization program demand and save the lives of millions worldwide.



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126 YEARS' OF COMPETENCE AND COMMITMENT

In 126 years of its operations,
Bio Farma maintains and
respects its corporate and Good
Corporate Governance values.





THEME CONTINUITY



2016 BIOTECH INNOVATION FOR A GLOBAL COMPETITIVENESS

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We are confident that we continue improving our performance in the present and the future. Our production processes are managed according to Sustainable Development Goals (SDGs).

We continue to innovate in biotechnology, actively maintain vaccine supply and national vaccine security for national immunization program demand and save the lives of millions worldwide.



2015 BIOTECH INNOVATION FOR A BETTER FUTURE

With the dedication of all employees of Bio Farma, since 2011 we have been determined and committed in producing a wide range of biotechnological innovation, because innovation is our value.

Implementation of Environmentally Friendly Business Process Innovation as well as Innovation in the field of Environment and CSR, making Bio Farma as the only Indonesian Pharmaceutical Industry to achieve gold PROPER from the Ministry of Environment and Forestry.

In 2015, Innovation Biotechnology has resulted in the development of biological products Erythropoietin (EPO) as well as the development of other life science products. Now is the time for Bio Farma to continue to innovate in the field of biotechnology to create a better future.



2014 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.



2013 DEDICATED TO GLOBAL ENVIRONMENT AND PUBLIC HEALTH

With competence, experience and a history of learning of more than 123 years, Bio Farma continues to innovate in research and product development to find new vaccines, which will be able to cope with diseases that continue to grow and threaten human health. We dedicate our hard work to global environment and public health, providing solutions to achieve global prosperity.



2012 TOWARDS LIFE SCIENCE INDUSTRY

In 2012, Bio Farma revised its company vision “to become a world class vaccine and immunosera producer of global competitiveness” with the passion in providing a solution to global prosperity. It is time for Bio Farma to implement changes by repositioning its portfolio business process efficiency, advancement of technology and world class human resources quality enhancement.



2011 BIOTECHNOLOGY INNOVATION IS OUR FUTURE

The status of Bio Farma as the only manufacturer of vaccines and anti sera in Indonesia does not make us complacent. To face the tight competition globally, Bio Farma continues to reform and innovate in various ways, including producing new product to meet market needs.

The development of biotechnology-based products becomes the key of our success in the future.



GOLD PROPER

RECOGNITION FOR COMPREHENSIVE AND SUSTAINABLE ENVIRONMENTAL MANAGEMENT



**2016
Gold PROPER**

Bio Farma was awarded the Gold PROPER (Corporate Performance Ranking Program) for the third time by the Ministry of Environment and Forestry. The award was presented by Vice President Jusuf Kalla to the Bio Farma Director of Production Juliman in the awards ceremony at the Vice Presidential Palace. Witnessing our triumph was Siti Nurbaya, the Minister of Environment and Forestry of the Republic of Indonesia.

Gold PROPER is awarded in recognition of successful programs in conservation, energy efficiency, and community development and empowerment. Bio Farma is one of the 13 companies to win the Gold PROPER in 2016.

We are continuously innovating in resource management, energy efficiency, and environmental impact management from business activities. Community empowerment was key in winning the third Gold PROPER.



2011

Green PROPER



2012

Green PROPER



2013

Green PROPER



2014

Gold PROPER



2015

Gold PROPER



2016

Gold PROPER

THE BEST SUSTAINABILITY REPORT

Bio Farma won the “Best Sustainability Report 2015 Category Manufactures” award for the second time in Sustainability Reporting from the National Center for Sustainability Reporting (NCSR). The award was presented by Chairman of the Judging Panel Sarwono Kusumaatmadja of the NCSR.

Bio Farma Sustainability Report complies with the latest Global Reporting Initiative (GRI) G4

guidelines and Sustainable Development Goals (SDGs).

Bio Farma is a member of GRI Organizational Stakeholders (OS) program, which reflects our commitment towards sustainability. Bio Farma’s sustainability practices are adopted as guidelines and case-based learning for GRI Organizational Stakeholders members.



Bio Farma achieve the “Best Sustainability Report 2015 Category Manufactures,” presented by Chairman of the 2016 SRA Judging Panel Sarwono Kusumaatmadja to the Director of Production, Juliman.

We aligning all production our production processes and corporate activities with the Sustainable Development Goals (SDGs) to be competitive in the global market.



CONTRIBUTING TO THE NATION'S HEALTH THROUGHOUT THE YEARS

HEALTHCARE ACCESS AND ACCELERATION IN PHAMACEUTICAL INDUSTRY DEVELOPMENT

In accordance with the Presidential Instruction No. of 2016 on Acceleration of Development of the Pharmaceutical Industry and Medical Devices, Bio Farma is an ardent supporter of the growth of the pharmaceutical and medical devices industry. Our unwavering support ensures the readiness of pharmaceuticals and medical devices and improves healthcare provided by the National Health Insurance scheme.

Bio Farma is committed to improve the competitiveness of the pharmaceutical and medical device industry in the domestic and export market. We have 13 products to have received Prequalification designation by the World Health Organization (WHO). Our products are used in more than 130 countries worldwide. We are the largest vaccine producer in Southeast Asia with an annual production of 3.2 billion. Nevertheless, domestic vaccine demand is always our first priority.

Bio Farma promotes mastery of technologies and innovations in pharmaceuticals and medical devices, acceleration of self-sufficiency and development of medicine raw materials, meeting domestic and export demands for medical devices, and restoring and increasing industrial activity/utilization of industrial capacity.

We are committed towards the development of biopharmaceuticals, vaccines, natural medicines, and Active Pharmaceutical Ingredients (API) chemicals by our industry. In the National Vaccine and Life Sciences Research Forum, we are promoting research and development of pharmaceutical and medical device readiness to actualize national self-sufficiency in those areas.



ACCESS TO VACCINE & HEALTHCARE



Bio Farma is deeply committed towards improving healthcare services and disease prevention under the Access to Vaccine & Healthcare Program carried out domestically and abroad.

The program is aimed to open healthcare access to those in remote areas and to those that need healthcare facilities and vaccination.

Improved access to vaccination and healthcare aims to provide extensive vaccination, health education, improve nutrition for infants and children, and open vaccination and tourist community health centers.



CILETUH NATIONAL GEOPARK DEVELOPMENT

In October 2016, Bio Farma was one of the first Indonesian industry representative deeply involved in geopark development and shared our efforts in the International Global Geopark Network Conference in Torquay, Britain.

We continuously encourage the surrounding communities to renounce illegal mining in the area and instead develop the Ciletuh Geopark as a geotourism destination.

We have been actively assisting the Ciletuh Geopark since 2013. We have introduced to the local communities the concept of geoparks, build the

communities' capacity, provide clean water solutions, and offer homestay and local tourism training and assistance.

We have been developing and promoting the environmentally friendly Pakidulan batik. We have been leading conservation efforts by conserving endemic plants, mangrove, and corals. We have also been assisting the provision of healthcare services and medicine to the local communities.

OUR DEDICATION TO THE WORLD

The world was once infected by variola. We have successfully eradicated one infectious disease. We are dedicated to inspire vaccine production in developing nations.



VARIOLA ERADICATION

- 1967** The WHO-led Smallpox Eradication Program by vaccination
- 1967** 10-15 million cases in 44 countries and 2 million dead.
- 1976** 2 cases
- 1977** Last natural case in Somalia
- 1977** Eradicated



1988

Bio Farma exports two-thirds of the world's polio vaccine demand

1988

125 country

- Polio endemic countries.
- Certified polio-free countries.



2014*

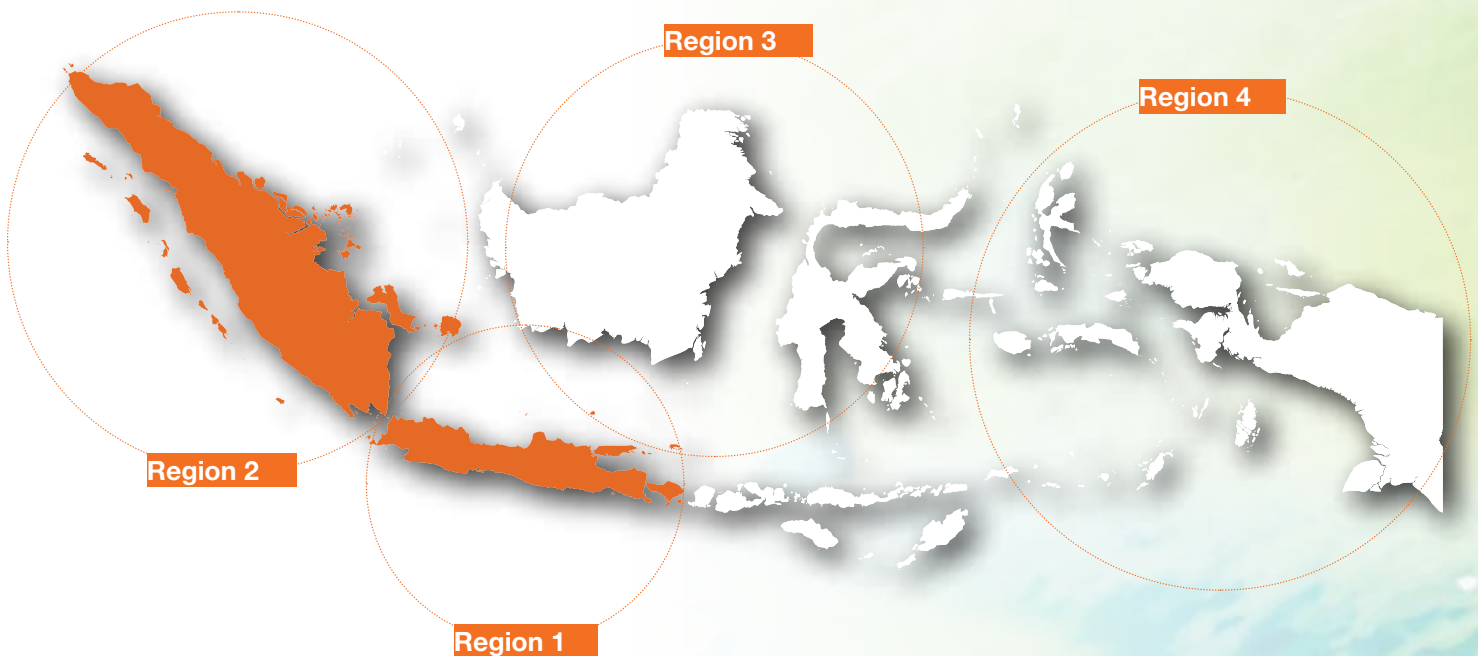
3 endemic countries on polio wild virus, i.e. : Nigeria, Afghanistan, and Pakistan

2016: : 2 countries
Pakistan and India

- Polio endemic countries
- Certified polio-free countries



SUCCESSFUL ERADICATION OF MATERNAL AND NEONATAL TETANUS



Region 1 Bali and Java: August 2010

Region 2 Sumatra: 2010

Region 3 West Nusa Tenggara, East Nusa Tenggara, Kalimantan and Sulawesi: July 2011

Region 4 Papua, Western Papua Barat, Maluku and Maluku Utara: May 2016



ERADICATION OF POLIO



Polio infection has significantly decreased by more than 99%. In 1988, there were 350,000 reported cases and only 74 in 2015.

In 2016, the national immunization week was held with great success. This is proof of the world's commitment to eradicate polio.

As a vaccine producer, Bio Farma has contributed greatly to the week's success. At the time of writing, Bio Farma produces two-thirds of the world's polio

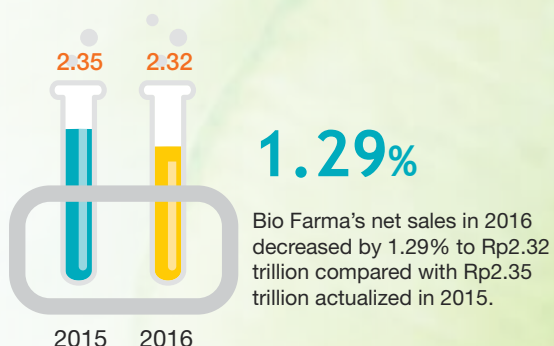
vaccine. We also support developing countries keen on independently producing vaccines by supplying bulk intermediate polio products.

We meet demand for polio vaccine at the national and global level to protect humanity from infectious diseases and support the Global Polio Eradication Polio program.

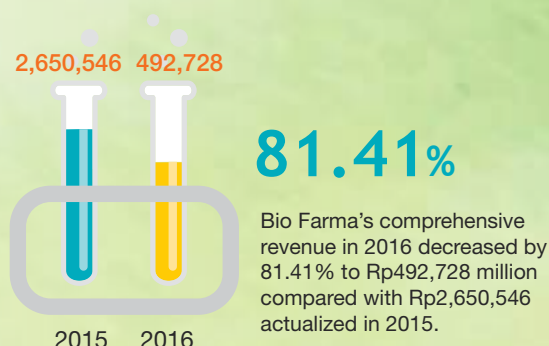


HIGHLIGHTS OF 2016

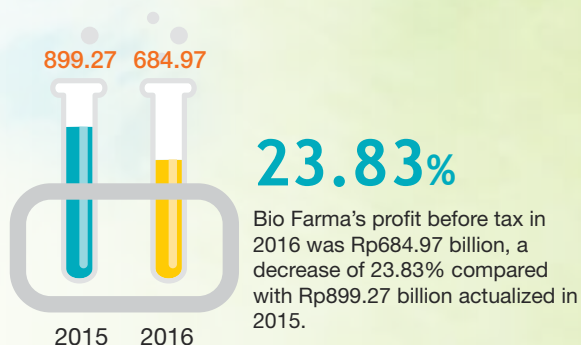
NET SALES (in trillions)



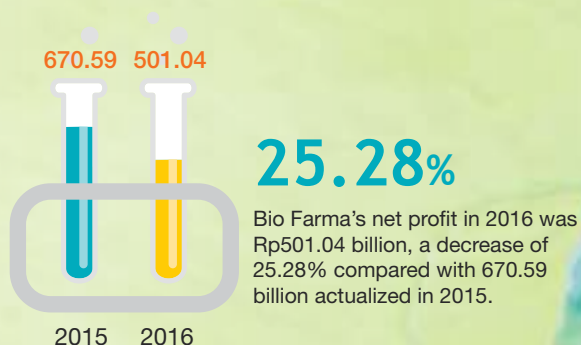
COMPREHENSIVE REVENUE [in millions]



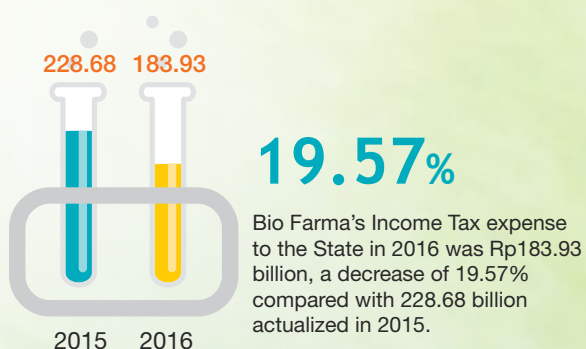
PROFIT BEFORE TAX [in billions]



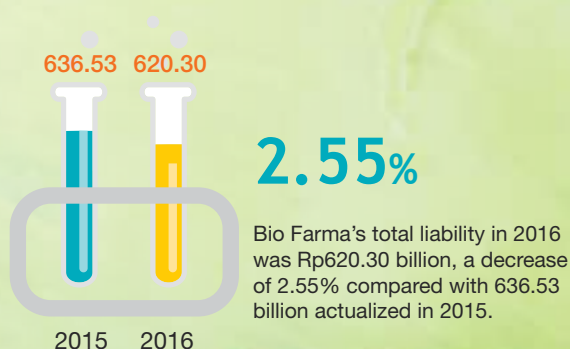
COMPANY NET PROFIT [in billions]



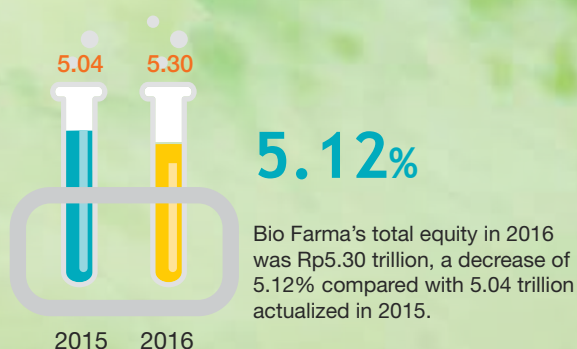
CURRENT TAX EXPENSE [in billions]

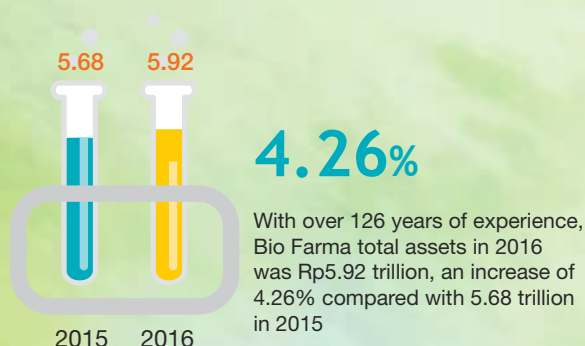
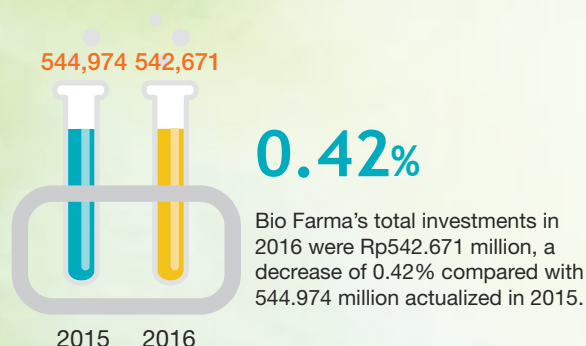
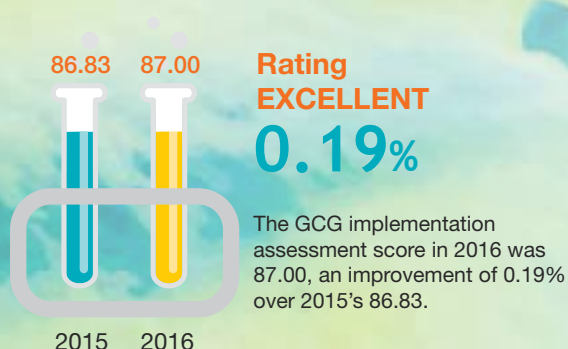
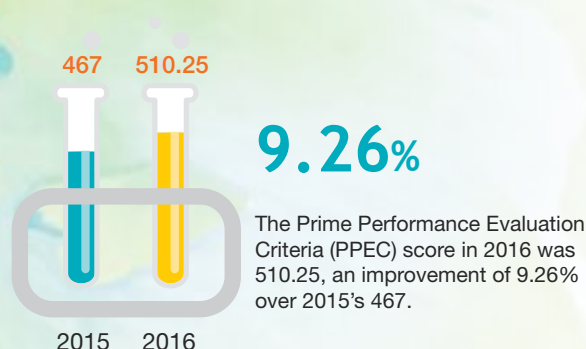
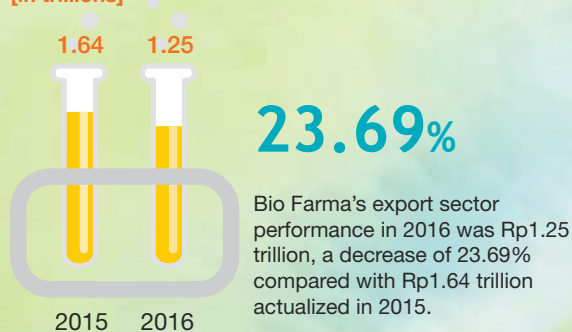
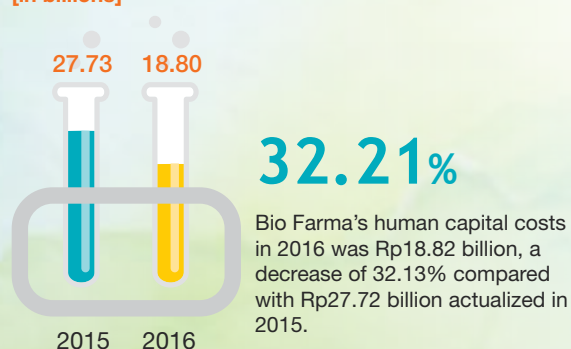
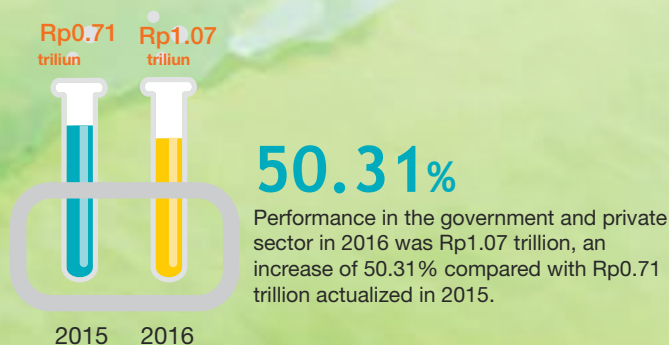


TOTAL LIABILITY [in billions]



TOTAL EQUITY [in trillions]



TOTAL ASSETS [in trillions]**TOTAL INVESTMENTS [in millions]****GCG ASSESSMENT****PPEC SCORE****EXPORT SECTOR PERFORMANCE [in trillions]****HUMAN CAPITAL COSTS [in billions]****GOVERNMENT & PRIVATE SECTOR PERFORMANCE**



FINANCIAL PERFORMANCE IN THE LAST 5 FISCAL YEARS

TOTAL INVESTMENTS ON ENTITIES

INVESTMENTS BY ALLOCATION

Investment Realization According to Usage

[In Million Rupiah]

Investment Group	2012	2013	2014	2015	2016	Increase / Decrease [%]	Difference 2015/2016
	1	2	3	4	5	5/4	5-4
ROUTINE							
Assessment WHO & GMP	39,428	50,655	30,873	74,314	23,540	(68.32)	(50,774)
Replacement	18,592	44,814	29,889	23,735	33,555	41.38	9,820
IPAL/OHS/Environment/ Quality Control	2,694	1,632	10,133	14,822	23,708	59.95	8,886
DEVELOPMENT							
Capacity Building	25,423	114,224	69,109	399,039	378,580	(5.13)	(20,459)
Basic Research/R&D	9,107	24,690	12,984	9,971	71,491	616.97	61,519
New Products	80,878	12,262	21,636	23,093	11,797	(48.92)	(11,296)
Total	176,122	248,276	174,623	544,974	542,671	(0.42)	(2,303)

INVESTMENT BY GROUP

Investment by Group

[In Million Rupiah]

Investment Group	2012	2013	2014	2015	2016	Increase / Decrease [%]	Difference 2015/2016
	1	2	3	4	5	5/4	5-4
Office Equipment	7,110	11,504	32,554	13,842	18,324	32.38	4,482
Factory Equipment	29,208	82,722	49,448	243,363	385,478	58.40	142,115
Other Equipment	108,384	31,958	32,018	53,807	14,351	(73.33)	(39,456)
Building	30,903	114,850	39,849	228,358	114,298	(49.95)	(114,061)
Vehicles	-	-	750	384	30	(92.17)	(354)
Intangible Assets	518	7,242	20,004	5,219	10,189	95.22	4,970
Land Investment	0	0	0	0	0	-	0
Total	176,122	248,276	174,623	544,974	542,671	(0.42)	(2,303)

CASH FLOW

Statements of Cash Flows

[In Million Rupiah]

Description	2012	2013	2014	2015	RKAP 2016	2016	Increase / Decrease [%]	Increase / Decrease [%]	Difference 2015 - 2016	Difference 2016 - RKAP
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
CASH FLOW FROM OPERATIONS										
Customer Cash Receipts	1,375,334	1,800,735	2,108,672	2,106,478	2,876,996	2,334,948	10.85	(18.84)	228,470	(542,048)
Tax Refund	0	0	(314,959)	28,876	(458,463)	124,792	332.17	(127.22)	95,916	583,255
Interest Receipts	3,138	12,823	35,395	37,422	15,000	7,960	(78.73)	(46.93)	(29,462)	(7,040)
WHO Grants/ Donations	1,767	1,278	4,989	800	2,918	13,588	1.598.50	365.71	12,788	10,670
Other Income (Payment) - Net	2,405	(19,156)	11,673	(23,774)	4,517	1,238	(105.21)	(72.59)	25,012	(3,279)
Insurance Claim Receipts	-	-	107	-	-	-	-	-	-	-
Interest Payments	-	-	-	-	(125)	(9,343)	-	7.374.00	(9,343)	(9,218)
Tantiem Payments	(5,867)	(6,980)	(9,727)	(13,737)	-	(14,750)	7.38	-	(1,013)	(14,750)
Tax Payments	(139,777)	(151,969)	-	(326,409)	-	(391,829)	20.04	-	(65,420)	(391,829)
Payment to Suppliers and Employees	(858,357)	(1,003,850)	(1,330,310)	(1,584,191)	(1,732,277)	(1,519,679)	(4.07)	(12.27)	64,512	212,597
Net Cash Provided from (Used In) Operations	378,642	632,880	505,839	225,465	708,566	546,926	142.58	(22.81)	321,461	(161,640)
CASH FLOWS FROM INVESTING ACTIVITIES										
Fixed Asset Procurement	(208,859)	(192,644)	(163,149)	(535,175)	(1,344,255)	(393,170)	(26,53)	(70,75)	142,005	951,085
Securities Placement	-	-	(25,000)	25,000	-	-	-	-	(25,000)	-
Intangible Asset Procurement	(1,816)	(6,671)	(20,578)	(3,962)	(14,308)	(11,173)	181,97	(21,91)	(7,210)	3,135
Sale of Other Assets	20	138	-	-	-	-	-	-	-	-
Net Cash Provided from (Used In) Investment Activities	(210,655)	(199,177)	(208,727)	(514,137)	(1,358,563)	(404,343)	(21,36)	(70,24)	109,795	954,220



Description	2012	2013	2014	2015	RKAP 2016	2016	Increase / Decrease [%]	Increase / Decrease [%]	Difference 2015 - 2016	Difference 2016 - RKAP
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
CASH FLOW FROM FINANCING ACTIVITIES										
Short-term Loan Receipts	-	-	-	-	450.000	235.000	-	(47,78)	235.000	(215.000)
Short-term Loan Payments	-	-	-	-	-	(235.000)	-	-	(235.000)	(235.000)
Dividend Payments	(57.460)	(113.938)	(228.987)	(145.015)	(203.434)	(234.707)	61,85	15,37	(89.692)	(31.273)
Partnership and Conservation Programs Payments	-	-	-	(4.712)	-	-	-	-	4.712	-
WHO Capital Donation	-	-	-	-	-	-	-	-	-	-
Long-term Loan Receipts	-	-	-	-	-	-	-	-	-	-
Long-term Loan Payments	-	-	-	-	-	-	-	-	-	-
Capital Deposit	-	-	-	-	(2.772)	-	-	-	-	2.772
Net Cash Provided from (Used In) Financing Activities	(57.460)	(113.938)	(228.987)	(149.727)	243.794	(234.707)	56,76	(196,27)	(84.980)	(478.501)
Net Cash Increase (Decrease)	110.527	319.765	68.125	(438.398)	(406.202)	(92.123)	(78,99)	(77,32)	346.275	314.079
Effect of Exchange Rate Changes on Cash and Cash Equivalents	16.100	72.988	12.341	22.621	-	(15.865)	(170,14)	-	(38.486)	(15.865)
Cash and Cash Equivalents at Beginning of Year	371.871	498.498	891.251	971.717	733.136	555.939	(42,79)	(24,17)	(415.778)	(177.196)
Cash and Cash Equivalents at End of Year	498.498	891.251	971.717	555.939	326.933	447.950	(19,42)	37,02	(107.989)	121.017

ASSET

[In Million Rupiah]

Description	2012	2013	2014	2015	RKAP 2016	2016	Increase / Decrease [%]		Difference 2015 -2016	Difference 2016 - RKAP	RKAP 2017
	1	2	3	4	5	6	6/4	6/5	6-4	6-5	
Current Assets	1,033,864	1,542,901	1,824,639	1,995,781	2,177,422	1,849,555	(7,33)	(15,06)	(146,226)	(327,866)	2,358,153
Non Current Assets	1,011,824	1,161,703	1,219,969	3,684,882	4,586,647	4,072,899	10,53	(11,20)	388,017	(513,748)	5,914,812
TOTAL ASSETS	2,045,688	2,704,604	3,044,607	5,680,663	6,764,069	5,922,454	4,26	(12,44)	241,791	(841,615)	8,272,965

LIABILITIES

[In Million Rupiah]

Description	2012	2013	2014	2015	RKAP 2016	2016	Increase / Decrease [%]		Difference 2015 - 2016	Difference 2016 - RKAP	RKAP 2017
	1	2	3	4	5	6	6/4	6/5	6-4	6-5	
Short Term Liabilities	197.714	389.637	339.668	456.663	527.731	453.169	(0,77)	(14,13)	(3.494)	(74.562)	737.577
Total Long Term Liabilities	41.441	48.371	161.250	179.868	662.389	167.133	(7,08)	(74,77)	(12.735)	(495.256)	1.485.333
TOTAL LIABILITIES	239.155	438.008	500.919	636.532	1.190.121	620.302	(2,55)	(47,88)	(16.230)	(569.818)	2.222.910

EQUITY

[In Million Rupiah]

Description	2012	2013	2014	2015	RKAP 2016	2016	Increase/Decrease [%]	Increase/Decrease [%]	Difference 2015/2016	Difference 2016 - RKAP	RKAP 2017
	1	2	3	4	5	6	6/4	6/5	6-4	6-5	
EQUITY											
Capital Stock	750,000	750,000	1,250,000	1,650,000	2,000,000	2,000,000	21.21	-	350,000	-	-
Retained Earnings (Loss)											
- Appropriated	670,641	941,919	786,075	816,422	881,101	899,824	10.22	2.12	83,402	18,723	-
- Un appropriated	-	675	-	(2484)	-	-	(100.00)	#DIV/0!	2,484	-	-
Current Year Profit	385,892	572,468	577,590	670,593	758,224	501,041	(25.28)	(33.92)	(169,552)	(257,183)	-
Other Equity Components	-	-	(69,976)	1,909,600	1,934,623	1,901,287	(0.44)	(1.72)	(8,313)	(33,336)	-
Total Equity	1,806,533	2,265,062	2,543,689	5,044,132	5,573,948	5,302,152	5.12	(4.88)	258,021	(271,796)	6,070,005
Total Liabilities & Equity	2,045,688	2,703,069	3,044,608	5,680,663	6,764,069	5,922,454	4.26	(12.44)	241,791	(841,615)	8,292,915



FINANCIAL RATIOS

[In Million Rupiah]

Description	2012	2013	2014	2015	RKAP 2016	2016	Kenaikan / Penurunan [%]		Difference 2015 -2016	Difference 2016 -RKAP
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
LIQUIDITY [%]										
Cash Ratio	252.13	228.74	286.08	121.74	61.95	98.85	(18.80)	59.56	(22.89)	36.90
Current Ratio	522.91	395.98	537.18	437.04	412.60	408.14	(6.61)	(1.08)	(28.90)	(4.46)
PROFITABILITY [%]										
Gross Profit Margin	59.38	60.96	61.84	63.02	61.80	56.59	(10.21)	(8.43)	(6.43)	(5.21)
Operating Margin	34.03	36.93	35.57	35.65	34.78	28.50	(20.07)	(18.05)	(7.15)	(6.28)
Net Profit Margin	26.84	30.88	28.48	28.59	25.98	21.64	(24.30)	(16.69)	(6.95)	(4.34)
Return on Equity (ROE)	29.36	37.81	31.93	17.14	18.79	12.47	(27.26)	(33.64)	(4.67)	(6.32)
Return on Investment (ROI)	31.22	34.81	31.15	20.27	20.04	16.53	(18.42)	(17.49)	(3.73)	(3.50)
Return on Assets (ROA)	20.42	24.11	20.26	15.37	12.30	8.80	(42.77)	(28.48)	(6.57)	(3.50)
SOLVABILITY [%]										
Debt to Equity	13.24	19.34	19.69	12.62	21.35	11.70	(7.29)	(45.21)	(0.92)	(9.65)
TURNOVER [TIMES]										
Inventory Turnover	3.59	3.95	2.94	2.20	2.83	1.72	(21.91)	(39.24)	(0.48)	(1.11)
Receivable Turnover	7.80	7.29	7.54	6.17	9.50	5.87	(4.87)	(38.16)	(0.30)	(3.62)
GROWTH [%]										
Sales	108.20	128.94	110.27	114.77	122.03	98.71	(13.99)	(19.10)	(16.05)	(23.31)
Operating Income	126.51	139.92	106.19	115.05	131.43	78.91	(31.41)	(39.96)	(36.14)	(52.53)
Net Income before Tax	127.79	149.41	99.65	115.90	120.56	76.17	(34.28)	(36.82)	(39.73)	(44.39)

CURRENT RATIO

↓ **6.61%**

RETURN ON EQUITY
(ROE)

↓ **27.26%**

CASH RATIO

↓ **18.80%**

RETURN ON
INVESTMENT (ROI)

↓ **18.42%**

RETURN ON ASSETS
(ROA)

↓ **42.77%**



SHARE PERFORMANCE AND CHRONOLOGICAL LISTING OF SHARES

COMPOSITION OF SHARE OWNERSHIP

As of December 31, 2016, Bio Farma is a non-listed company. Its shares are not available for the public and the Directors or Board of Commissioners of Bio Farma. Shares are 100% owned by the Government of the Republic of Indonesia.

SUMMARY OF SHARES

As of December 31, 2016, Bio Farma is not listed in the Indonesia Stock Exchange. As such, it does not share information regarding:

- a. market capitalization based on share performance at the listed stock exchange;
- b. market capitalization based on share performance at the listed stock exchange;

- c. trading volume of shares listed at the listed stock exchange;
- d. closing prices based on performance at the listed stock exchange;
- e. trading volume of shares at the listed stock exchange of each quarter in the last 2 (two) years.

CHRONOLOGICAL LISTING OF SHARES

As of December 31, 2016, Bio Farma is not listed in the Indonesia Stock Exchange. As such, it does not present information regarding the chronological listing of shares, corporate actions on shares, and stock exchange where its shares are listed.

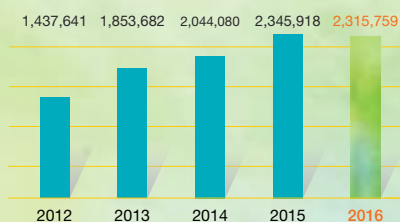
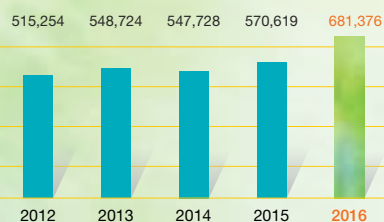
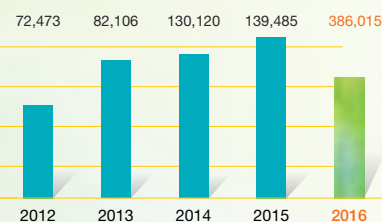
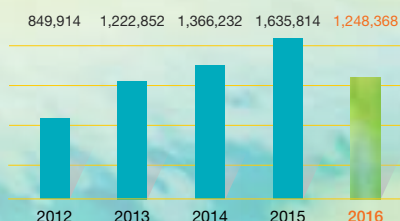
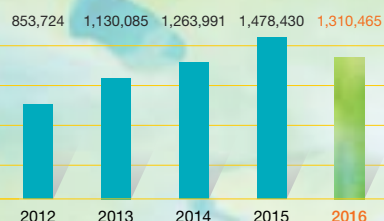
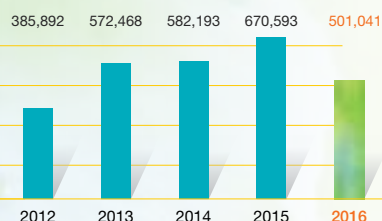
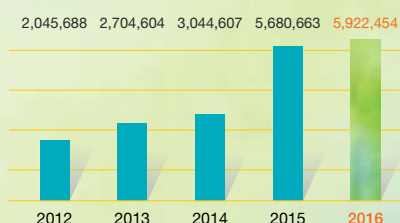
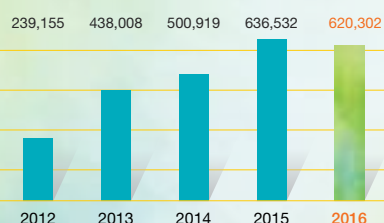
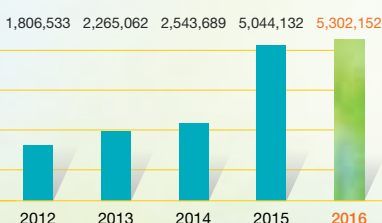
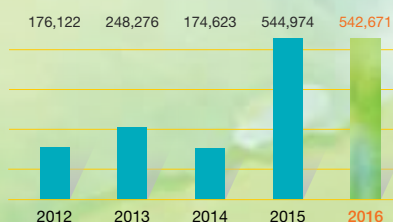
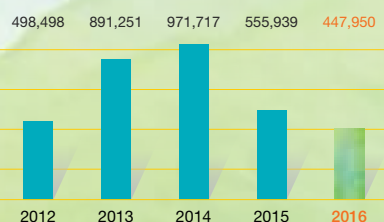
SUMMARY OF CHRONOLOGICAL LISTING OF BONDS/SUKUK/CONVERTIBLE BONDS AND OTHER SECURITIES

SUMMARY OF BONDS /SUKUK/ CONVERTIBLE BONDS

As of December 31, 2016, Bio Farma does not issue bonds/sukuk/convertible bonds. As such, it does not present information regarding the volume of outstanding bonds/sukuk/convertible bonds, their interest/yield, maturity, and performance in 2015 and 2016.

CHRONOLOGICAL LISTING OF OTHER SECURITIES

Bio Farma does not issue securities of any type and as such does not present information regarding the chronological listing of other securities, corporate actions on such securities, stock exchange where such securities are listed, and their performance.

Net Sales
(In Million Rupiah)**Sales - Government**
(In Million Rupiah)**Private Sector**
(In Million Rupiah)**Export Sector**
(In Million Rupiah)**Gross Profit**
(In Million Rupiah)**Net Income**
(In Million Rupiah)**Asset**
(In Million Rupiah)**Liabilities**
(In Million Rupiah)**Equity**
(In Million Rupiah)**Total Investment**
(In Million Rupiah)**Cash & Cash Equivalent**
(In Million Rupiah)



2016 STRATEGY PRIORITIES

1

Corporate Plan & Business Development Strategy

Business development and corporate planning strategy was aimed to intensify R&D activities to improve our product portfolio.

2

Human Capital & Innovation Strategy

Human capital and innovation strategy was aimed to develop various levels of the company, from process, product, to research to encourage tangible internal developments for our external shareholders.

3

Manufacture & Supply Chain Strategy

The main aim of the strategy was aimed to improve capacity by procuring production machinery, particularly for the fill & finish process. By taking advantage of information technology and ERP systems, we were able to improve our supply chain process to ensure the readiness of raw materials and thus ensure that vaccine production was on target and able to meet national and global demands.

4

Investment & Asset Management Strategy

Investment and asset management strategy was aimed to improve capacity and diversify our product portfolio by investing in new production infrastructure and land. Land for facilities was procured with regard to the environment.

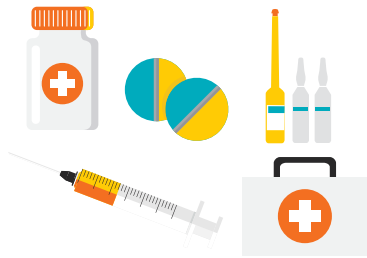
5

Financial Support Strategy

Our financial strategy was supported by an integrated IT system at every level of the company.

2017 STRATEGY

PRODUCT STRATEGY

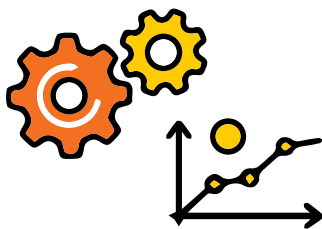


PARTNERSHIP STRATEGY



This is the moment for Bio
Farma to shift towards
biotechnological innovations.
Towards global
competitiveness with
2017-2021 Strategy

FINANCIAL STRATEGY



BUSINESS DEVELOPMENT STRATEGY





ENVIRONMENTALLY FRIENDLY BUSINESS PROCESSES



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.

RESEARCH AND DEVELOPMENT

1 Find Potential Disease

Determining diseases that can be prevented by vaccination.

2 Exploratory

Conducting preliminary research to determine the type of virus or bacteria that can provide immunity to the human body. At this stage, vaccine candidates are determined (3-5):

- Understand the disease.
- Epid Data.
- Identify antigen

3 Vaccine Candidate Design

- Seed history.
- Presentation.
- Route of administration.

4 Vaccine Characterization

To understand the immunogenicity in animals and its safety (6 Months).

5 Preclinical Studies

- Safety.
- Toxicology.
- Teratology.
- Etc.

6 Pilot Scale Manufacturing

Manufacturing of vaccines at the pilot scale, taking into account these aspects:

- Clinical lots.
- Current Good Manufacturing Practise (cGMP).
- Quality Control (QC).
- Quality Service (QS).

7 CLINICAL DEVELOPMENT

Phase I | Phase II | Phase III

Clinical Trial I: Understanding the safety of product and side effects that may arise. In this stage, the product is administered to 10 to 100 people.

Clinical Trial II: understanding and evaluating the immunity response by increasing the number of respondents to 100-300 people.

Clinical Trial III: Understanding the efficacy level of the vaccine by statistical calculation of subjects.

8 Regulatory Approval

Register and compile data on safety level, efficacy, and immunity level, to the authorities (Food & Drugs Supervision Agency or BPOM). Time frame required is around 100 to 300 working days.

9 Commercial Manufacturing

- Regulatory Compliance.
- Current Good Manufacturing Practise (cGMP).
- Quality Control (QC).
- Quality Management System (QMS).
- Post Marketing Surveillance (PMS).

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.



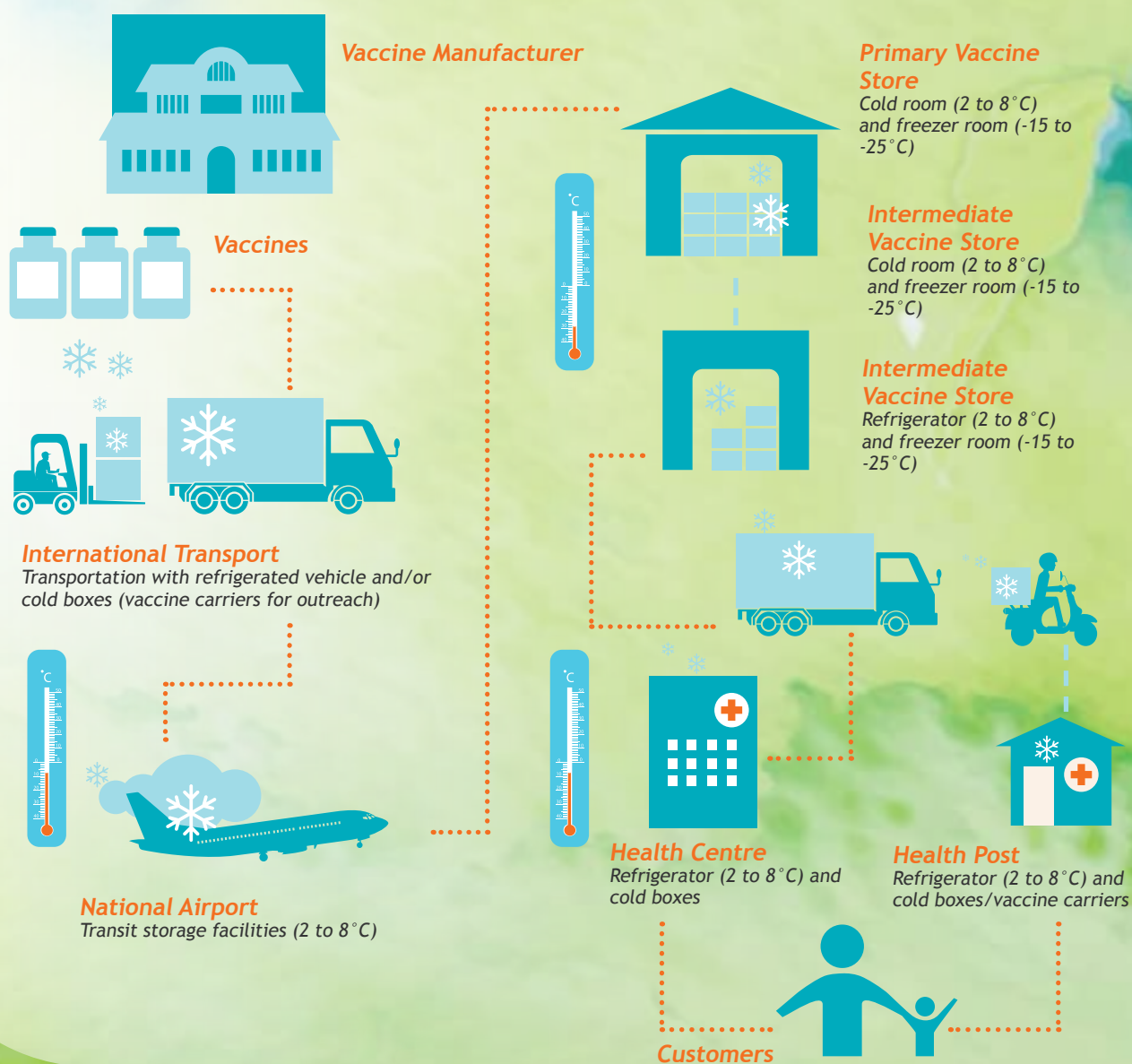
COMMITMENT ON VACCINE QUALITY

Vaccine is a biotechnological product requiring careful handling in its distribution. The cold-chain system is system of distribution where vaccines are temperature-controlled since its dispatch from the plant, during distribution, in storage at destination, and before use.

Vaccines against BCG, DTP, TT, DT, Td, DTP-HB-Hib, measles, Hepatitis B, and influenza are temperature-controlled between 2 - 8°C while polio vaccines are temperature-controlled at -20°C.

The cold-chain system is a necessity to maintain vaccine temperature stability - ensuring its effectiveness, safety, efficacy, and quality, which in turn provides its recipients with satisfactory protection against various infectious diseases.

WHO guidelines stipulate that vaccine deliveries are not to exceed 48 hours - to which our cold-chain system meets.



MEDIA EDUCATION

Bio Farma carries out routine workshop, education, and socialization for members of the media - for journalists, editors, and chief editors - in partnership with the Ministry of Health, Food and Drug Monitoring Agency, Indonesian Paediatric Society, and media outlets.

The education is necessary due to discovery of the fake vaccine manufacturing syndicate in 2016.

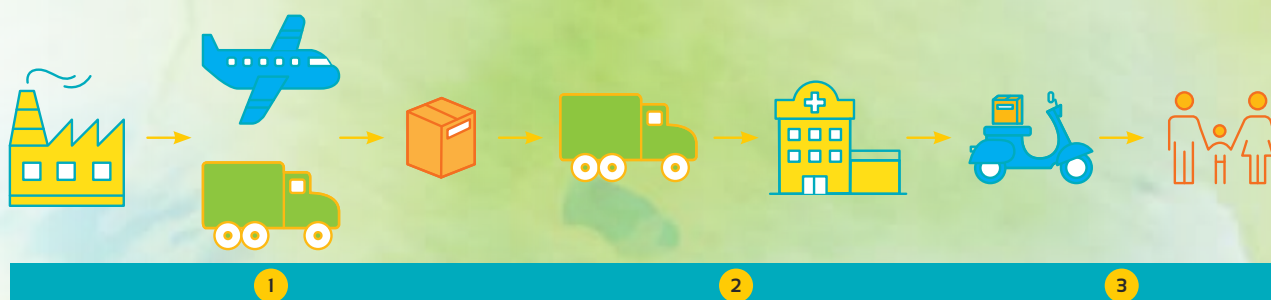
Forensic examination has shown that the allegations of fake Bio Farma vaccines are proven not true. Only vaccines produced abroad were counterfeited.





THE JOURNEY OF A VACCINE

DISTRIBUTION OF VACCINES IN THE GOVERNMENTAL SECTOR

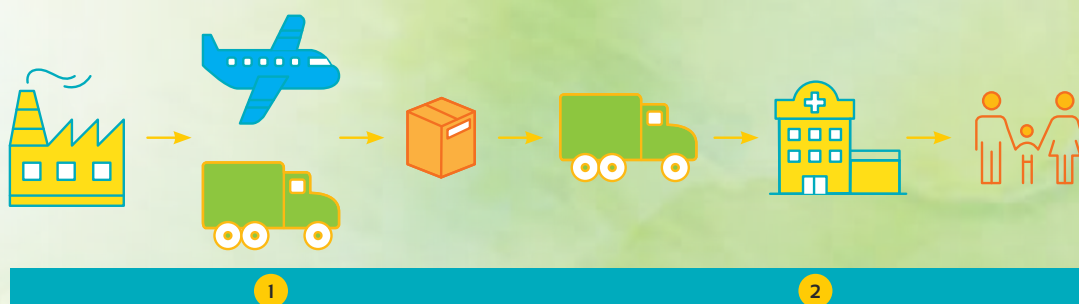


From Bio Farma's warehouse, vaccines are transported using refrigeration vehicles to the Provincial Health Office warehouses.

From these Provincial Health Office warehouses, the vaccines are subsequently distributed to storage facilities owned by the Municipality and District Health Offices.

From the warehouses of the Municipality and District Health Offices, the vaccines will then be distributed to Community Health Centers, where they will then reach the customers.

DISTRIBUTION OF VACCINES IN THE PRIVATE SECTOR



From buyers' warehouses, the vaccines are transported using refrigeration vehicles to their final destinations, where they will then reach the customers.

From the distributors' warehouses, the vaccines are transported using refrigeration vehicles to their final destination (hospitals, clinics, doctors' practices), where they will then reach the customers.





OUR PRODUCTS

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

VIRAL VACCINES



1. Oral Polio Vaccine

Active Immunization against of Poliomyelitis type 1, type 2, and type 3.

2. Bivalent Oral Poliomyelitis Vaccine (bOPV)

Active Immunization against of Poliomyelitis type 1 and type 3.

3. Monovalent Oral Poliomyelitis Vaccine

Active Immunization against of Poliomyelitis type 1.

4. Measles Vaccine (Freeze-drying)

Active Immunization against of measles.

5. Recombinant Hepatitis B Vaccine

Active Immunization against of Hepatitis B.

6. Flubiotic Vaccine

Active Immunization against of seasonal influenza.

BACTERIAL VACCINES



1. TT Vaccine

Active Immunization against of tetanus and neonatal tetanus.

2. DT Vaccine

Used for simultaneous prevention of Diphtheria and Tetanus in children.

3. DTP Vaccine

Used for simultaneous prevention of Diphtheria, Tetanus dan Pertussis (whooping cough) in infants and children.

4. BCG Vaccine (Freeze-drying)

Active Immunization against of Tuberculosis.

5. Td Vaccine

Active Immunization against of Tetanus and Diphtheria in children aged 7 years and older.

COMBINATION VACCINES



1. Pentabio (DTP-HB-Hib)

Active Immunization against of Diphtheria, Tetanus, Pertussis, Hepatitis B and Haemophilus Influenza type B.



MARKET SHARE

ANTISERA



1. Anti-Tetanus Serum

Active Immunization against tetanus treatment.

2. Anti-Diphtheria Serum

Active Immunization against diphtheria treatment

3. Anti-snake Venom Serum

Active Immunization against of poisonous snake bites containing neurotoxic effects (Naja sputratix/ cobra and Bungarus fasciatus/banded krait) and hemotoxic effects (Agkistrodon rhodostoma /pit viper).

DIAGNOSTICS



PPD RT 23 (Purified Protein Derivative)

Active Immunization against a person's sensitivity to tuberculosis infection.

Our customers are the most important aspect of our business. Bio Farma is committed to develop and maintain excellent customer relations and be socially responsible to our stakeholders. Although we do not directly operate in certain countries, our vaccine products are used in more than 130 countries worldwide.

Since 1997, 12 of Bio Farma's vaccine products have received prequalification designation from the WHO. Only few manufacturers have the capacity to supply vaccines against infectious diseases to meet worldwide demand at such level of trust.

GOVERNMENT SECTOR

Bio Farma provides vaccines to the Ministry of Health for the National Immunization Program. The Ministry is responsible for its distribution to the public via the local health service, community health centers, and other healthcare service centers.

PRIVATE SECTOR

Bio Farma meets demand for vaccines in the private sector via appointed distributors for distribution to hospitals, doctors, clinics, and pharmacies.

INTERNATIONAL/EXPORT MARKET

Bio Farma meets the global vaccine demand by supplying international organizations, such as United Nations Children's Fund (UNICEF), Global Alliance of Vaccines and Immunization (GAVI), and Pan American Health Organization (PAHO), for distribution to countries that requested assistance for their domestic immunization programs. To meet general export demands, Bio Farma supplies vaccines directly via bilateral partnerships with selected third-party intermediaries.



CUSTOMER DISTRIBUTION



1. Afganistan	14. Bolivia	27. Cuba	40. Gambia
2. Albania	15. Bosnia Herzegovina	28. Curacao	41. Georgia
3. Algeria	16. Brazil	29. Djibouti	42. Germany
4. Angola	17. Burkina Faso	30. East Timor	43. Ghana
5. Argentina	18. Burundi	31. Ecuador	44. Guam
6. Australia	19. Cambodia	32. Egypt	45. Guatemala
7. Azerbaijan	20. Cameroon	33. El Salvador	46. Guinea
8. Bahama	21. Cape Verde	34. Equatorial Guinea	47. Guinea Bissau
9. Bangladesh	22. Central Africa	35. Eritrea	48. Haiti
10. Barbados	23. China	36. Ethiopia	49. Honduras
11. Beliz	24. Colombia	37. Fiji	50. Hongkong
12. Benin	25. Comoros	38. France	51. India
13. Bhutan	26. Congo	39. Gabon	52. Iraq

Bio Farma vaccine products have received prequalification designation from the World Health Organization (WHO) and are trusted in more than 130 countries worldwide, including 49 Islamic countries.

53. Iran
54. Israel
55. Ivory Coast
56. Jamaica
57. Jordan
58. Kenya
59. Kosovo
60. Kuwait
61. Kyrgyzstan
62. Laos
63. Lebanon
64. Lesotho
65. Liberia

66. Libya
67. Macau
68. Madagascar
69. Malawi
70. Malaysia
71. Maldives
72. Mali
73. Mauritania
74. Mauritius
75. Mexico
76. Micronesia
77. Mongolia
78. Monserrat

79. Morocco
80. Mozambique
81. Myanmar
82. Namibia
83. Nepal
84. Netherland
85. New Zealand
86. Nicaragua
87. Niger
88. Nigeria
89. North Korea
90. Pakistan
91. Panama
92. Papua New Guinea
93. Paraguay
94. Peru
95. Philippines
96. Rep. Dominica
97. Rwanda
98. Sao Tome
99. Saudi Arabia
100. Senegal
101. Sierra Leone
102. Singapore
103. Solomon Island
104. Somalia
105. South Africa
106. South Korea
107. South Sudan

108. Srilanka
109. St. Lucia
110. Sudan
111. Suriname
112. Swaziland
113. Syria
114. T Chad
115. Tajikistan
116. Tanzania
117. Thailand
118. The British Virgin Island
119. The Netherlands
120. Togo
121. Trinidad
122. Tunisia
123. Turkey
124. Turkmenistan
125. Uganda
126. Uruguay
127. Uzbekistan
128. Vietnam
129. Yemen
130. Zambia
131. Zimbabwe
132. Antigua

* 49 negara Islam



HIGH-TECH MANUFACTURING

Bio Farma is committed to produce and supply products of the highest quality, supported by the best in Professional Human Resources, using current trends technology technology.

FINANCIAL HIGHLIGHTS





COMPANY PERFORMANCE IN THE LAST 5 FISCAL YEARS

COMPREHENSIVE SALES/BUSINESS REVENUE, PROFIT (LOSS) & TOTAL PROFIT (LOSS)

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

[In Million Rupiah)

Category	2012	2013	2014	2015	RKAP 2016	2016	Increase/ Decrease [%]		Difference 2015 - 2016	Difference 2016 - RKAP
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
NET SALES										
Company Products	1,432,966	1,848,452	2,028,988	2,329,624	2,733,452	2,222,315	(4.61)	(18.70)	(107,309)	(511,137)
Goods	1,206	1,848	10,287	11,436	181,404	88,129	670.63	(51.42)	76,693	(93,275)
Services	3,469	3,382	4,805	4,858	4,100	5,315	9.40	29.64	457	1,215
Total Net Sales	1,437,642	1,853,682	2,044,080	2,345,918	2,918,956	2,315,759	(1.29)	(20.66)	(30,159)	(603,197)
COST OF SALES										
Company Products	580,216	718,463	767,609	852,361	978,454	931,879	9.33	(4.76)	79,518	(46,575)
Goods	518	1,148	8,827	11,165	133,957	68,454	513.12	(48.90)	57,289	(65,503)
Cost of Service	3,183	3,986	3,654	3,962	2,605	4,962	25.23	90.43	1,000	2,356
Cost of Sales & Service	583,917	723,596	780,090	867,488	1,115,016	1,005,294	15.89	(9.84)	137,806	(109,722)
GROSS PROFIT (LOSS)	853,724	1,130,085	1,263,991	1,478,430	1,803,940	1,310,465	(11.36)	(27.36)	(167,966)	(493,475)
Other Revenue	53,159	152,838	118,630	129,064	18,110	164,728	27.63	809.58	35,664	146,617
Sales Cost	(58,592)	(72,830)	(99,182)	(126,818)	(159,600)	(133,996)	5.66	(16.04)	(7,178)	25,604
Administration and General Costs	(227,583)	(304,313)	(349,010)	(421,759)	(498,274)	(402,002)	(4.68)	(19.32)	19,758	96,273
Research, Development, and Surveillance Costs	(78,262)	(68,318)	(88,779)	(93,443)	(130,896)	(114,481)	22.52	(12.54)	(21,039)	16,415
Borrowing Interest Cost	-	-	-	-	(125)	(9,343)	-	-	-	(9,218)
Other Costs	(21,346)	(58,873)	(69,748)	(66,201)	(3,184)	(130,403)	96.98	3,995.14	(64,202)	(127,218)
Total	(332,624)	(351,496)	(488,089)	(579,157)	(773,970)	(625,497)	8.00	(19.18)	(46,340)	148,473
PROFIT (LOSS) BEFORE INCOME TAX	521,100	778,589	775,902	899,274	1,029,970	684,968	(23.83)	(33.50)	(214,306)	(345,002)

Category	2012	2013	2014	2015	RKAP 2016	2016	Increase/ Decrease [%]		Difference 2015 - 2016	Difference 2016 - RKAP
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
INCOME TAX REVENUE (EXPENSE)										
Current Tax	(137,261)	(207,288)	(197,136)	(232,893)	(275,614)	(185,425)	(20.38)	(32.72)	47,468	90,188
Deferred Tax	2,053	1,166	3,427	4,213	3,871	1,498	(64.44)	(61.29)	(2,715)	(2,373)
Total Income Tax Expense	(135,208)	(206,121)	(193,709)	(228,681)	(271,743)	(183,927)	(19.57)	(32.32)	44,754	87,816
NET PROFIT (LOSS)	385,892	572,468	582,193	670,593	758,227	501,041	(25.28)	(33.92)	(169,552)	(257,186)
OTHER COMPREHENSIVE REVENUE										
Items Not to be Reclassified to Profit or Loss										
Fixed Asset Revaluation Surplus - Net	0	0	0	1,980,782	0	0	-	-	(1,980,782)	0
Actuarial Profit (Loss)	0	0	(21,701)	(828)	(448)	(8,313)	903.70	1756.71	(7,485)	(7,865)
Profit (Loss) Not Yet Actualized for Ownership of Available-for- Sale Securities	0	0	377	0	0	0	-	-	0	0
Items to be Reclassified to Profit or Loss										
Total Other Comprehensive Revenues in the Current Year after Tax	0	0	(21,323)	1,979,954	(448)	(8,313)	(100.42)	1756.71	(1,988,267)	(7,865)
TOTAL COMPREHENSIVE REVENUE	385,892	572,468	560,870	2,650,546	757,779	492,728	(81.41)	(34.98)	(2,157,819)	(265,052)

As of December 31, 2016, Bio Farma is a non-listed non-financial State-owned Enterprise owned solely by the Government of the Republic of Indonesia. Therefore, Bio Farma does not present information regarding:

- Profit (Loss):
 - Distributed to the owner of the parent entity;
 - Distributed to non-controlling interests.
- Total profit (loss) and comprehensive revenue in the current year:
 - Distributed to the owner of the parent entity;
 - Distributed to non-controlling interests.

PROFIT (LOSS) PER SHARE

As of December 31, 2016, Bio Farma is among the non-listed non-financial State-owned Enterprise. Therefore, Bio Farma does not present information regarding its listing of shares at the Indonesia Stock Exchange and does not present information regarding profit (loss) per share.



COLD-CHAIN SYSTEM

Cold-chain system is required to ensure quality of vaccine and guarantee the vaccine is stored and distributed within WHO recommended temperature ranges from the time of manufacture until the vaccine is administered.



MANAGEMENT REPORT





REMARKS FROM THE BOARD OF COMMISSIONERS

Transforming into a Life Science company is the most appropriate choice for Bio Farma, as in the life science covers biotechnology, biodiversity, pharmacy, and biomedicine, in which Bio Farma has a very well-experienced in these fields. Their innovations are strongly supported by research and development, technology transfers, and strategic partnerships both National and international partners.

AHMAD M. RAMLI

President Commissioner

OUR ESTEEMED STAKEHOLDERS AND SHAREHOLDERS,

We, the Board of Commissioners of PT Bio Farma (Persero) are pleased to present to our shareholders company activities up to December 31, 2016 in the Bio Farma Annual Report 2016. We are happy to report that the Indonesian pharmaceutical industry, part of the non-oil and gas manufacturing industry, has contributed 10.06% of the total GDP in 2016. The contribution indicates that Indonesian pharmaceutical industry is on the uptrend. It demonstrates that consciousness of the importance of health in Indonesian is improving.

A number of significant events has led Bio Farma in its 126th year of operations in 2016, such as Bio Farma's contribution to the Global Polio Eradication Initiative, revealed of fake vaccines by irresponsible parties, the issuance of the Presidential Instruction No. 6 of 2016 on Acceleration of Development of the Pharmaceutical Industry and Medical Devices – signifying the government's ardent strong support of to the national health industry –, and a shift from information technology to biotechnology in global business.

ASSESSMENT OF THE BOARD OF DIRECTORS' PERFORMANCE

The worldwide transmission patterns of infectious diseases, reflected in the World Health Organization's Polio Eradication Initiative 2020 launched mid-May 2016, somewhat affected Bio Farma's sales performance. WHO's initiative has caused decline in export sales.

Vaccine export sales decreased 23.69% from Rp1.64 trillion in 2015 to Rp1.25 trillion in 2016. Export sales actualization amounted to 69.72% of the 2016 budget.

The Board of Commissioners recognizes that the vaccine industry is one of the most highly regulated and complicated sectors. As such, every corporate decision has to be made with utmost consideration to World Health Organization (WHO) policies and Corporate Risk Management.

Our esteemed shareholders,

Net sales in 2016 decreased by 1.29% to Rp2.32 trillion compared with Rp2.35 trillion realized in 2015. Net sales actualization in 2016 amounted to 79.34% of the Planned Activities & Company Budget 2016.

Bio Farma's net profit in 2016 is Rp501.04 billion, a decline of 25.28% compared with 2015's Rp670.59 billion. Compared with the 2016 budget, the 2016 net profit actualization is 33.92% lower than forecasted.

Nevertheless, the Board of Commissioners extends its gratefulness to the Directors for their success in optimizing domestic sales, consisting of government and private sectors. Thanks to their efforts, domestic sales in 2016 increases by Rp357.29 billion to Rp1.07 trillion, a 50.31% increase over 2015.



In the domestic market, the private sector is the largest contributor in increasing domestic sales by Rp386.02 billion, a 176.74% improvement over 2015. Private sector sales actualization is 103.52% or Rp13.12 billion compared with the 2016 budget.

On the other hand, domestic government sales increased by Rp681.38 billion, a 19.41% improvement over 2015. The increase is largely due to sales of the bOPV 20 ds vaccine and Inactivated Polio Vaccine (IPV) in 2016. Nonetheless, compared with the 2016 budget, the actualization of government sector sales in 2016 is only 90.61%.

OUR ESTEEMED SHAREHOLDERS,

In 2016, the Indonesian healthcare industry was shocked by news of fake for traditional vaccines for infants manufactured and distributed by irresponsible persons. Although medically-speaking the fake vaccines are almost harmless, the wilful act of manufacturing fake vaccines is, nevertheless, a criminal offense punishable by law since it matter concerns the lives of many of our children. News of the fake vaccine ought to be a turning point for Bio Farma to compete in the untapped, upper middle-class market, whose numbers are ever increasing in the last five years.

Achievement of performance excellence must be supported by other instruments in addition to financial ones. It is a given that every component within Bio Farma recognizes the company's workflow processes, rights, obligations, authorities, and responsibilities. This fact is reflected in the assessment of Good Corporate Governance (GCG) implementation, which scored 86.83 in 2014 and improved to 87.00 in 2015. The improvement shows that the every corporate decision is made with consideration to accountable information transparency, in accordance with prevailing laws, and without any conflicts of interest.

Another point we are proud of is the improvement of the Prime Performance Evaluation Criteria 2016 (PPEC, Kriteria Penilaian Kinerja Unggul) from 467.00 to 520.25, meaning that the company's status is elevated from an early improvement company to a good performance company. The PPEC is a system to measure Key Performance Indicators (KPI) in accordance with guidelines from the Ministry of State-owned Enterprises Number S-08/S. MBU/2013 dated January 16. We believe that further improvements in the company's PPEC score will bring the company to attain the status of world-class company in life sciences - in accordance with the company's vision and mission.

VIEWS ON CORPORATE BUSINESS PROSPECTS

Life Science is the next Big Thing. Following the information technology era is rise of the life sciences. The period will produce landmark innovations in health, agriculture, industry, and energy before finally leading civilization to the age of bioeconomy in 2030.

By transforming into a life sciences company, Bio Farma diversifies its existing vaccine and antiserum portfolio with bio similars, stem cells, and diagnostics.

Bio Farma firmly believes that innovating as a life sciences company is the best option. Life sciences is an extraordinary field; it does not stand on itself. Life sciences stand on the shoulders of the giants of sciences: biotechnology, biodiversity, pharmacy, bioengineering, and biomedicine. Innovations in life sciences are based on research and development, technology transfers, and strategic partnerships both national and international partners.

Transforming Bio Farma into a life sciences company is both a challenge and opportunity. The opportunity is provided by Indonesia's rich natural resources. Ranking the second megadiverse country in terms of species and DNA variety, this is the lifeblood of Indonesia's green economy development.

In preparation of becoming a fully-fledged life sciences company, Bio Farma must be able to compete globally. IMS Health found that Indonesia is one of the largest untapped market in the ASEAN region for pharmaceuticals. The finding is already felt in practice with the emergence of nine new pharmaceutical company in 2016 thanks to foreign investments. This means that Indonesians will have more choices to life sciences products of broadly similar qualities.



Under such auspices, the Board of Commissioners expects that Bio Farma's life sciences products to be the prime choice in its home country and widely accepted by the Indonesian public - proof of homegrown products bearing the standard of quality at affordable prices. We firmly believe that Bio Farma is capable of becoming a world-class life sciences company competing in the global market.

VIEWS ON IMPLEMENTATION OF THE WHISTLEBLOWING SYSTEM (WBS)

Bio Farma strongly upholds proper business and work ethics and at the same time strives to eradicate corruption, criminal activities, unethical, amoral, or other undesired behaviours that can cause damage to the company. To that end, Good Corporate Governance is necessary.

Implementation of GCG calls for an internal reporting system known as Whistleblowing System (WBS) to allow Bio Farma employees and its stakeholders to report allegations of malfeasance, fraud, and other forms of wrongdoing within the company.

The Board of Commissioners routinely conducts reviews of the WBS procedures and their implementation based on information submitted by the Directors, and/or Internal Audit Commissioner, and/or information from other parties. The Board of Commissioners also routinely submits written reports of WBS procedure reviews and evaluation to the Directions or in joint Board of Commissioners and Directors meetings.

The WBS, first implemented in 2013, is a positive step for Bio Farma to ensure its business compliance and prevent unlawful acts in Directorial decision-making.

We extend our gratitude to the management and Bio Farma employees who have disseminated the creative and educational video on WBS implementation throughout the company.

CHANGES IN THE BOARD OF COMMISSIONERS' COMPOSITION

There were no changes in the composition of the Board of Commissioners of Bio Farma in 2016. We expect that the current members of the Commissioner are able to continue overseeing policies and provide input to the Directors to ensure that Bio Farma is able to perform and contribute positively in the following year.

ACKNOWLEDGEMENTS

In conclusion, the Board of Commissioners extends its utmost gratitude for the support and trust from our shareholders and stakeholders. We would also like to extend our most sincere gratitude to the Directors, management, and Bio Farma employees, all of whom have worked with their utmost earnestness and dedication.



Left → Right:

- H. Muhammad Subuh – Commissioner • Ihsan Setiadi Latief – Commissioner
- Ahmad M. Ramli – President Commissioner • Nizar Yamanie – Commissioner
- Heridadi – Commissioner • Paruli Lubis – Commissioner

The Board of Commissioners would like to inform our esteemed colleagues that meeting the company's vision and mission in 2017 requires mutual understanding of Bio Farma's position as a premier life sciences company. Strategic partners chosen based on mutual-benefit partnership is paramount. Each and every decision to be made must be founded on

satisfactory management risk analysis to ensure that our goal of creating life sciences products is met.

We sincerely look forward to the success of Bio Farma's 2016 plans. We also wish for future cohesiveness of the company. May God Almighty bless our endeavours for the Work Plan 2017.

On behalf of the Board of Commissioners

AHMAD M. RAMLI
President Commissioner



BOARD OF DIRECTORS' REPORT

Appreciates the Company for all sustainability achievements that were made. Receiving Gold rating in PROPER award for the third time is an achievement that we are proud of and must be maintained.

ISKANDAR

President Director

OUR ESTEEMED STAKEHOLDERS AND SHAREHOLDERS,

We give our deepest gratitude to God Almighty for His blessings on us all. Bio Farma has gone well throughout 2016. We are pleased to present the Bio Farma's corporate activities up to December 31, 2016.

COMPANY PERFORMANCE ANALYSIS

In 2016, the pharmaceutical and life sciences industry are faced with the routine yet challenging issues. Given such issues, certain strategies were required to ensure continuous balance. The Presidential Instruction No. 6 of 2016 on Acceleration of Development of the Pharmaceutical Industry and Medical Devices is a nod for us to always consider the national interest, ensure pharmaceutical availability, improve competitiveness in the domestic and export

Challenges in raw material self-sufficiency and challenges in facing the ASEAN Economic Community were our primary considerations in deciding the future direction and strategic policies. We, domestic vaccine producers whose certain raw materials are already self-sufficient, have to produce the raw materials for the global market. This is in line with the government's ambition of becoming part of the world vaccine industry worth Rp700 trillion by 2025, of which Bio Farma is part.

We strive to attain vaccine sovereignty and self-sufficiency in medicine raw materials as well as supporting the Government's health programs. We are leading efforts to establish the nation's capabilities in vaccine and life sciences research. Our efforts include the National Vaccine Research Forum (NVRF, Forum



OUR GOAL IS ESTABLISHING SOVEREIGNTY OVER LIFE SCIENCES IN INDONESIA. WE WISH FOR A PROSPEROUS INDONESIA FOR ITS ABILITY IN MANAGING ITS ABUNDANT RESOURCES.

markets of the pharmaceutical and medical devices industry, encourage mastery of technologies and innovations in pharmaceuticals and medical devices, accelerate self-sufficiency and development of raw materials for medicine, meet domestic and export demands for medical devices, and restore and increase industrial activity/utilization of industrial capacity.

We believe that call for self-sufficiency as per the Presidential Instruction is grounds for Indonesian pharmaceutical companies to be able to produce the raw materials domestically. Bio Farma has been self-sufficient in producing its vaccines.

Riset Vaksin Nasional) initiative, which has been expanded into the National Life Sciences Research Forum (NLSRF, Forum Riset Life Science Nasional).

At the global stage, we have established partnerships with international organizations such as WHO, UNICEF, DCVMN (Developing Countries Vaccine Manufacturers Network), OIC (Organization of Islamic Cooperation), and GAVI (Global Alliance for Vaccine and Immunization) to provide international quality and affordable vaccines. Currently, we are leading with our world-class expertise. Our vaccine products are marketed and used in more than 130 countries worldwide.



2015



Vaccine challenges and opportunities in the world, there are still many unvaccinated populations, world immunization coverage data, source http://www.who.int/immunization/monitoring_surveillance/data/

In addition, Bio Farma also contributes globally to assist vaccine production in developing and Islamic countries to ensure their development and self-reliance. We are actively participating in knowledge and technology transfers and human resources improvements of such countries so that their vaccine industry meets global standards.

STRATEGIC POLICIES

Despite the government's push for self-reliance on pharmaceutical products and medical devices, Indonesia's healthcare expenditure is yet to be able to meet such demands. The World Health Organization (WHO) noted that Indonesia's healthcare expenditure in 2016 was among the lowest at 3.6% of GDP. For comparison, Vietnam and the Philippines spent 7.1% and 4.7% of their respective GDP on healthcare. The Indonesian government spending was lowest of three other countries of the same level with 41.4% in proportion of GDP. The figure is far below that of Thailand at 86% of GDP. Data from the Ministry of Industry shows that the pharmaceutical,

chemical, and traditional medicine industry grew by 5.46% whereas the International Pharmaceutical Manufacturers Group (IPMG) recorded that the pharmaceutical industry grew approximately 7.49% in 2016.

Nonetheless, our strategic policy, in addition to pharmaceuticals, was directed at breaking into the life sciences industry by offering and developing life sciences products that meet international standards for a better quality of life. Our policies were formulated in accordance with the company's vision, mission, and principles and advancements in pharmacy and biotechnology.

COMPARISON OF RESULTS AND TARGETS

Global economic slowdown and close competition among vaccine producers in developing countries affected the company's actualization.

In 2016, there have been positive effects from a number of awards for innovation, achievements, and dedication by Bio Farma employees. Bio Farma's social responsibility efforts for the community have also netted positive effects. Business-wise, Bio Farma's business showed positive uptrend. Select achievements in 2016 include:

1. Company Performance netted sales amounting to Rp2.32 trillion, a decrease of 1.29% compared with 2015. The net sales actualization in 2016 amounted to 79.34% of the budget. Export sales decreased 23.69% to Rp1.25 trillion compared with 2015. Export sales actualization amounted to 69.72% of the 2016 budget.
2. Domestic sales, consisting of government and private sectors increased by Rp357.29 billion to Rp1.07 trillion, a 50.31% increase over 2015.
3. In the domestic market, the private sector is the largest contributor in increasing domestic sales by Rp386.02 billion, a 176.74% improvement over 2015. Private sector sales actualization amounted to 103.52% or Rp13.12 billion compared with the 2016 budget.
4. On the other hand, domestic government sales increased by Rp681.38 billion, a 19.41% improvement over 2015.
5. The increase is largely due to sales of the bOPV 20 ds vaccine and Inactivated Polio Vaccine (IPV) in 2016. Nonetheless, compared with the 2016 budget, the actualization of government sector sales in 2016 only amounted to 90.61%.
6. In addition to financial performance, Bio Farma has achieved very satisfactory results in its environmental performance. In the domestic market, the pharmaceutical industry is the only industry to have won the PROPER Emas award thrice since its inauguration by the Ministry of Environment and Forestry in 2014. This was alongside other national and international achievements.
7. Bio Farma also received an award for the Best Sustainability Report 2015 Category Manufactures for Bio Farma Sustainability Report's compliance to the Global Reporting Initiative (GRI) guidelines and Sustainable Development Goals (SDGs) principles. We are delighted to announce that Bio Farma is now a member of GRI Organizational Stakeholders (OS) program, which reflects our commitment towards sustainability.



Bio Farma's achievements are the result of collective efforts of every Bio Farma employee in their dedication towards excellence. Bio Farma's product development is on the right track since we are entrusted to produce vaccines in the present and future. Bio Farma is on track to develop life sciences products such as Eritopoetin and Trastuzumab. Bio Farma has vaccines for rotavirus, measles-rubella, SIPV, New TB, conjugate typhoid, and dengue in its research pipeline until 2022.



8. Bio Farma is entrusted to share with GRI Netherlands aspects of compiling the Human Rights chapter in Bio Farma SR. Results of the compilation discussions will be used for case-based learning for other GRI Organizational Stakeholders members.

CORPORATE CHALLENGES

Our primary challenge was adjusting our direction with international vaccine policies and regulations. The speed at which international vaccine regulations change is not in line with the speed at which vaccine research is conducted.

Minimum integration of vaccine research in Indonesia conducted by, among others, research institutions, universities, and national laboratories, has delayed its findings reaching the open market.

In the face of such challenges, Bio Farma has partnered with a number of international organizations such as DCVMN, GAVI, and OIC to prepare for changes in international vaccine policies and regulations. Domestically, we have formed partnerships with the Ministry of Research, Technology and Higher Education and the Health Research and Development Agency since 2011 to sustain and develop the National Vaccine Research Forum (NVRF). In 2016, we expanded the NVRF into the National Life Sciences Research Forum (NLSRF) to meet global vision and demands. The expansion was aimed to widen the scope of life sciences product development, i.e. products made from living organisms using biotechnological processes.

NLSRF aims to enhance collaboration in life sciences research between the government, higher education institutions, and supporting communities to accelerate downstream and end goal of commercializing life sciences products. These products will be recognized as the fruits of homegrown Indonesian talents.

NLSRF is part of the support for the Presidential Instruction No. 6 Year 2016 to accelerate developments in pharmaceuticals. The Forum's scope includes mastery of technologies and innovations in pharmaceuticals and medical devices to manifest the ambition for national self-sufficiency.

ANALYSIS OF BUSINESS PROSPECTS

BIO FARMA OUTLOOK

Analysis of the future of Bio Farma's business prospects is concerned with increasing income by diversifying the company's product portfolio to include vaccines, antisera, biosimilars, and blood products, in accordance with the Roadmap 2017-2021.

For Bio Farma employees, 2017 is the year of transformation - leaving our comfort zone, so to speak. The target and strategy for the export sector in 2017 will focus on bulk production. At the same time, domestic market production, both planned independently and in partnership with external parties, will be strengthened to surpass the export sector within the next five years.



Our target in the future is further collaboration with external parties. Bio Farma already has the expertise and WHO-certified laboratories employing cutting-edge technology and renewable energy sources in close cooperation with several countries to test groundbreaking vaccines and medicines. This aim is in accordance with SDG (Sustainable Development Goals) goals and a very strategic direction for Bio Farma's future business.

National life sciences products will be made available as affordable biopharmaceutical products for Indonesians. This ambition is in line with the third SDG goal: ensure healthy lives and promote well-being for all at all ages.

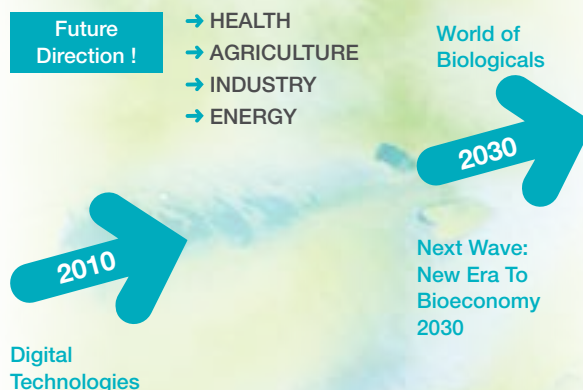
The research consortium, established six years ago, is awarded grants from the Ministry of Research, Technology and Higher Education to study five diseases: tuberculosis, Hepatitis B, dengue, HPV, and HIV. Moreover, seven working groups have also been formed to study erythropoietin (EPO), rotavirus, malaria, influenza, stem cell, delivery systems & adjuvant, and pneumococcus.

Innovative and practical life sciences research in Indonesia still faces a number of challenges. In response, stakeholders are required to initiate programs that allow researchers to improve their self-reliance, which in turn accelerates the downstreaming and commercialization of life sciences products within the desired time frame. The downstreaming and commercialization of homegrown products by the Ministry of Research, Technology and Higher Education of the Republic of Indonesia is a much-welcomed gesture.

Under the program, patented research will collaborate with industry players keen on commercializing those findings. Furthermore, funding from the Indonesia Endowment for Education (LPDP, Lembaga Pengelola Dana Pendidikan) under the Ministry of Finance is expected to encourage strategic, innovative, and practical researches.

We expect such funding ensures the possibilities of successful researches and improves the nation's competitiveness in product development. Bio Farma is still reliant on its current product portfolio - bulk polio, measles, and hib vaccines. There is demand for non-in house produced products, which Bio Farma plans to exploit this year. Bio Farma also looks to supply meningitis vaccines for Indonesian haj and umrah pilgrims.

The Life Sciences Could Produce The Next Wave Of Innovation In Products And Services, Across A Range Of Economic Activities In:



"Biotechnology offers the most promising future after information technology."

DEVELOPMENTS IN CORPORATE GOVERNANCE IMPLEMENTATION

CORPORATE GOVERNANCE PERFORMANCE

Bio Farma is striving for excellence in implementing corporate governance in accordance with regulatory demands and best practices. For Bio Farma, being a trusted partner at the national and international level requires GCG principles to be implemented above and beyond compliance standards.

We implement GCG at every level and our employees base their actions and decisions based on its principles.

The implementation of GCG principles as the basis of Bio Farma operations must to be done in a consistent manner. GCG is the cornerstone of our attitude, behaviour, mind-set, and process, in line with our corporate culture: Professional, Integrity, Team Work, Innovation, and Customer Oriented.



In 2016, a number of good corporate governance policies have been perfected, disseminated, and implemented. A number of Directorial Decrees and Joint Decrees of the Board of Commissioners and Directors on GCG policies, such as the Code of Conduct, Whistleblowing System (WBS), graft control, and Board Manual of the Board of Commissioners and Board of Directors, are well disseminated and carried out.

We have conducted routine evaluation of sound GCG implementation using external audits and internal self-assessments to ensure that its implementation is well carried out. In 2016, the GCG implementation self-assessment was carried out by the corresponding counterpart team. In addition, efforts to improve GCG were required by the Prime Performance Evaluation Criteria (PPEC).

The PPEC team conducted two rounds of evaluation: on-desk review followed by on-site visit. The PPEC team concluded that Bio Farma passed its 2016 evaluation with flying colours. The 2016 PPEC improved from 467.00 to 520.25, meaning that the company's status is elevated from an early improvement company to a good performance company. Similarly, the assessment of Good Corporate Governance (GCG) implementation score in 2015 was 87.00, an improvement over 2014's 86.83.

RISK MANAGEMENT PERFORMANCE

Bio Farma's Risk Management system refers to the COSO Enterprise Risk Management – Integrated Framework. Alongside development of the Bio Farma Integrated Management System, the Bio Farma Risk Management System was developed based on bridging the ISO 31000:2009 to the COSO Enterprise Risk Management – Integrated Framework.

In 2016, there were 6 (six) corporate risks, consisting of 4 (four) business risks and 2 (two) project risks. Business risks consist of national and international regulatory/policy changes, foreign exchange fluctuations, increased global competition, and vaccine supply delays. Project risks, on the other hand, consist of overdue investment actualization and insufficient influenza vaccine production in case of pandemics.

In 2016, Bio Farma implemented an integrated IT platform to allow our employees to report violations and access educational materials.

The Corporate and Risk Management (CRM) Division, responsible for corporate risks, will evaluate and monitor each unit's risk management activities after those risks are identified and their mitigation determined. Each Heads of Department of the risk unit is responsible on every risk and activities under their purview, which overall is the benchmark of risk management effectiveness within Bio Farma.

TAX AMNESTY INTRODUCTION

2016 is the year of tax enforcement. Bio Farma is fully committed in supporting the government by introducing programs such as tax amnesty – our gesture and goodwill towards nation-building programs and one of our contributions toward successful tax programs. Bio Farma also actively participates in asset repatriations.

The tax amnesty introduction at Bio Farma was presented by officials of the West Java Tax Office and was attended by every level within Bio Farma, from the Commissioners, Directors, and employees. The tax amnesty program, stipulated in Law No. 11 of 2016 on Tax Forgiveness, was primarily driven by the global economic recession. For many countries worldwide, maintaining a stable economy is paramount to maintain the ship of state. Bio Farma's role must be supported by actual contribution from its employees.

SUSTAINABLE PERFORMANCE

With its commitment, expertise, and infrastructure, Bio Farma is continuously contributing to improve public health at the local, national, and global levels. Our contribution to the local and national public is a token of our responsibility for Indonesia. On the other hand, our contribution to developing and Islamic countries is a token of our responsibility for the world.

Locally, we assist koi farmers in Sukabumi, sheep farmers in Garut, freshwater eel aquaculture in Ciletuh, and communities surrounding the Ciletuh Geopark, Pelabuhan Ratu. With our expertise in biotechnology, we assist farmer groups and small and medium enterprises increase their output using appropriate and affordable biotechnological principles in animal husbandry, agriculture, cultural products (environmentally-friendly batik), and conservation.

We firmly believe of the principle “dedicated to improve the quality of life.” The more we contribute to our stakeholders, the more we learn. The oftentimes non-monetary learning experiences include, among others, recognition and trust from our stakeholders, business connections and networks, and consumer affinity and loyalty. Access to a much wider market, on the other hand, is a secondary monetary benefit.

BUMN HADIR UNTUK NEGERI PROGRAM

In 2016, we were actively participating in the BUMN Hadir untuk Negeri (BUMN for the Nation) program initiated by the Ministry of State-owned Enterprises. The program was aimed to encourage Indonesian state-owned enterprises to contribute its best for Indonesia and Indonesians.

State-owned Enterprises are integral in Indonesia’s development through their involvements in strategic national projects, dividend disbursement to national income, tax payments, and other non-tax revenue.

In 2016, Bio Farma carried out several BUMN for the Nation programs in West Java, including assistance for former athletes, Direksi Mengajar (Director Teaches), Bedah Rumah Veteran (Veterans’ Home Makeover), Siswa Mengenal Nusantara (Students Learn Nusantara), Rumah Kreatif BUMN (SOE Creative House), electrification, and disaster response posts.

WORLD-CLASS CSR and UNESCO

CILETUH NATIONAL GEOPARK

One of Bio Farma’s main CSR focus in 2016 was development programs for the Ciletuh Geopark in Pelabuhan Ratu, West Java. The park, already certified as a national geopark, is looking to apply for the UNESCO Global Geopark (UGG) designation. Bio Farma was working together with the Regional Government of Sukabumi, Provincial Government of West Java, Universitas Padjadjaran, local communities such as the Southern Sukabumi Nature Association (SSNA) and PALAPAH cultural community, and the media to ensure that the park’s application for UGG designation is successful. It is expected that Ciletuh National Geopark will become a destination of choice in Indonesia and the world.



“The Siswa Mengenal Nusantara program in West Java is proof of partnership between SOEs and the Provincial Government of West Java”



“A waterfall at the Ciletuh National Geopark, Pelabuhan Ratu”

One of Bio Farma's main CSR focus in 2016 was development programs for the Ciletuh Geopark in Pelabuhan Ratu, West Java. The park, already certified as a national geopark, is looking to apply for the UNESCO Global Geopark (UGG) designation. Bio Farma was working together with the Regional Government of Sukabumi, Provincial Government of West Java, Universitas Padjadjaran, local communities such as the Southern Sukabumi Nature Association (PAPSI) and PALAPAH cultural community, and the media to ensure that the park's application for UGG designation is successful. It is expected that Ciletuh National Geopark will become a destination of choice in Indonesia and the world

In 2016, Bio Farma was the sole industry and SOE CSR representative from Indonesia speaking at the UNESCO Global Geopark Conference in Torquay, Britain. In the conference, Bio Farma raised the issue of development and empowerment of the communities surrounding the Ciletuh Geopark.

We passionately believe in the principle of having global operations and insights yet still prioritizing local content and local wisdom. International institutions such as the UGG noted that Bio Farma is among the companies showing great concern for local affairs and have gave their full support to award the UNESCO designation to Ciletuh Geopark.

We are continuously assisting the Ciletuh Geopark to maintain its biodiversity and geodiversity advantage. We are currently assisting in selecting local arts, cultures, and cuisine from around the park to garner additional interest from national and international tourists, which in turn would assist the local economy. In achieving those goals, we are always collaborating with local communities such as PALAPAH and PAPSI.

HUMAN RIGHTS ASPECTS

In addition to meeting human rights standards within the company, Bio Farma also worked on human rights enforcement through CSR programs that, among others, raised issues of indigenous rights and its positive impacts. Great attention was given to involve local women in our CSR targeted area programs.

Women are involved from the commencement to the conclusion of every program. Bio Farma's CSR facilitates local women to develop sustainable businesses, such as developing traditional cuisine business in communities surrounding the Ciletuh Geopark, Pelabuhan Ratu, women empowerment for a batik pakidulan village, animal waste bank in sheep farming in Garut involving the local women's farmer group, and local produce food processing in Jasinga, Bogor.



Left → Right:

- Pramusti Indrascaryo – Finance Director • Andjang Kusumah – Human Resources Director
- Iskandar – President Director • Mahendra Suhardono – Marketing Director
- Juliman – Production Director • Sugeng Raharso – Planning & Development Director

CHANGES IN THE DIRECTORS' COMPOSITION

There were no changes in the composition of the Directors of Bio Farma in 2016. We expect that the current Directors, coming from various education backgrounds, capabilities, and experiences, are able to lead Bio Farma to perform and contribute positively in the following year. We are happy to report that the current Directors of Bio Farma are trusted to play active roles at the national and international level.

ACKNOWLEDGEMENTS

We would like to extend our deepest gratitude to our stakeholders, shareholders, Board of Commissioners, and business partners for their unwavering support and trust. We hereby extend our highest esteem to Bio Farma employees who have shown dedication and professionalism of the highest order in their duties and consistency in maintaining corporate values. We are confident that with their support, Bio Farma will continue to add value to our shareholders, contribute to the public, and promote solutions for a prosperous life for all.

On behalf of the Board of Director,

ISKANDAR

President Director



STATEMENT OF RESPONSIBILITY FOR THE 2016 ANNUAL REPORT

We, the Board of Commissioners undersigned, hereby certify that the Annual Report 2016, the Financial Statement herewith, and all relevant information contained thereof are complete and accurate in all respects, and that we are fully accountable for the accuracy of the contents thereof.

BOARD OF COMMISSIONER

Ahmad M. Ramli
President Commissioner

Muhammad Subuh
Commissioner

Nizar Yamanie
Commissioner

Paruli Lubis
Commissioner

Ihsan Setiadi Latief
Commissioner

Heridadi
Commissioner

We, the Directors undersigned, hereby certify that the Annual Report 2016, the Financial Statement herewith, and all relevant information contained thereof are complete and accurate in all respects, and that we are fully accountable for the accuracy of the contents thereof.

BOARD OF DIRECTOR



Iskandar
President Directors



Andjang Kusumah
Human Resources Director



Mahendra Suhardono
Marketing Director



Pramusti Indrascaryo
Finance Director



Juliman
Production Director



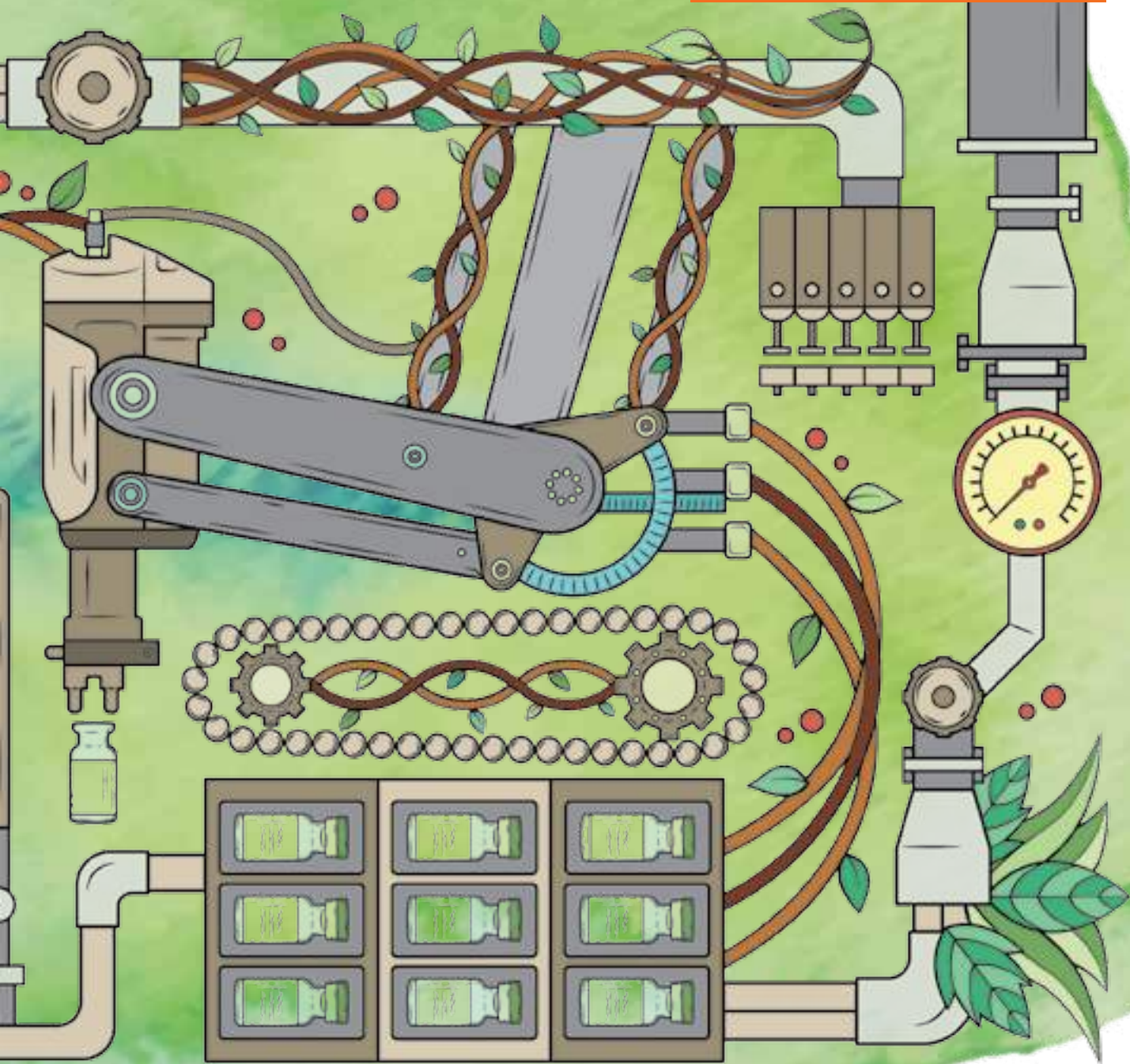
Sugeng Raharso
Planning & Development
Director



OUR DEDICATION

Our environmentally friendly business process assures that our products meet national and international standards.

COMPANY PROFILE





COMPANY PROFILE

Company Name

PT Bio Farma (Persero)

Area Served

Plant Location: Bandung

Production Facilities Location: Bandung

Production Support Facilities Location: West Bandung District

Representative Office: Jakarta

Area Served: National and International

Legal Entity and Ownership

- Legal Basis of Establishment
- Official Gazette of the Republic of Indonesia Number 57 dated July 16, 2002, supplement Number 6884, and latest amendment of the deed of establishment Deed Number 34 dated December 14, 2016.
- Articles of Association of the Company: the latest change approved by the Approval of the Minister of Justice of the Republic of Indonesia Number C2-1423HI.01.01.tahun 1998 dated March 5, 1998.
- Ownership: 100% by The Government of the Republic of Indonesia.

Head Office

Jl. Pasteur No. 28, Bandung 40161, Indonesia.

Telp +62 22-2033755

Fax : +62 22 - 2041306

email : mail@biofarma.co.id

www.biofarma.co.id

Representative Office:

Gedung Pakarti Centre

Jl. Tanah Abang III No 23-27

Jakarta - Indonesia

Date of Establishment

August 6, 1890

Legal Basis of Establishment

- Approval of the Minister of Justice of the Republic of Indonesia
- Dated March 5, 1998
- Number C2-1423HI.01.01.tahun 1998.

Authorized Capital

- Authorized Capital
Rp8,000,000,000,000 (eight trillion Rupiah) consisting of 8,000,000 (eight million) shares with a nominal value of Rp1,000,000 (one million Rupiah) per share.
- Issued Capital
Rp2,000,000,000,000 (two trillion Rupiah) consisting of 2,000,000 (two million) shares with a nominal value of Rp1,000,000 (one million Rupiah) per share.

Shareholders Composition

The Government of the Republic of Indonesia 100%.

No subsidiaries.

Non-listed

Lines of Business

The primary business lines of PT Bio Farma (Persero) are:

- Research and development of life sciences products - independently or in partnership with external parties;
- Production of life sciences products - independently or in partnership with external parties;
- Marketing, trade, and distribution of life sciences products and medical devices, including general goods, in domestic and international markets;
- Health screening service and clinics;
- Services pertaining to the above.

Information Service

Tel.	: (62-22) 203-3755
Fax.	: (62-22) 204-1306
E-mail	: mail@biofarma.co.id
Website	: www.biofarma.co.id
Facebook	: Info Imunisasi, biofarmalD
Facebook	: biofarmalD
Instagram	: biofarmalD
Youtube	: biofarmalD
Twitter	: @infoimunisasi @biofarmalD
Blog	: www.infoimunisasi.com





LOGO CHANGE

1955-1960



1961-2007



BIO FARMA

2008-sekarang



In 2008, Bio Farma changed its logo to reflect its spirit and optimism towards becoming a key player in the global vaccine industry.

LOGO DEFINITION

Bio Farma adapts and anticipates trends in vaccine and antisera business and technology. Our logo reflects our corporate identity.

BRAND PHILOSOPHY

1. The logo adopts the structures of “protein crystal” and “glycoprotein.” The structure represents Bio Farma’s operations in the vaccine and antisera business.
2. Symbolizes the twinkles of stars to represent Bio Farma’s future excellence.
3. Green implies hygienic and healthy values.
4. Orange and yellow implies progressiveness and capacity to innovate to be the best.





BIO FARMA AT A GLANCE

In its long history, Bio Farma has transformed into a world-class producer of vaccines and antisera. Our story began when the Dutch East Indies administration established the “Parc-vaccinogène (National Institute of Vaccine Development) on August 6, 1890. The Institute was based in a building in Weltevreden, Batavia, now known as the Gatot Subroto Army Hospital (RSPAD), Jakarta. Since its inception, the Parc-vaccinogène was involved in studies to eradicate infectious diseases before forging a partnership with the Institut Pasteur to conduct studies in microbiology and renamed Parc-vaccinogène en Institut Pasteur. Throughout the years, the Company has changed its name and legal status several times. In 1997, the Government Regulation Number 1 of 1997 decreed the Company as a Limited Liability Company operating as PT Bio Farma (Persero) and owned by the Government of the Republic of Indonesia.

The deed of establishment and articles of association on the change of entity type was drawn up by Muhani Salim, SH with Deed No. 1 dated February 3, 1997 and approved by the Minister of Justice of the Republic of Indonesia in accordance with Letter of Approval No. C2-1423HT.01.01 on Approval of Deed of Establishment of Company dated March 5, 1998. The approval was published in the Official Gazette of the Republic of Indonesia Number 57 Supplement No. 6884 dated July 16, 2002. The Articles of Association of the Company was amended several times and the latest by the Articles of Association of the Company officially published in the Official Gazette of the Republic of Indonesia No. 65 Supplement No. 21702 dated August 14, 2009. The current members of the Directors are stipulated in Deed No. 45 on Resolution of the Minister of SOE as GMS of the Company dated October 30, 2009 drawn up by Fathiah Helmi, SH and has been accepted by and recorded in the Legal Entity Administration System at the Department of Justice and Human Rights Affairs of the Republic of Indonesia No. AHU-AH.01.10-19828 dated November



9, 2009. Changes of the paid-up capital are stipulated in Deed No. 26 on Resolution of the Extraordinary GMS of the Company dated July 18, 2012 drawn up by Fathiah Helmi, SH.

To this day, Bio Farma has played significant roles in the history of vaccine and antisera development. Bio Farma is the only SOE to produce vaccine and antisera. The Company's commitment on quality and innovative products is reflected by its performance and adherence to the latest international quality standards and quality assurance management. Standards which Bio Farma has adopted into its processes include, among others: CPOB (Good Manufacturing Practices for Pharmaceuticals) by the National Agency of Food and Drug Control ; current Good Manufacturing Practices (cGMP) by the WHO; Good Laboratory Practices (GLP); Good Clinical Practices (GCP); Good Distribution Practices (GDP); ISO 9001:2008, ISO 14001:2004, and OHSAS 18001:2007 on integrated management systems; ISO 26000 on guidance on social responsibility; ISO 31000 on enterprise risk management; and, International Financial Reporting Standard (IFRS).

Bio Farma's achievements are recognized globally. Since 1997, Bio Farma is one of the 29 vaccine producers from 22 countries to receive Prequalification from the World Health Organization (WHO) and up to the present time its product has been trusted in more than 130 countries worldwide. Working with an international network of research institutions, regional professional associations, and multinationals, Bio Farma is actively working for the world's health directly by supplying vaccines and

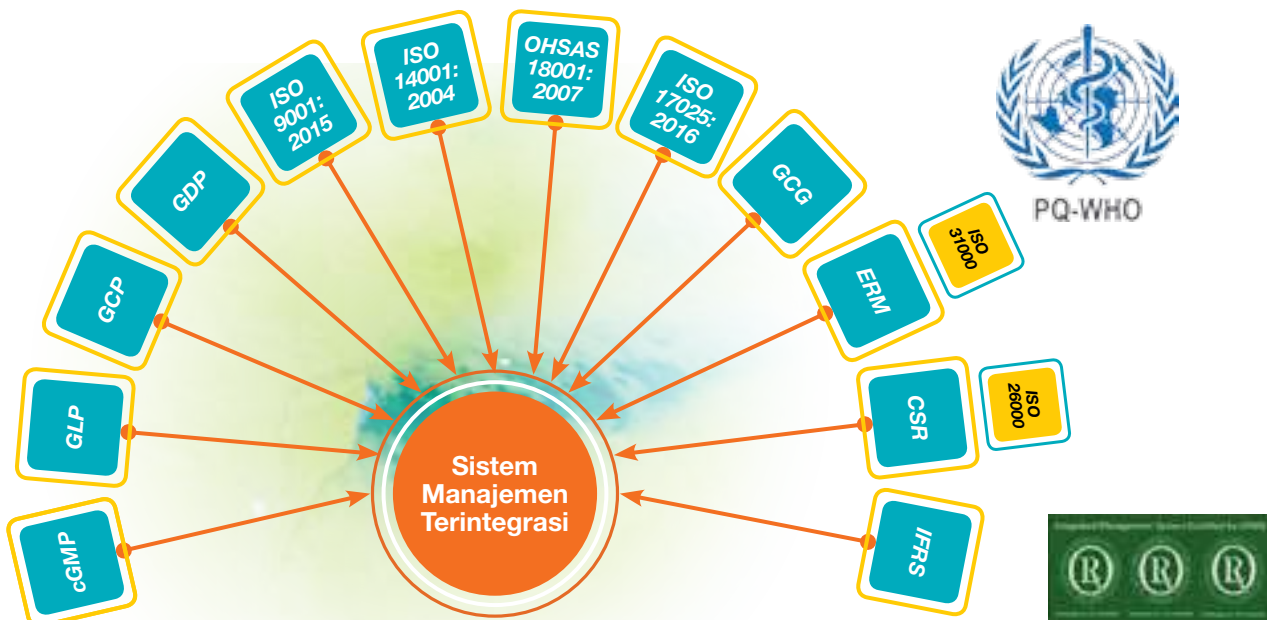
BIO FARMA IS ONE OF THE 29 VACCINE PRODUCERS FROM 22 COUNTRIES TO RECEIVE PREQUALIFICATION FROM THE WORLD HEALTH ORGANIZATION (WHO) FOR ITS PRODUCTS AND TRUSTED IN MORE THAN 130 COUNTRIES WORLDWIDE.

indirectly by transferring technology with companies and governments to ensure excellent healthcare policies for all.

Currently, Bio Farma is based on a 91,058 m2 plot of land on Jalan Pasteur No. 28, Bandung for its production, research and development, marketing,

and administration facilities. In addition, the Company owns supporting facilities in Cisarua, Lembang, Bandung Barat on a 282,441 m2 plot for its laboratory animals. The Company operates a representative office at Gedung Pakarti Centre Jl. Tanah Abang III No. 23-27 Jakarta.

INTEGRATED MANAGEMENT SYSTEM



Our commitment in quality and innovative products is reflected by our performance and adherence to the latest international quality standards and quality assurance management. Bio Farma has integrated several systems into its processes, among others Good Manufacturing Practices for Pharmaceuticals by the National Agency of Food and Drug Control ; current Good Manufacturing Practices (cGMP) by

the WHO; Good Laboratory Practices (GLP); Good Clinical Practices (GCP); Good Distribution Practices (GDP); ISO 9001:2015, ISO 14001:2004, and OHSAS 18001:2007 on integrated management systems; ISO 26000 on guidance on social responsibility; ISO 31000 on enterprise risk management; and, International Financial Reporting Standard (IFRS).



BRIEF COMPANY HISTORY

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.

1895-1901

The Company’s name was changed to “Parc Vaccinogene en Instituut Pasteur.”

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.

1946-1949

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

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 of Republic Indonesia.

1902-1941

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

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.

1997-2011

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

2008

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

2013

The Roadmap towards the Lifescience industry began. Launching of the latest Pentavalent vaccine (Diphtheria, Tetanus, Pertussis, Hepatitis B, HiB) and the launching of a national immunization program.

1997

Based on Government Regulation No. 1 1997, the Company name changed to Perum Bio Farma (Persero), known today as PT Bio Farma (Persero).

1961-1978

Company renamed to "State Bio Farma Company", or better known as PN. Bio Farma.

2009

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

2014

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

2015

Inauguration of the new Heritage Building and Bio Farma Museum.

2016

Expansion of the National Vaccine Research Forum (NVRF) into the National Life Sciences Research Forum (NLSRF).



LINE OF BUSINESS

MAIN BUSINESS AREAS BY ARTICLES OF ASSOCIATION

The Articles of Association of the Company stipulates that the Company's aims to operate in research, development, production, and marketing of biological products, pharmaceuticals, and medical devices. The Company also aims to optimize its resources to produce high quality and competitive goods and/or services for profit to increase its net worth with regard to its principles.

BUSINESS ACTIVITIES PERFORMED

The Company's business activities cover the following:

- research and development of biological and pharmaceutical products - independently or in partnership with external parties;
- production of biological and pharmaceutical products - independently or in partnership with external parties;
- marketing, trade, and distribution of biological products and medical devices, including general goods, in domestic and international markets;
- health screening service and clinics; and,
- services pertaining to letters a, b, c, and d.

In addition to the business activities above, the Company may also perform business activities to optimize its resources for the purposes of training and education, agriculture, husbandry, lab animal husbandry, properties, office spaces, storage, and tourism.

Bio Farma's nature of business serves the demands of domestic and export markets:

- We supply vaccines to the government sector for routine immunization programs, i.e. BCG, DT, TT, polio, measles, Hepatitis B, Td, and DTP-HB-Hib (PentaBio);
- We serve the national private sector by supplying products through domestic distributors for non-routine immunization program, i.e. BCG, BioTd, BioTT, FluBio, measles, polio, hepatitis B, PentaBio, antisera (BioSAT, BioADS, BioSAVE, ABU II (Australia)), and PPD 2 TU;
- We serve the export sector mainly by supplying vaccines to many countries through UN Agency (UNICEF), and other countries under bilateral collaborations. For bilateral collaboration, we supply both finished products and bulk vaccines which have met WHO prequalification standards, i.e. TT, Td, DTP, bOPV (10 and 20 ds/vial), measles (10 ds/vial), DTP-HB-HIB 5 ds, mOPV 1, DT, and DTP-HB.

BIO FARMA'S PRODUCTS AND/OR SERVICES

VACCINES, ANTISERA, AND DIAGNOSTICS

Vaccines and antisera for human use, as follows:

VIRAL VACCINES



1. Oral Polio Vaccine

Used for prevention of Poliomyelitis type 1, type 2, and type 3. (this vaccine has been switched to bOPV from May 1, 2016 based on WHO policy).



2. Bivalent Oral Poliomyelitis Vaccine

Used for prevention of Poliomyelitis type 1 and type 3.



3. Measles Vaccine (Freeze-drying)

Used for prevention of measles.



4. Recombinant Hepatitis B Vaccine

Used for prevention of Hepatitis B.



5. Flubio Vaccine

Used for prevention of seasonal influenza.

BACTERIAL VACCINES



1. TT Vaccine

Used for prevention of tetanus and neonatal tetanus.



2. DT Vaccine

Used for simultaneous prevention of Diphtheria and Tetanus.



3. DTP Vaccine

Used for simultaneous prevention of Diphtheria, Tetanus, and Pertussis (whooping cough).



4. BCG Vaccine (Freeze-drying)

Used for prevention of Tuberculosis.



5. Td Vaccine

Used for prevention of Tetanus and Diphtheria in children aged 7 years and older.



6. Bio-TT Vaccine

Used for prevention of Tetanus and protection against Neonatorum in women of child-bearing age.

COMBINATION VACCINES



Pentabio (DTP-HB-Hib) Vaccines

Used for prevention of Diphtheria, Tetanus, Pertussis, Hepatitis B and Haemophilus Influenza type B.

ANTISERA



1. Anti-Tetanus Serum (BioSAT)

Used for prevention and treatment of tetanus caused by clostridium tetani infection.



2. Anti-Diphtheria Serum (BioADS)

Used for diphtheria treatment.



3. ANTI-SNAKE VENOM SERUM (BIOSAVE)

Used for treatment of poisonous snake bites containing neurotoxic effects (Naja sputratix/ cobra and Bungarus fasciatus/banded krait) and hemotoxic effects (Agkistrodon rhodostoma /pit viper).

DIAGNOSTICS



TUBERCULIN PPD RT 23

Used to test a person's sensitivity to tuberculosis infection.



CLINICS AND IMMUNISATION

In 2016, the Clinics and Immunisation Business Unit provided clinical care, vaccination, pharmacy services, and quality, environmental, and OSH (occupational health and safety) screening services for clinical and industrial microbiology and supporting medical non-lab laboratories. The Company is planning to develop the Clinics and Immunisation Business Unit into a full

subsidiary. To that end, the Company has conducted a comprehensive study on its operational, financial, and legal aspects. The Company has discussed the study's findings with the Audit Committee, RDG Committee, Board of Commissioners, and Ministry of State Owned Enterprise. However, the GMS has yet to reach a resolution by the end of 2016.



ORGANIZATIONAL STRUCTURE



The organizational structure is stipulated In the Decree of the Directors of PT Bio Farma (Persero) No. 03807/DIR/X/2016 on Organizational Structure of PT Bio Farma (Persero) 2016 dated October 10, 2016.





CORPORATE PHILOSOPHY, VISION, MISSION, POLICY, CULTURE, AND CORE COMPETENCE

PHILOSOPHY

Dedicated to Improve Quality of Life.

VISION

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

MISSION

Provide and develop life Science Products of International Standards to Improve the Quality of Life.

BASED ON THE COMPANY'S VISION AND MISSION,

Our Corporate Policy is:

1. High-quality products
2. Environmentally-friendly products
3. Global competitiveness
4. Customer satisfaction
5. Improved sustainability
6. Pollution control
7. Prevention of occupational accidents and incidents
8. Conservation of energy and natural resources
9. Compliance to rules and regulations

EACH COMPANY ORGAN SHARES A COMMON BELIEF OF THE CORPORATE CULTURE:

Each company organ behaves and thinks professionally, possesses high Integrity, functions as a team, highly innovative, and oriented towards customer satisfaction.

- **Professional**
Committed to carry out their duties responsibly, efficiently, effectively, future-oriented, and procedure-compliant.
- **Integrity**
Honest, transparent, and trustworthy to meet the Company's goals.
- **Teamwork**
Working together by appreciating the role and opinion of others.
- **Innovation**
Making continuous improvements and developments in creating new ideas.
- **Customer Oriented**
Understanding the needs of customers and providing appropriate solutions.

Core Corporate Competences:

1. Affordable Life Science (Biopharmaceutical)
2. Innovation
3. Employee Engagement
4. Green Product/Green Process
5. Global Marketing

LEGAL BASIS OF THE CORPORATE PHILOSOPHY, VISION, MISSION, POLICY, CULTURE

Based on their review, on March 6, 2014 the Board of Commissioners and Directors of Bio Farma have approved amendments to the Corporate Philosophy, Vision, Mission, and Culture by virtue of the Joint Decree of the Board of Commissioners and Directors of PT Bio Farma (Persero) No. KEP-07/DK/BF/III/2014 and No. 01103/DIR/III/2014 on Amendments on the Joint Decree of the Board of Commissioners and Directors of PT Bio Farma (Persero) No. 01024/DIR/II/2013 on the Code of Conduct of PT Bio Farma (Persero) Article 1, subsections 1.5 and 1.6.



The philosophy, vision, mission, policy, culture, and core competences of the Company have been disseminated to our employees in:

- Trainings conducted from 21-25 April 2014 at GH Universal Bandung with the theme “Internalization of Corporate Vision, Mission, and Values.”
- Director’s briefing on May 26, 2014 at the Bio Farma Multipurpose Hall.
- Internal media on June 30, 2014.
- On Bio Farma’s intranet and website.
- Training for new recruits.

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 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.



PROFILE OF THE BOARD OF COMMISSIONERS



Ahmad M. Ramli
President Commissioner

Indonesian citizen, domiciled in Jakarta, Born in July 4, 1961, he is 55 years old as of December 31, 2016. Ahmad M. Ramli obtained a Bachelor in law from the Faculty of Law, Padjadjaran University, in 1985. He obtained his Master of Law in International Law from the Postgraduate Department at the Faculty of Law, Padjadjaran University in 1992 and Doctor in International Law from Padjadjaran University in 1999.

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. Appointed as Commissioner at Bio Farma on October 8, 2007, he was relieved from duty on November 5, 2012 following the end of his tenure. He was reappointed as Commissioner at Bio Farma on April 12, 2017 to present date.

ACHIEVEMENTS/OTHER ACCOMPLISHMENTS

Achievements from the Republic Indonesia: Satya Lencana Karya Satya 10 Tahun (2004) & 20 Tahun (2013). He also received the Microsoft Award during his tenure as Directorate of Intellectual Property Rights in 2014. He also received the Sayta Karya Bhakti from the Rector of Unpad in 2003, cum laude graduate from the Unpad Doctoral Program in 2003, and Student of the Year by the Ministry of Education and Culture of Indonesia in 1985.

His legal basis of appointment as Commissioner is the Decree of the Minister of SOE No. SK-220/MBU/2013 dated 12 April 2013.

Commissioner Ahmad Ramli has declared to have no affiliation with any member of Directors and/or Board of Commissioners, and/or with any of the shareholders.



Nizar Yamanie
Commissioner

Indonesian citizen, resides in Jakarta, 63 years old as of December 31, 2016. Born in Surabaya, December 23, 1952. Nizar Yamanie graduated from the Faculty of Medicine of Airlangga University, Surabaya and completed his Consulting Neurospecialist program at the University of Indonesia. He completed his masters in neurology at University of Indonesia in 1994 and Consulting Neurologist Program at University of Indonesia in 2003. Was enrolled in Oxford University, UK (1991-1992).

Active at Cipto Mangunkusumo Hospital Jakarta, National Brain Hospital Jakarta, and Husada Utama Hospital in Surabaya. He is a consulting member of the Indonesian Epilepsy Prevention Union (PERPEI). He was appointed member of Board of Commissioners at PT Indofarma Tbk. (2010-2012), Member Board of Commissioners PT Surveyor Carbon Consulting (2011-2015), and Member of Board of Commissioners of Sanglah Bali Hospital (2011-2016). He was appointed as Commissioner at Bio Farma since 28 May 2012.

His legal basis of appointment as Commissioner is the Decision Outside of the GMS No. 204/MBU/2012 dated May 28, 2012 in conjunction with the Decree of the Minister of SOE No. SK-81/MBU/2013 dated February 4, 2013.

His legal basis of appointment as member of the Risk, Development and GCG Committee is Decree of Board of Commissioners Number: KEP-11/DK/BF/XI/2012 dated November 22, 2012 and amended by the Decree of Board of Commissioners No. KEP-03/DK/BF/02/2016 dated February 4, 2016.

Commissioner Nizar Yamanie has declared to have no affiliation with any member of Directors and/or Board of Commissioners, and/or with any of the shareholders.



Ihsan Setiadi Latief
Commissioner

Indonesian citizen, domiciled in Bandung, 44 years old as of December 31, 2016. Born in Bandung, July 14, 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. He completed his Doctorate in Communications in 2016.

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 May 1, 2013.

His legal basis of appointment as Commissioner is the Decree of the Minister of SOE No. SK-235/MBU/2013 dated 1 May 2013.

His legal basis of appointment as Vice Chairman and Concurrent Member of Audit Committee is the Decree of Board of Commissioners Number: KEP-10/DK/BF/09/2015 dated September 30, 2015.

Commissioner Ihsan Setiadi Latief has declared to have no affiliation with any member of Directors and/or Board of Commissioners, and/or with any of the shareholders.

PROFILE OF THE BOARD OF COMMISSIONERS



Paruli Lubis
Commissioner

Indonesian citizen, domiciled in Jakarta, he is 63 years old as of December 31, 2016. 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.

His legal basis of appointment as Commissioner is the Decree of the Minister of SOE No. 392/MBU/2012 dated 5 November 2012.

His legal basis of appointment as Chairman of the Audit Committee is the Decree of Board of Commissioners Number: KEP-10/DK/BF/XI/2012 dated November 22, 2012 as renewed by the Decree of Board of Commissioners Number: KEP-15/DK/BF/XI/2014 dated July 01, 2014 and renewed by the Decree of Board of Commissioners Number: KEP-10/DK/BF/09/2015 dated September 30, 2015.

Commissioner Paruli Lubis has declared to have no affiliation with any member of Directors and/or Board of Commissioners, and/or with any of the shareholders.



Heridadi
Commissioner

Indonesian citizen, domiciled in Jakarta. He is 64 years old as of December 31, 2016. Born in Tanjung Karang on 24 July 1952. Heridadi obtained a Doctoral degree from the Faculty of Medicine, University of Indonesia in 1977, 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 2013 graduated with a Doctoral degree at the Faculty of Medicine of the Gadjah Mada University, majoring in Biodefense.

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. Currently active as Lecturer for Graduate Program at University of Defence, Vice

Chairman of PPAD Social Sector, Jakarta, Chairman of Purna Warga Kesehatan of TNI AD, Chairman of Alumnus of FKUI 1977. He was appointed as Commissioner at Bio Farma since January 23, 2014.

ACHIEVEMENTS

Satya Lencana Kesetiaan 8, 16 & 24 tahun. Satya Lencana Dwidya Sista. Satya Lencana PBB, Satya LencanaCanti Dharma, Satya Lencana Kebaktian Sosial, Bintang Kartika Eka Paksi Pratama, Bintang Kartika Eka Paksi Nararya, Bintang Yudha Dharma Nararya.

His legal basis of appointment as Commissioner is the Decree of the Minister of SOE No. SK-17/MBU/2014 dated 23 January 2014.

His legal basis of appointment as member of the Risk, Development and GCG Committee is the Decree of Board of Commissioners Number: KEP-11/DK/BF/XI/2012 dated February 19, 2014 amended by the Decree of Board of Commissioners Number: KEP-03/DK/BF/02/2016 dated February 4, 2016

Commissioner Heridadi has declared to have no affiliation with any member of Directors and/or Board of Commissioners, and/or with any of the shareholders.

PROFILE OF THE BOARD OF COMMISSIONERS



H.M. Subuh
Commissioner

Indonesian citizen domiciled in Jakarta, 54 years old as of December 31, 2016. Born in Pontianak, January 19, 1962. Mohamad Subuh earned his bachelors' degree from the Faculty of Medicine, Universitas Indonesia, Jakarta. In 1988, completed his master's degree in Qualification Master Public Policy (MPPM) at the School of Public Administration, University of Southern California (1999). He has served as Director of the Sultan Syarif Mohamad Alkadrie General Hospital, Kalimantan Barat from 2004 to 2009, Chief of Health at West Kalimantan Province from 2009 to 2010, Director of Infectious Disease Control from 2010 to 2013, Secretary of the Directorate General of Disease and Health Environment Control from 2013 to 2014, and Director General of Disease Control and Environment Recovery (P2PL) at Ministry of Health in 2014 until 2016. He is currently the Director General of Disease Control and Environment Recovery (P2PL) at Ministry of Health. He was appointed as Commissioner at Bio Farma since June 22, 2015.

His legal basis of appointment as Commissioner is the Decree of the Minister of SOE Number: SK-97/MBU/06/2015 dated June 22, 2015.

His legal basis of appointment as member of the Risk, Development and GCG Committee is the Decree of Board of Commissioners Number KEP-02/DK/BF/VII/2015, dated July 09, 2015 amending the Decree of Board of Commissioners Number KEP-03/DK/BF/02/2016 dated February 4, 2016

Commissioner H.M. Subuh has declared to have no affiliation with any member of Directors and/or Board of Commissioners, and/or with any of the shareholders.



BOARD OF DIRECTORS' PROFILE



Iskandar
President Director

Indonesian citizen, domiciled in Bandung, 61 years old as of December 31, 2016. Born in Sukabumi, December 25, 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.

He 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 Supporting Production Unit (1994), Head of Logistics Division (2002), Head of Research and Development Division (2005), and Director of Planning and Development (2007-2009). Appointed as President Director of Bio Farma on September 17, 2009 and reappointed for the second term since April 12, 2013.

He is actively involved 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.

His legal basis of appointment as President Director is the Decree of the Minister of SOE No. Sk-285/MBU/2012 dated August 3, 2012 and Sk-221/MBU/2013 dated April 12, 2013.

President Director Iskandar has declared to have no affiliation with any member of Directors and/or Board of Commissioners, and/or with any of the shareholders.



Mahendra Suhardono
Marketing Director

Indonesian citizen, domiciled in Bandung, he is 54 years old as of December 31, 2016. Born in Situbondo, April 5, 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 has 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). He is actively involved as member of Indonesian Pharmaceutical Association (ISFI). He is also one of the key persons of Bio Farma with active participation in various World Health Organization (WHO) activities.

He has been elected as President of DCVMN (Developing Countries Vaccine Manufacturers Network) for two periods, i.e. : 2012-2014 and 2014 – 2016 periods. . Currently he is serving as an Executive Board at the DCVMN .

His legal basis of appointment as Marketing Director is the Decree of the Minister of SOE No. SK-285/MBU/2012 dated August 3, 2012 and SK-221/MBU/2013 dated April 12, 2013.

Director of Marketing Mahendra Suhardono has declared to have no affiliation with any member of Directors and/or Board of Commissioners, and/or with any of the shareholders.



Andjang Kusumah
Human Resources Director

Indonesian citizen, domiciled in Bandung, he is 63 years old as of December 31, 2016. Born in Cianjur, 8 August 1953, Andjang Kusumah obtained his Bachelor of Economics degree from the Faculty of Economics, Universitas Padjadjaran (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 December 31, 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 March 7, 2012 in conjunction with the Decree of the Minister of SOE No. SK-69/MBU/2013 dated February 4, 2013.

Director of Human Resources Andjang Kusumah has declared to have no affiliation with any member of Directors and/or Board of Commissioners, and/or with any of the shareholders.

BOARD OF DIRECTORS' PROFILE



Juliman
Production Director

Indonesian citizen, domiciled in Bandung, he is 54 years old as of December 31, 2016. Born in Pangkalpinang on September 23, 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, Universitas Padjajaran in 2005.

Juliman's experience in production of vaccine and Good Manufacturing Practice (GMP) allowed him to be invited as keynote speaker in seminars, interviews, and consultations especially in pharmaceuticals topic.

Juliman is highly involved in all International level activities, including as an active trainer in WHO Global Training Network (GTN) Program on Quality Assurance of Live Attenuated Poliomyelitis and Measles Vaccines and took part as a delegation from Indonesia that attended the World Health Assembly Fourm, which organized by World Health Organization (WHO). He attends the Annual General Meeting hosted by DCVMN (Developing Countries Vaccines Manufacturer Network), a joint organization between producers of vaccines from

developed countries. Currently, he is member of the Board Alternate GAVI (Global Alliance for Vaccine Immunization), representing the DCVMN Organization to attend the GAVI Board Meeting that gradually conducted three times annually to discuss and conduct decision-makings toward the prevailing policies of GAVI Board related to Global Immunisation Program.

Working in Bio Farma, he had occupied a number of important positions, such as Head of Polio and Measles Vaccine Support Unit, Head of Measles Vaccine Production Unit, Head of Production Engineering and Maintenance Division, Head of Export Sales Division, and Head of Logistics Division.

His legal basis of appointment as Production Director is the Decree of the Minister of SOE No. Sk-221/MBU/2013 dated April 12, 2013.

Director of Production Juliman has declared to have no affiliation with any member of Directors and/or Board of Commissioners, and/or with any of the shareholders.



Pramusti Indrascaryo
Finance Director

Indonesian citizen, domiciled in Bandung, he is 51 years old as of December 31, 2016. Born in Semarang on August 23, 1965, Pramusti Indrascaryo holds a Bachelor's at Diponegoro University in 1989 and holds a Masters of Management in Financial Management from the Faculty of Economics and Business, Gadjah Mada University in Yogyakarta in 1998.

Long working in the banking industry. Once the head of Export-Import Bank Branch in Indonesia prior to the merger of four state banks into Bank Mandiri in 1999. After that, he held various key positions in the Bank as Senior Manager in the Corporate Risk Management and Corporate Banking (2003), Assistant Vice President (2009) and Vice President (2012). Was appointed Finance Director of Bio Farma since April 12, 2013.

His legal basis of appointment as Production Director is the Decree of the Minister of SOE No. SK-221/MBU/2013 dated April 12, 2013.

Director of Finance Pramusti Indrascaryo has declared to have no affiliation with any member of Directors and/or Board of Commissioners, and/or with any of the shareholders.

BOARD OF DIRECTORS' PROFILE



Sugeng Raharso
Planning & Development Director

Indonesian citizen, domiciled in Bandung, he is 57 years old as of December 31, 2016. 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 in Finland.

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 was also appointed as Head of Division of Animal Laboratory in 2010 until 2012 and appointed as Director of Planning and Development of Bio Farma since April 12, 2013 until the present date.

His legal basis of appointment as Director of Planning & Development is the Decree of the Minister of SOE No. SK-221/MBU/2013 dated April 12, 2013.

Director of Planning & Development Sugeng Raharso has declared to have no affiliation with any member of Directors and/or Board of Commissioners, and/or with any of the shareholders.



HUMAN RESOURCES

Bio Farma gives great attention to its human resources to achieve the Company's stated goals. Human resources development is done with well-planned and integrated coordination between the Company's business units and the Human Capital Division.

Each unit requires specific skillsets to develop its knowledge-base and technical capabilities. The Human Capital Division provides support for such endeavor.

The Company is an equal opportunities employer at every level of development and career advancement. Capacity building is conducted by learning solutions and development.

The Company has shifted its human resources management towards IT-based solutions. Its challenges to come are encouraging its human capital from out of their comfort zone and preparing themselves for the competition brought about by the ASEAN Economic Community (AEC).

HUMAN RESOURCES GUIDELINES

1. Law Number 13 of 2003 on Manpower (Official Gazette of the Republic of Indonesia of 2003 Number 39, Supplement Number 4279);
2. Law Number 19 of 2003 on State-owned Enterprises (Official Gazette of the Republic of Indonesia of 2003 Number 70, Supplement Number 4297);
3. Government Regulation Number 45 of 2005 on the Establishment, Management, Supervision, and Dissolution of SOEs (Official Gazette of the Republic of Indonesia of 2003 Number 117, Supplement Number 4556);
4. Law Number 40 of 2007 on Limited Liability Companies (Official Gazette of the Republic of Indonesia of 2007 Number 106, Supplement Number 4756);
5. Government Regulation Number 1 of 1997 on the Amendment of Incorporation of Bio Farma from a Public Company to a Limited Liability Company (Persero) (Official Gazette of the Republic of Indonesia of 1997 Number 4);
6. Government Regulation Number 41 of 2003 on the Reassignment of the Position, Duties, and Authorities of the Minister of Finance on Limited Liability Companies (Persero), Public Companies

(Perum), and Service Companies (Perjan) to the Minister of SOEs (Official Gazette of the Republic of Indonesia of 2003 Number 82, Supplement Number 4305);

7. Presidential Regulation Number 47 of 2009 on the Establishment and Organization of State Ministries as last amended by the Presidential Regulation Number 91 of 2011;
8. Presidential Decree Number 59/P of 2011;
9. Decree of the Vice Speaker of the House of Representative of the Republic of Indonesia Number PW/113/DPR-RI/XI/2013 dated November 6, 2013;
10. Circular Number SE 06/MBU/2013 on Policies on Manpower in SOEs;
11. Circular Number Se 02/MBU/2014 Policies on Assignment of Duties to Other Companies (Outsourcing);
12. Circular Number SE 01/MBU/2014 on Policies on Employment of Disabled Persons.

CORPORATE POLICIES ON HUMAN RESOURCES

1. Articles of Association of the Company;
2. Decree the Directors of PT Bio Farma (Persero) No. 05586/DIR/VIII/2015 on the 2015 Organizational Structure of PT Bio Farma (Persero) dated August 21, 2015;
3. Collective Bargaining Agreement (CBA);
4. Decree the Directors of PT Bio Farma (Persero) No. 03940/DIR/VI/2007 dated June 4, 2007 on the Career Planning System of the Employees of PT Bio Farma (Persero) as amended by the Decree the Directors of PT Bio Farma (Persero) No. 03195/DIR/V/2008 dated May 2, 2008 on the Career Planning System of the Employees of PT Bio Farma (Persero) and Second Amendment of the Decree of the Directors of PT Bio Farma (Persero) No. 07968/XII/2010 dated December 15, 2010 and Third Amendment of the Decree of the Directors of PT Bio Farma (Persero) No. 0382/DIR/VII/2013 dated July 12, 2013 and Fourth Amendment of the Decree of the Directors of PT Bio Farma (Persero) No. 03224/DIR/V/2015 dated May 13, 2015 and Fifth Amendment of the Decree of the Directors of PT Bio Farma (Persero) No. 0585/DIR/VIII/2015 dated August 26, 2015 and Fifth Amendment of the Decree

- of the Directors of PT Bio Farma (Persero) No. 00488/DIR/II/2016 dated February 9, 2016;
5. Decree the Directors of PT Bio Farma (Persero) No. 01736/DIR/III/2012 on the Regulation on Remuneration of Employees dated March 19, 2012 as amended by the Decree the Directors of PT Bio Farma (Persero) No. 02847/DIR/V/2013 dated May 20, 2013 in lieu of the last amendment of the Directorial Decree No. 00489/Dir in lieu of the Directorial Decree No. 00489/DIR/II/2016 dated February 9, 2016.

HUMAN RESOURCE DEVELOPMENT ROADMAP

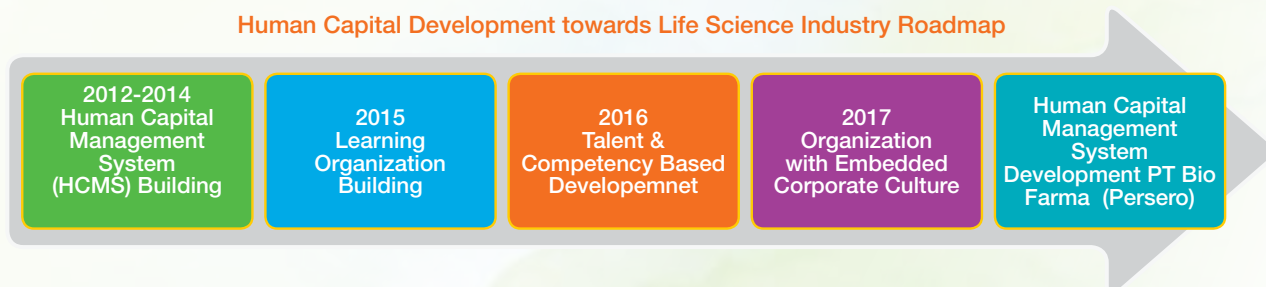
Bio Farma's human resource management refers to human capital (HC) management concepts. Accordingly, as partners of the Company, employees are encouraged to build individual quality and competence to perform to the best of their ability. Bio Farma has conducted a number of initiatives towards the bioeconomy era 2030 - in which biotechnology is the lifeblood of the world's economy. The Company has compiled a Human Capital Development Roadmap towards the Life Science Industry, as follows:

HCMS IMPLEMENTATION (2012-2014) & LEARNING ORGANIZATION BUILDING (2015)

Bio Farma has adopted an IT-based Human Capital Management System (HCMS) for its human resources development in 2012-2013. The IT-based system consists of management systems for performance, reward, talent, and knowledge management. The system was formally rolled out in 2014-2015 and is improved continuously. Infrastructure development and Knowledge Management System (KMS) roll out began in 2013. In 2014, the IT-based solution KMS has shown excellent performance in 2015.

With the KMS infrastructure, learning and knowledge sharing activities are no longer constrained by time and space. We expect to foster those activities towards establishing a Learning Organization. The Learning Organization blueprint and system is compiled with the aim to establish a Learning and Development Centre by 2017, which then will be developed further into a Corporate University by 2018.

Human Capital Development towards Life Science Industry Roadmap





TALENT & COMPETENCE-BASED DEVELOPMENT (2016)

Design of the Talent Management System (TMS) and Competency Management began in 2015 by compiling a competence dictionary with system integration in mind. The TMS is focused on managing highly skilled talents to contribute to the Company. Middle-skilled talents, on the other hand, are managed using conventional training approaches. TMS implementation is targeted to be complete by 2016 since it has already been supported by sound competence and by the Knowledge Management infrastructure. The infrastructure collects complete employee competence records for analysis to prepare employees' competence-specific training programs. The result is an effective and efficient employee development process.

ORGANIZATION WITH EMBEDDED CORPORATE CULTURE (2017)

2017 is the year of strengthening corporate values. The process began in 2013 with conclusion of the culture value measurement. Based on its findings, the Company plans to implement systematic and comprehensive programs to internalize corporate values based on internal corporate activities. The process is expected to instill strong values in each employee and becomes part of the positive culture to drive Company growth. In addition, the strengthening of organizational values and competence is planned to be conducted by building further development of the Learning and Development Centre into the Bio Farma Corporate University to bolster the intended aim.

HC EXCELLENT INTEGRATED SYSTEM (2018)

By 2018, Bio Farma aims to complete deployment of robust IT solutions for its Human Capital systems - Performance Management System, Reward Management System, Talent Management System, and Knowledge Management System. The solutions are expected to boost the actualization of a values-based corporate culture in a world-class company.

HUMAN RESOURCES DEVELOPMENT GOALS

1. Empower and utilize employees in accordance with human rights principles;
2. Equal employment opportunities and recruitment as appropriate;
3. Ensure safety and security of employees at work;
4. Improve employee welfare and their dependencies.

HUMAN RESOURCES DEVELOPMENT STRATEGY

To meet the human capital development goals stated in the Roadmap, the Company adopts the following strategy:

1. Implement a remuneration system based on competence and performance;
2. Prepare a "Multirater System" to assess employee performance;
3. Implement "Attract" strategies to recruit above average talents;
4. Implement Work-Life Balance programs in various forms;
5. Build a sharing culture to accelerate learning processes;
6. Prepare an IT-based Human Capital Information System (HCIS) solution integrated with the ERP.

HUMAN RESOURCES

**BIO FARMA'S HUMAN RESOURCES
DEVELOPMENT PERFORMANCE 2016**

The Company's activities in 2016 were mainly focused on Learning Organization Building as outlined in the HC Master Plan. The primary objectives of this stage were instilling and optimizing knowledge sharing on the Knowledge Management System. The Company has also established the Postgraduate Education Program concentrating on biotechnology and life sciences with the Bandung Institute of Technology. A number of programs for 2016 were started at the end of 2015, such as drafting of the competence model and dictionary for soft and hard competencies.

**STRATEGIC HUMAN RESOURCES
INITIATIVES COMPLETED IN 2016**

1. Deployment of Company-wide the HCMS IT-based platform;
2. Enrolment of talented employees in postgraduate studies in biotechnology and conduct soft- and hard-skills trainings pertaining to our future business plans;
3. Optimization of individual work capacity using workload analysis of each position to plot every employee's contribution to the output.
4. Testing of the HCMS systems in mini projects;
5. Enhancement of core corporate competences: affordable life sciences products, green process/ product, global marketing, employee engagement, and innovation;
6. On-going socialization of corporate culture, vision, mission, and values to internal and external parties;
7. Accustoming knowledge sharing among employees with particular set of skills and/or participated in training;
8. IT-based Knowledge Management System.

**HUMAN RESOURCE DEVELOPMENT PLAN
2017**

The Company's human resources development is integrally planned with each and every business lines of the Company. For 2017, the Company's direction is training and development of human resources towards instilling its corporate culture in individual and departmental levels.





ADMINISTRATION OF HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT IN BIO FARMA

CURRENT PRACTICES IN HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT

1. PLANNING

The Company's employees are one of its most cherished elements in our business. The Company strives to plan its human resources needs accordingly with its employees' welfare and work-life balance.

The process of human resources planning is done systematically as the basis and reference in formulating policies, strategies, and management and development of human resources on an on-going basis.

Human Resources Management and Development plans are formulated based on Manpower Information, consisting of:

- a. Population and labor;
- b. Employment opportunities;
- c. Work training, including work competence;
- d. Labor productivity;
- e. Industrial relations;
- f. Workplace conditions;
- g. Labor remuneration and welfare;
- h. Social security;

Human resources planning is aimed to recruit talents to occupy various positions, posts, and duties in accordance with the Company's needs and its stated goals. Planning begins with identifying the issues, threats, and opportunities within and beyond the Company.

Stages of Human Resources Planning

- a. Inventorying human resources availability;
- b. Predicting human resources demands;
- c. Drafting the human resources planning;
- d. Monitoring and evaluating human resources.

The stages are aimed to improve the competence, career advancement, and recruitment of qualified potential talents.

Planning Considerations:

- a. **Internal Factors:** strategic corporate plans, budget, production estimate, business expansion, and duties in the Company.
- b. **External Factors:** economic situation, social-culture, politics, laws and regulations, technology, and competition.

2. RECRUITMENT AND SELECTION

Recruitment and selection are activities in which the Company seeks, finds, and attracts potential employees.

The Company recruits based on positions required in the Planned Activities & Company Budget and based on business development and growth. Bio Farma is an equal opportunities employer regardless of gender.

Since 2014, Bio Farma has gradually opened opportunities for persons with disabilities in accordance with the Circular Letter of the Minister of State Owned Enterprise No. SE 01/MBU/2014 on Policies on Employment of Disabled Persons.

HUMAN RESOURCES

The recruitment process is open for all without any discrimination provided the applicant meets the requirements of the desired position. To ensure that the opportunity is open to every person, recruitment and vacant positions are announced in national and local print media (Pikiran Rakyat, Kompas, Media Indonesia), electronic media (corporate website, Facebook, Twitter, SOE portal, radio), job fairs, and roadshows to a number of tertiary education institutions.

The candidates then go through selection. Applicants are tested in accordance with the position they applied for.

New Hire Recruitment Process

- a. Announcement of vacancies in mass media;
- b. Establishing partnerships with tertiary education institutions;
- c. Candidates apply online via <http://www.biofarma.co.id/karir-bio-farma/>;
- d. Candidates are automatically selected based on their academic records;
- e. Verification and interview;
- f. Third party testing of candidates' psychological aptitude;
- g. Comprehensive health screening of candidates before final approval.

The selection and recruitment process are necessary to ensure the Company's demands and needs are satisfactorily met.

3. HUMAN RESOURCES DEVELOPMENT IN BIO FARMA

Employees selected for more demanding roles and responsibilities are prepared with education and training. Education is necessary to expand theoretical knowledge and problem solving skills whereas training is aimed to enhance practical skills and its real-life implementation.

Human Resources Development Goals

The goal of human resources development is to improve employees' professionalism and skills to conduct their responsibilities efficiently, effectively, and productively.

Human Resources Development Objectives

The objective of human resources development is to improve employees' productivity, work quality, morale, occupational health and safety, and individual qualities.

Education and Training

The Company plans its employees' education and training programs on an on-going basis to maintain and improve their performance and competence. Every employee enjoys equal opportunities to improve their competence based on their potential, capabilities, and skills.

The Company organizes trainings internally and externally, the latter by external institutions and bodies.

Education and Training Offered in Bio Farma

- a. Competence training;
- b. Technical/functional skills;
- c. Mandatory skills certification by responsibility;
- d. Managerial training;
- e. Knowledge sharing sessions;
- f. Postgraduate education.



Realization of Trainings, Postgraduate Scholarships, and Knowledge Management in 2016

a. Training

- In 2016, the Company has organized 375 training programs, consisting of 18 sessions for current and future organizational needs and 365 sessions for departmental technical competence needs.
- **Training Program Themes in 2016**
 - Update Good Manufacturing Practices (GMP),
 - Environment Health & Safety Behavior,
 - Character Building Training,
 - Emotional Spiritual Quotient,
 - Executive English Class with Native Speaker,
 - Public Speaking, Career Transition Program,
 - Team work,
 - Communication Skill,
 - Microsoft Office,
 - Creative Design Presentation,
 - Customer Service Orientation,
 - Financial Planning,
 - Problem Solving,
 - Organization Management,
 - Competency Management,
 - ISO 27001: 2013,
 - Other thematic public trainings.

Training Type	Requirement	Total Sessions	Participants
Organizational Competency	Organizational competence needs	18	1.524
Divisional Competency	Departmental competences requiring technical skills	365	1.253

Each participant spends eight training days in total. In other words, every Bio Farma employee, on average, participates in eight training days annually, equivalent to four training sessions assuming a two-day average per training session.

Training Programs in 2016

From	To	Topic	Participant	Organizer	Location	Training Type
02-Jun-16	03-Jun-16	Combined and consolidated accounting and its taxation	29	IAI	Aston Primera Pasteur Hotel	In-house
25-Apr-16	01-May-16	Character building training (CBT) class of 15 & 16	28	Bio Farma	Pusdikajen Lembang	In-house
11-Aug-16	12-Aug-16	Competency Based Leadership	38	Kubik	Mercure Setiabudhi Hotel	In-house
05-Mar-16	05-Mar-16	Customer satisfaction	43	CV. Prima Berlian Lestari	Aston Primera Pasteur Hotel	In-house
13-Jul-16	14-Jul-16	Effective communication skill for CSO	73	WIBI	Grand Tjokro Hotel Cihampelas	In-house
04-Mar-16	04-Mar-16	PROPER evaluation & strategy	25	MUVI	Harris Hotel Tebet-Jakarta	In-house
01-Aug-16	01-Aug-16	Financial Planning	268	Widya Bhakti Inti	Harper Hotel Pasteur	In-house
05-Apr-16	05-Apr-16	Interpreting ISO 27001	11	IT Bio Farma	IT Meeting Room	In-house

HUMAN RESOURCES

From	To	Topic	Participant	Organizer	Location	Training Type
15-Aug-16	16-Aug-16	OHS environmental behaviour safety	76	WIBI	Regata Hotel & Administration Bd. 1st Fl.	In-house
05-Sep-16	06-Sep-16	Leadership strategic thinking for leading corporate action	56	Kubik	InterContinental Hotel Dago Pakar	In-house
18-May-16	19-May-16	Microsoft Access	100	HCSS	Grand Tjokro Hotel	In-house
25-Apr-16	25-Apr-16	Microsoft Power Point	96	HCSS	Grand Tjokro Hotel	In-house
24-May-16	25-May-16	Microsoft Word	86	Innov	Patra Jasa Hotel	In-house
18-Jul-16	19-Jul-16	Ms. Visio & Ms. Project	109	HCSS	Regata Hotel Setiabudhi	In-house
09-May-16	10-May-16	Office basic "Ms. Excel & Ms. Word"	73	Inov Training	Sensa Hotel Ciwalk	In-house
09-Feb-16	10-Feb-16	Aptitude Mapping of Productive Activities to Empower & Discussions on Retirement Preparations	100	MUVI	Grand Tjokro Hotel	In-house
02-Aug-16	02-Aug-16	Career system organization	36	Dunamis	Aston Tropicana Cihampelas Hotel	In-house
28-Jul-16	29-Jul-16	Leadership Development	40	Kubik	InterContinental Hotel	In-house
20-Jun-16	20-Jun-16	Halal product certification preparation and trial	21	LPPOM MUI	Heritage Building Meeting Room	In-house
15-Feb-16	16-Feb-16	Public speaking	36	Farhan Public Speaking Training	Serela Hotel Cihampelas	In-house
02-Sep-16	02-Sep-16	Tax Amnesty	111	Directorate General of Tax	GSG PT. Bio Farma (Persero)	In-house
30-Mar-16	4, 6, 11 -Apr-16	TOEFL Preparation	28	Ghania Berkah Utama, CV	HR Meeting Room	In-house
04-Aug-16	04-Aug-16	Vision and Portfolio	36	PWC	Mandarin Oriental Hotel Jakarta	In-house
		238 Thematic Departmental Training	582	Various providers	Local and international	Public Training

b. Postgraduate Scholarship

Bio Farma offers scholarships to qualified employees who wish to pursue Masters and Ph.D. degrees. Scholarships are offered for subjects supporting the Company's strategic organizational development, management, or product development plans. As such, the resulting thesis or dissertation will already have practical and commercial values.

To that end, the Company sends its employees to study at cooperating institutions.

In 2016, one employee was awarded a Ph.D. scholarship to the University of Melbourne (study and research cooperation), one awarded a Ph.D. scholarship to Padjadjaran University, and six awarded Master's at the Institut Teknologi Bandung (ITB).



c. Knowledge Management

Knowledge management is required to secure knowledge assets of the Company. This process consists of source identification, storage, and dissemination of knowledge.

Knowledge Management Activities

- **Knowledge Exchange**

Knowledge exchange is sharing of skills among employees through coaching sessions. Part of this activity is exit interviews of retiring employees to share their knowledge and experience with successive generations. In 2016, there were 19 knowledge exchange sessions.

- **Community of Practice (CoP)**

Community of Practice is done in internal practicing communities to discuss technical issues and accumulate knowledge across various disciplines to arrive at the desired solutions. In 2016, there was one CoP session.

- **Lesson Learned Sharing**

Lesson Learned Sharing is a sharing process following public trainings or benchmarking to distribute the new knowledge within individual units. Employee participation in this program is 65% of realized public trainings amounting to 476 contributors.

Development Programs and Their Realizations in the Last 5 Years

[In Million Rupiah]

Year	2012	2013	2014	2015	2016
I. Management Training					
Planning	117	177	103	64	140
Realization	49	129	50	49	122
II. Non Top Management Training					
Planning	64	148	139	432	725
Realization	51	87	30	375	642
III. Formal Education					
Budget					
Domestic	4,158	6,444	7,839	2,500	1,000
Overseas	3,968	5,111	3,775	1,437	1,500
Number of Participants					
Domestic	20	1	1	1	6
Abroad	-	2	2	1	0

HUMAN RESOURCES

Employee Competence Development Expenses

The formal education and training expenses for Bio Farma employee development in 2016:

- The budget for the formal education program was Rp2.5 billion and Rp1.576 billion or 63% of the budget was realized to fund current postgraduate studies.
- The budget for training programs was Rp5,252,170,000 and Rp15,217,811,999 or 99.77% of the budget was realized to fund trainings, seminars, and workshops..

Cost of Employee Competence Development and Number of Participants

(In Million Rupiah)

Year	2012	2013	2014	2015	2016
Domestic	1,594	5,237	4,026	12,000	9,430
Abroad	1,050	1,630	1,689	8,000	4,957
Total	2,644	6,867	5,715	20,000	14,387
Total Participants (Persons)					
Domestic	182	196	-	1,147	905
Abroad	38	40	-	141	82
Total	220	236	-	1,288	987

4. MANAGEMENT

Human resources management has to consider employees holistically and humanely as they have individual thoughts, beliefs, aspirations, and hopes.

Human Resources Management in Bio Farma**a. Work Satisfaction**

Work satisfaction refers to employees' attitude towards their occupation with respect to work situation, remuneration, employer-employee relationship, and other physical and psychological factors, manifesting as content or discontent and satisfaction or dissatisfaction.

The Human Resources Division takes due consideration of work satisfaction for links between satisfaction and performance, health, retention, and productivity.

Factors affecting work satisfaction include physical factors, such as remuneration, facilities (welfare and work-life balance), and future guarantees, or non-physical factors, such as advancement opportunities, work safety, health, company management, supervision, work condition, and communication.

Bio Farma pays considerable attention on its employees' work satisfaction and productivity.



Remuneration

Bio Farma remuneration package is one of the best in the industry and above the minimum stipulated in the Manpower Law, Provincial Minimum Wage Regulation, and Company's capabilities. Bio Farma ensures that its employees are paid above the provincial minimum wage.

In addition, Bio Farma's remuneration policy is equal pay for a given position regardless of gender. Competitive remuneration packages help to retain talented employees. Remuneration is paid based on fair performance assessments. The Company develops the remuneration system in accordance with its business growth on an on-going basis.

In 2014, the Human Resources Division developed a remuneration system based on competence and performance.

Compensation consists of:

1. Pay for person;
2. Pay for position;
3. Pay for performance;
4. Incentives.

Employee salaries are classified by grade and post; grade 17 being the lowest and grade 2 being the highest.

Monthly Employee Remuneration (Take Home Pay) in the Last 3 Years

Post	Grade	2014		2015		2016		Increased/Decreased %	
		Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
		2		3		4		5	
Head of Division	6 - 2	15,845,847	28,081,906	23,516,202	30,975,418	24,860,040	32,586,257	5.71	5.20
Head of Department	8 - 3	10,815,727	19,937,323	12,393,042	21,653,705	16,311,229	23,989,161	31.62	10.79
Head of Section	12 - 3	5,856,204	16,397,396	9,634,826	18,388,485	11,007,054	19,548,659	14.24	6.31
Staff	9 - 5	6,253,860	8,338,027	5,777,460	9,471,683	6,855,330	11,046,718	18.66	16.63
Junior Staff	13 - 5	4,407,853	11,246,004	5,164,770	13,163,544	5,762,871	13,801,195	11.58	4.84
Personnel	17 - 7	3,396,621	9,089,201	3,971,733	10,865,530	5,184,660	11,962,839	30.54	10.10

Employee Welfare

Bio Farma provides allowances to its employees as part of the remuneration package. The allowances are for religious holidays, welfare, annual leave, time off, uniforms, and annual bonuses (production services).

In addition to allowances, employees are entitled to benefits such as healthcare (outpatient and inpatient), canteen, and sports, religious, and recreational facilities.

In giving normative rights to employees, Bio Farma stipulates that:

1. Time off consists of annual leave, long leave, sick days, maternity leave, menstruation leave, miscarriage leave, religious leave, and leave without pay. Employees have the right to use leave days and entitled to permission to leave their duties on urgent reasons in accordance to prevailing stipulations.

HUMAN RESOURCES

2. Payment of old-age benefit in the form of prescribed fees; the benefit consists of monthly pension, old-age savings, health insurance, and healthcare services.

In general, every permanent and non-permanent employee (contract labour) are entitled to every allowances and bonuses. However, non-permanent employees are not entitled to uniform allowances and long leaves.

WORK-LIFE BALANCE (WLB)

Work-life balance is a concept of balance in all aspects of life: work, personal time, family, spiritual needs, and social life. The goal is to balance and be fully responsible to one's work, family, personal time, and social life to contribute and serve better.

Bio Farma recognizes that employee health is not merely a physical measure, but also mental. In 2014, Bio Farma formed the Healthy Living Paradigm Team responsible to formulate the Healthy Living Paradigm for Bio Farm Employees and evaluate its implementation.

Five Aspects of Healthy Living Paradigms

1. Personal life
2. Work
3. Religion
4. Family and community
5. Culture

Aspects of the Paradigm are consistent with of the principle "dedicated to improve the quality of life." In addition to improving the quality of life of the public, the Company places equal attention on Sound, Harmonious, and Active employees.

1. Discipline

Discipline refers to employees' readiness and consent to adhere and carry out Company norms and culture as well as prevailing rules and regulations.

Aims of discipline

- a. Improve maximum efficiency by preventing time and energy inefficiencies;
- b. Prevent damage or loss of property, machinery, tools, and equipment due to negligence.

Discipline is an attempt to minimize errors and carelessness due to negligence, inability, and lateness.

Factors Affecting Discipline

- a. Remuneration
- b. Leadership example
- c. Certainty of rules
- d. Leadership willingness to act
- e. Supervision of and attention to employees
- f. Daily habits to form discipline

Discipline reflects a person's dutifulness to his responsibilities; it significantly affects his productivity towards the Company's goals.

2. Corporate Culture

Corporate culture plays an important role in achieving the Company's vision, mission, objectives, and goals. To that end, employees are to incorporate the corporate culture into their attitude, especially at work.



In facing business challenges in the global market, Bio Farma conducted a survey in early 2014 to study the corporate culture as understood by its employees. The findings of the survey were used to formulate the ideal corporate values for comprehensive and systematic internalization.

The resulting values, derived from employee responses, are expected to instill strong values in every employee and become part of the positive culture to drive Company growth. The values are:

- a. Professionalism:** Committed to carry out their duties responsibly, efficiently, effectively future-oriented, and procedure-compliant.
- b. Integrity:** Fair, transparent, and trustworthy to meet the Company's goals.
- c. Teamwork:** Cooperate with respect to the roles and beliefs of others.
- d. Innovation:** Continuous improvements to generate new ideas.
- e. Customer Oriented:** Understands the customer needs and provides the best solutions for such needs.

In 2014, the Company conducted gradual internalization of the values in its employees and extensively presented to Company guests, suppliers, and public on Bio Farma's website.

3. Productivity

Productivity refers to employees' determination of continuously improving their quality of life and livelihood in all facets of life. The determination will produce dynamic, creative, and innovative individuals who are open and critical to new to ideas and change.

Factors Determining Productivity

- a. Human resources management capabilities
- b. Employee efficiency
- c. Workplace conditions

Indicators of Employee Productivity

- a. Ability to conduct their responsibilities
- b. Output improvements
- c. Work attitude
- d. Self-development
- e. Striving for output quality improvements
- f. Efficient actions

Factors Affecting Productivity

- a. Training
- b. Mentality
- c. Physical capabilities
- d. Relationship with the leadership

Methods to Improve Productivity

- a. Continuous improvements
- b. Output quality improvements
- c. Human resources empowerment

4. Motivation

Motivation is a method to encourage subordinates to be willing to work their skills and abilities to reach the Company's goals.

Motivation in Bio Farma is affected by 2 factors

- a. Internal Factors:** need for livelihood, possession, achievement, recognition, and power.
- b. External Factors:** workplace condition, adequate compensation, sound supervision, job security, status, and flexible responsibilities.

HUMAN RESOURCES

It is the duty of the leadership to motivate employees to always improve the quantity and quality of their output.

5. Work Merits

Merit is the result of an employee's work.

Factors Affecting Work Merit Assessment in Bio Farma

- Output
- Knowledge of responsibilities
- Initiative
- Mental dexterity
- Attendance

Work merit is assessed to learn whether the employee and his supporting elements have provided the expected work. Results of the assessment are used to improve the quality of its human resources.

Employee Recognition

The Company awards recognition to employees who have shown outstanding performing, dedication, and professionalism. The Company awards its model employees with hajj and umrah pilgrimage. The Company also awards employees who have dedicated more than 20 years to the Company and to employees who donated blood the most.

Recognition for Bio Farma Employees in the Last 5 Years

Type of Recognition	Number of Annual Recipients				
	2012	2013	2014	2015	2016
Hajj	3 employees and their spouses	3 employees and their spouses	3 employees and their spouses	3 employees and their spouses	3 employees and their spouses
Umrah	5 employees	5 employees	11 employees and their spouses	3 employees and their spouses	3 employees and their spouses
20 Year Dedication	28 employees	22 employees	16	6 employees	37 employees
Blood Donor	54 employees	37 employees	31	39 employees	37 employees

6. Career Development

Career development is a process to which employees advance their careers.

Career success in Bio Farma is affected by 2 factors

- Forward-looking capability and willingness
- Individual persistence.

Career advancement is an important element in an employee's career development with the aims of, among others, certainty of career direction, pull factor in attracting talented employees, assists the management in developing career development programs and administration, rotation, and demotion.



7. Compensation

Compensation is that which an employee receives in return for services rendered. Compensation may be disbursed in cash, material goods, facilities, or employment opportunity.

Aims of Compensation

A token of appreciation for services rendered, quality control, employee retention, attracting talented employees, cost control, and regulatory compliance.

Effects of Compensation on Employees

- Improved performance and loyalty to the Company
- Reduces absenteeism
- Minimizes intervention from third parties thus positively affects the Company's goals.

Bio Farma prepared the "Multirater System" or 360° assessment to assess employee performance. The newly developed method replaces 90° assessment wherein employees were only assessed by their direct superiors. In the new system, an employee's performance is assessed by his superiors, subordinates, colleague, and stakeholders (internal and external customers) to produce an objective assessment.

The 360° performance assessment is done by an application since 2014 and trialed for online use since 2015.

Performance Assessment Pertaining to Promoting Employees

- The relevant division submits a vacancy to the Director of Human Resources;
- The Human Capital Division publishes the vacancy on the Company's intranet;
- Employees who apply and meet the administrative requirements are selected to sit in a written examination, if necessary;

- Candidates who passed the written examination are required to present and tested before a panel;
- The successful candidate is recommended to the Director of Human Resources for approval, withheld, or reassessed.

8. Competence

Competence refers to an employee's knowledge, attitude, and behavior necessary for his post and grade. Aspects of competence are knowledge, understanding, skills, values, attitude, and interest.

Competence is willful acts of an individual's motives and character to cause certain results. Managerial competence is imperative to be able to optimize Company resources and production, and create product demanded by customers. The competence package adds value to the Company in terms of profitability and competitiveness.

INDUSTRIAL RELATIONS

Bio Farma recognizes employees' freedom of association within the Company. Recognition of freedom of association is a demonstration of the Company's compliance to the Law No. 13 of 2003 on Manpower and ILO Convention No. 87 and No. 98. On April 1, 1999, PT Bio Farma (Persero) gathered to form the PT Bio Farma (Persero) Labor Union. On April 5, 2010, employees formed the Employee Communication Forum (Forwan).

The Company promotes professional management of the labor unions to liaise employees with the Company to ensure mutually harmonious communication.

The most recent negotiation between the Labor Union and the Company was in 2012. The negotiation resulted the terms of the 2012-2014 Collective Bargaining Agreement and has been filed to the Office of Manpower of West Java registration number 568/07/PKB/Perlind/2012.

HUMAN RESOURCES

NUMBER OF BIO FARMA EMPLOYEES

As of December 31, 2016, Bio Farma employs 1,780 people

1. 1,171 are permanent employees
2. 144 are contract employees
3. 465 are outsourced employees

The number of permanent employees increased by 3.90% compared with 1,127 employed in 2015.

NUMBER OF BIO FARMA EMPLOYEES IN THE LAST 5 YEARS

Employee Composition by Directorate

Direktorat	Number of Employees by Year					Increase/ Decrease (%)
	2012	2013	2014	2015	2016	
	1	2	3	4	5	
General	83	77	97	102	101	(0.98)
Finance	58	57	61	63	67	6.35
Marketing	76	83	82	87	91	4.60
Human Resource	110	126	126	148	163	10.14
Production	369	405	450	489	501	2.45
Planning & Development	225	205	213	238	248	4.20
Total	921	953	1,029	1,127	1,171	3.90

Employees by Title

Title	Number of Employees by Year					Increase/ Decrease (%)
	2012	2013	2014	2015	2016	
	1	2	3	4	5	
Head of Division	22	23	23	25	26	4.00
Senior Expert		2	5	7	7	0.00
Head of Department	58	55	58	66	68	3.03
Associate Expert	18	26	39	38	39	2.63
Head of Section	125	123	129	159	162	1.89
Junior Expert	23	32	33	40	48	20.00
Staff	102	95	103	107	119	11.21
Junior Staff	109	120	132	135	163	20.74
Personnel	419	439	475	517	506	(2.13)
Portfolio Management Team	4	4	0	0	0	0
Project Integration Manager	2	2	2	3	3	0.00
Research Coordinator	2	1	1	1	3	200.00
Research S.O.	0	0	0	0	1	0
Researcher	4	5	5	5	5	0.00
Junior Researcher	21	14	13	13	10	(23.08)
Operation Staff	12	12	11	11	11	0.00
Total	921	953	1,029	1,127	1,171	3.90



Employees by Years of Service

Year of Service	Number of Employees by Year					Increase/ Decrease (%)
	2012	2013	2014	2015	2016	
	1	2	3	4	5	
0-5	326	316	333	443	443	0.00
6-10	197	194	261	198	220	11.11
11-15	147	174	162	172	189	9.88
16-20	108	118	119	150	148	(1.33)
21-25	63	68	79	91	89	(2.20)
26-30	62	54	48	31	43	38.71
≥31	18	29	27	42	39	(7.14)
Total	921	953	1,029	1,127	1,171	3.90

Employees by Age

Age	Number of Employees by Year					Increase/ Decrease (%)
	2012	2013	2014	2015	2016	
	1	2	3	4	5	
<20						
21-25	43	27	43	74	75	1.35
26-30	171	193	221	250	253	1.20
31-35	201	210	228	221	237	7.24
36-40	166	172	165	188	194	3.19
41-45	192	189	201	197	174	(11.68)
46-50	102	112	112	125	147	17.60
≥51	46	50	59	72	91	26.39
Total	921	953	1,029	1,127	1,171	3.90

Employee Composition by Education Level

Education	Number of Employees by Year					Increase/ Decrease (%)
	2012	2013	2014	2015	2016	
	1	2	3	4	5	
S3	2	2	1	1	3	200.00
S2	44	43	44	49	129	163.27
S1	231	234	262	282	370	31.21
D3	157	170	189	220	212	(3.64)
High School	487	504	533	575	457	(20.52)
Total	921	953	1,029	1,127	1,171	3.90

HUMAN RESOURCES

Employees by Gender

Gender	Number of Employees by Year					Increase/ Decrease (%)
	2012	2013	2014	2015	2016	
	1	2	3	4	5	
Male	716	747	810	880	903	2.61
Female	205	206	219	247	268	8.50
Total	921	953	1,029	1,127	1,171	3.90

Employees by Employment Status

Employment Status	Number of Employees by Year					Increase/ Decrease (%)
	2012	2013	2014	2015	2016	
	1	2	3	4	5	
Permanent	921	953	1029	1127	1171	3.90
Contract	311	376	421	430	144	(66.51)
Outsourced	152	164	190	200	465	132.50
Total	1.384	1.493	1,640	1,757	1,780	1.31

Employees by Title & Gender in the Last 5 Years

Title	Number of Employees by Year										Increase/ Decrease (%)	
	2012		2013		2014		2015		2016			
	L	P	L	P	L	P	L	P	L	P	L	P
	1	2	3	4	5	6	7	8	9	10	9/7	10/8
Head of Division	16	6	14	9	14	9	17	8	17	9	0.0	12.5
Senior Expert	0	0	2	0	4	1	5	2	5	2	0.0	0.0
Head of Department	30	28	31	24	32	26	40	26	42	26	5.0	0.0
Associate Expert	16	2	22	4	30	9	29	9	30	9	3.4	0.0
Head of Section	84	41	83	40	85	44	105	54	107	55	1.9	1.9
Junior Expert	16	7	19	13	19	14	23	17	24	24	4.3	41.2
Staff	55	47	48	47	57	46	56	51	66	53	17.9	3.9
Junior Staff	79	30	89	31	98	34	97	38	114	49	17.5	28.9
Personnel	393	26	414	25	450	25	487	30	477	29	(2.1)	(3.3)
Portfolio Management Team	3	1	3	1	0	0	0	0	0	0	0	0
Project Integration Manager	0	2	1	1	1	1	1	2	1	2	0.0	0.0
Research Coordinator	2	0	1	0	1	0	1	0	3	0	200.0	0
Research S.O.	0	0	0	0	0	0	0	0	1	0	0	0
Researcher	2	2	4	1	4	1	4	1	2	3	(50.0)	200.0
Junior Researcher	8	13	4	10	4	9	4	9	3	7	(25.0)	(22.2)
Operation Staff	12	0	12	0	11	0	11	0	11	0	0.0	0
Total	716	205	747	206	810	219	880	247	903	268	2.6	8.5
	921		953		1,029		1,127		1,171			



EMPLOYEE TESTIMONIES

Farah

(Promotions Staff)

"I am proud of being part at Bio Farma, the largest vaccine producer in Southeast Asia with a global edge. In addition to improving the health of Indonesians, Bio Farma is actively improving the health of many around the world. This is Bio Farma's service to the Nation. I have been through many experiences in the Export Section, among which were exchanging correspondence with UNICEF and almost every country in the world. This is one of many ways we help improve children's health".

Christian

(Product Management Staff)

"I have had great experience working at Bio Farma. I've visited even the remotest places of Indonesia to educate and socialize on Bio Farma and its products. Bio Farma does not only focus on profit, but also works for the public good".

Dewi Purnomo Rukmi

**(Head of Section, Measles
Vaccine Production)**

"Our work in Bio Farma is to improve Indonesia for the better. I am proud to work at Bio Farma. Bio Farma belongs to Indonesians. I am proud to contribute to our country's legacy".

Arip Hidayat

(Research & Development)

"I was offered the opportunity to enroll in a short course at the Massachusetts Institute of Technology (MIT) in the United States. There, we discussed Indonesia and as ambassadors for Bio Farma, we promoted Bio Farma's activities and achievements. We have enjoyed opportunities to study both domestic and abroad".

Neni

**(R & D Project Integration
Manager)**

"It all began when my father passed away due to hepatitis. Since then, I believe that the only effective measure against hepatitis is vaccine. Working at Bio Farma, we can improve the world's health using vaccines and participate towards Global Health Security".



Shareholders Composition

As of December 31, 2016, Bio Farma is a non-listed non-financial services State-owned Enterprise owned solely by the Government of the Republic of Indonesia. Therefore, Bio Farma does not present information regarding:

1. The names of 20 largest shareholders and percentages of their holdings;
2. Details of shareholders and percentages of their holdings consisting of the names of shareholders holding 5% or more shares, groups of public shareholders each holding 5% or fewer shares; and,
3. The names of the Commissioners and Directors and percentages of their direct and indirect holdings.

List of Subsidiaries and/or Associate Entities

As of December 31, 2016, Bio Farma does not own any subsidiaries and/or associate entities. Therefore, Bio Farma does not present information regarding the names of subsidiaries and/or associate entities, share ownership, details of lines of businesses of subsidiaries and/or associate entities, and operational status of subsidiaries and/or associate entities (whether such entities have begun operations or otherwise).

Corporate Group Structure

As of December 31, 2016, Bio Farma does not have any corporate group structure. Therefore, Bio Farma does not present information regarding its corporate group structure in a diagram representing the relationships between parent-subsidiary entity, subsidiary entities, associate entities, joint ventures, and special purpose vehicles (SPV).



100%
100% OWNED
BY THE
GOVERNMENT
OF INDONESIA

Chronological Listing of Shares SHAREHOLDERS COMPOSITION

As of December 31, 2016, Bio Farma is a non-listed non-financial services company. Therefore, neither the public nor Directors nor Board of Commissioners of Bio Farma owns Bio Farma shares. Company shares are 100% owned by the Government of the Republic of Indonesia.

SUMMARY OF SHARES

As of December 31, 2016, Bio Farma is a non-listed non-financial service State-owned Enterprise or not yet listed in the Indonesia Stock Exchange. Therefore, it does not present information regarding volume of listed shares, market capitalization, highest, lowest, and closing listings, and trading volume.

CHRONOLOGICAL ISSUANCE OF SHARES (INCLUDING PRIVATE PLACEMENTS) AND/ OR LISTING OF SHARES SINCE INITIAL OFFERING TO THE END OF THE FISCAL YEAR

As of December 31, 2016, Bio Farma is a non-listed non-financial services State-owned Enterprise or not yet listed in the Indonesia Stock Exchange. Therefore, it does not present information regarding:

1. Year of issuance, volume, nominal value, and initial offering price of shares for each corporate action;
2. Total listed shares following each corporate action;
3. Name of stock exchange where the company is listed;
4. Chronological listing of shares, types of corporate action affecting volume of shares, differences in volume since initial offering to the end of the fiscal year.

Chronological Issuance and/or Listing of Other Securities since Initial Offering to the End of the Fiscal Year

SUMMARY OF BONDS/SUKUK/ CONVERTIBLE BONDS

As of December 31, 2016, Bio Farma does not issue bonds/sukuk/convertible bonds. Therefore, it does not present information regarding the volume of outstanding bonds/sukuk/convertible bonds, their interest/yield, maturity, and performance.

CHRONOLOGICAL ISSUANCE AND/OR LISTING OF OTHER SECURITIES

As of December 31, 2016, Bio Farma does not issue other types of securities. Therefore, it does not present information regarding:

1. the name of the other securities, their interest/yield and maturity;
2. offering price of other securities;
3. Name of stock exchange where the other securities are listed;
4. Securities rating;
5. Chronological listing of the other securities, types of corporate action affecting volume of such securities, differences in volume since initial offering of such securities to the end of the fiscal year, name of stock exchange where such securities are listed, and their performance.

Names & Addresses of Subsidiary Entities and/or Branch Offices or Representative Offices

As of December 31, 2016, Bio Farma does not own any subsidiaries and/or associate entities. However, the Company operates a representative office at Gedung Pakarti Centre Jl. Tanah Abang III No. 23-27 Jakarta.

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

Names and Addresses of Capital Market Supporting Institutions and/or Professions

As of December 31, 2016, Bio Farma does not operate any capital market supporting institutions and/or professions. Therefore, it does not present information regarding the names and addresses of registrars of company shares and names and addresses of stock rating agencies.

AS OF DECEMBER 31, 2016, BIO FARMA EMPLOYS A PUBLIC ACCOUNTING FIRM

CORPORATE SUPPORTING PROFESSIONAL/ INSTITUTION:

Kantor Akuntan Publik
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 PUBLIC

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AWARDS AND CERTIFICATIONS

AWARDS



1

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1

3 MARCH 2016

West Java Development Partner in CSR/PKBL

Bio Farma was honored as partner in West Java's development by the Governor of West Java thanks to its CSR/PKBL Program in 2016. The award was presented by West Java Governor Ahmad Heryawan. The Governor also officially inaugurated the West Java CST/PKBL 2016 projects. The ceremony took place on Tuesday (14/3) at the Intercontinental Hotel Bandung, Resort Dago Pakar.

2

5 APRIL 2016

Taxpayer Recognition

As one of the 24 largest contributing taxpayers, the Minister of Finance recognises Bio Farma as one of the most compliant tax subjects.

3

20 APRIL 2016

Indonesia Most Creative Company Marketers

Bio Farma was awarded "Indonesia Most Creative Company Marketers" by SWA Magazine.

4

16 MAY 2016

Zero Accident

For its achievements in implementing the occupational health and safety programs (OHS), Bio Farma received the Zero Accident Award from the Minister of Manpower and Transmigration.

5

21 MAY 2016

Corporate Social Responsibility (CSR)

Bio Farma receives 7 prestigious awards in Corporate Social Responsibility (CSR) in the Indonesia Green Awards 2016. Bio Farma was awarded for its work in water conservation, integrated waste management development, biodiversity conservation, pollution prevention pioneer, community development, conservation of new and renewable energy, and the Best Indonesia Green Awards 2016. The award was presented on Saturday, May 21, 2016 by La Tofi, chairman of the La Tofi School of CSR in the awards ceremony at Taman Tebet, South Jakarta.



6



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7 JULY 2016 GOLD PROPER

Bio Farma was for the third time awarded the highest recognition in the PROPER Emas (Corporate Performance Ranking Program Emas) by the Ministry of Environment and Forestry. The award was presented by Vice President Jusuf Kalla to the Bio Farma Director of Production Juliman at the Vice Presidential Palace. Present at the ceremony was the Minister of Environment and Forestry of the Republic of Indonesia.



7

PROPER Emas Award from the Government of West Java

Bio Farma was awarded the PROPER Emas by the Regional Environmental Monitoring Agency of West Java. The award was for Bio Farma's achievements in the Corporate Performance Assessment in Environmental Management initiated by the Ministry of Environment and Forestry in 1995.

8

18 JULY 2016 2016 Intellectual Property Award and WIPO Award

Bio Farma received the 2016 Intellectual Property Award and WIPO Award. The award from the Ministry of Justice and Human Rights Affairs was received by Director of Finance Indrascaryo.



9



10



11

9

27 JULY 2016**2016 Children Protection Award**

Bio Farma was awarded the 2016 Children Protection Award for its consistency in meeting children's rights to safety by supplying vaccines for infants, school-aged children, and adults.

11

25 AUGUST 2016**Warta Ekonomi**

Bio Farma was awarded "Indonesia Social Business Innovation Company 2016" in the Pharmacy - Geopark Development category by Warta Ekonomi. The awards ceremony was held at the Pullman Hotel, Jakarta.

10

8 AUGUST 2016**BPJS**

Bio Farma received the "Corporate Pension Friendly Assurance Program" from the Employees Social Security System (BPJS Ketenagakerjaan).



12



13



14

12

27 SEPTEMBER 2016**Annual Report Award 2015**

Bio Farma won yet another Annual Report Award 2015 (ARA 2015). Bio Farma was the first runner-up in the Non-listed non-financial services SOE category. The award was received by the Director of Finance Pramusti Indrascaryo.

14

20 DECEMBER 2016**KIP 2016**

Bio Farma yet again won the Public Information Transparency Award 2016 from the Public Information Commission. The award was presented by Vice President Jusuf Kalla to Director of Production Juliman.

13

14 DECEMBER 2016**SR 2016 Award**

Bio Farma won the "Best Sustainability Report 2015 Category Manufactures," presented by Chairman of the 2016 SRA Judging Panel Sarwono Kusumaatmadja to the Director of Production Juliman.



CERTIFICATIONS

I. Recognition from the World Health Organization (WHO)



1. Polio Virus Vaccine

Awarded on April 9, 1997; no expiration date.

2. Measles 10 dosages

Awarded on April 9, 1997; no expiration date.

II. CPOB Certificate from the Food and Drug Monitoring Agency of the Republic of Indonesia (BPOM-RI)



1. February 17, 2016 - ISO 17025 Accreditation - Bio Farma's Microbiology Laboratory receives the ISO 17025 Accreditation for food, beverages, and cosmetics testing.



5. Awarded on September 16, 2013; valid until September 16, 2018.



2. Awarded on April 4, 2011; valid until April 4, 2016.



6. Awarded on April 29, 2014; valid until March 31, 2019.



3. Awarded on April 4, 2011; valid until April 4, 2016.



7. Awarded on April 29, 2014; valid until March 31, 2019.



4. Awarded on September 16, 2013; valid until September 16, 2018.



8. Awarded on April 29, 2014; valid until March 31, 2019.



9. Awarded on April 29, 2014; valid until March 31, 2019.



13. Awarded on April 29, 2014; valid until March 31, 2019.



10. Awarded on April 29, 2014; valid until March 31, 2019.



14. Awarded on April 29, 2014; valid until March 31, 2019.



11. Awarded on April 29, 2014; valid until March 31, 2019



15. Awarded on April 29, 2014; valid until March 31, 2019.



12. Awarded on April 29, 2014; valid until March 31, 2019.



16. Awarded on April 29, 2014; valid until March 31, 2019.



17. Awarded on April 29, 2014; valid until March 31, 2019.



18. Awarded on January 14, 2015; valid until January 14, 2020.



19. Awarded on January 14, 2015; valid until January 14, 2020.



20. June 27, 2016 - ISO 9001: 2015 Accreditation - Bio Farma receives the ISO 9001: 2015 on Quality Management Standard by the Lloyd's Register Quality Assurance; valid from June 27, 2016 to June 26, 2019.

III. Certification from the Lloyd's Register Quality Assurance Ltd, Singapore



21. Valid until July 12, 2018.

IV. IV. Occupational, Health And Safety Management System – OHSAS 18001:2007 from the Lloyd's Register Quality Assurance Ltd, Singapore



22. Valid until July 12, 2018.

V. V. Certification from the Lloyd's Register Quality Assurance Ltd, Singapore



23. Valid until June 30, 2016.

CERTIFICATION

VI. Laboratory Accreditation from the WHO South-East Asia Regional Office



VII. Vaccine Vial Monitor Certification from the World Health Organization (WHO)



VIII. Bill & Melinda Gates Foundation Certificate of Appreciation from the Bill & Melinda Gates Foundation

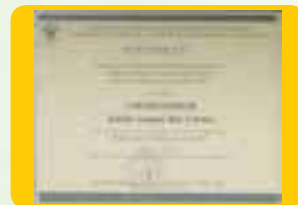


IX. Ciletuh Geopark from the Indonesian National Commission for UNESCO, Ministry of Education and Culture



24. The Bio Farma-sponsored Ciletuh Geopark was certified as National Geopark according to UNESCO Geopark Standards thanks to the partnership between PT Bio Farma (Persero), the Office of Cultural and Tourism Affairs, and the Government of West Java. Awarded on December 22, 2015; no expiration date.

X. Consolidation of External Quality in Immunology from the Directorate of Sustainable Supporting Medical Services and Health Facilities



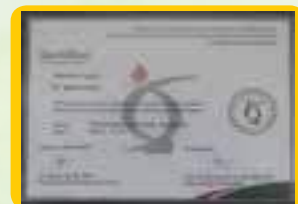
25. Bio Farma received a certificate for participating in the Consolidation of External Quality in Immunology. Awarded on April 21, 2015; no expiration date.

XI. Consolidation of Extra-laboratory Quality by the Department of Microbiology of the Indonesian Association of Clinical Pathologist and Laboratory Medicine



26. Bio Farma received a certificate for participating in the Consolidation of Extra-laboratory Quality by the Department of Microbiology of the Indonesian Association of Clinical Pathologist and Laboratory Medicine. Awarded in June 2015; no expiration date.

XII. Consolidation of Extra-laboratory Quality by the Department of Haematology, Chemical Pathology, and Coagulation of the Indonesian Association of Clinical Pathologist and Laboratory Medicine



27. Bio Farma received a certificate for participating in the Consolidation of Extra-laboratory Quality by the Department of Department of Haematology, Chemical Pathology, and Coagulation of the Indonesian Association of Clinical Pathologist and Laboratory Medicine. Awarded in August 2015; no expiration date.



HIGHLIGHTS



22 JANUARI

**Employee Vehicles Emissions
Testing**

Bio Farma is committed towards conservation efforts and clean emissions in Bandung. Bio reiterates its commitment by conducting emissions testing for its employees' motor vehicles.

In addition to employees' vehicles, the Company also tested its company fleet, vaccine distribution lorries, partners' vehicles, and guests' vehicles.



JANUARY 25 - FEBRUARY 10
Healthy Santri

As an effort to improve a healthy lifestyle in education institutions and the community, Bio Farma and Harian Pikiran Rakyat held the "Santri Sehat" roadshow to pesantrens (Islamic boarding schools) in Tasikmalaya from Monday to Wednesday, January 25-27, 2016. The Roadshow featured introduction to healthy lifestyles and writing workshops.



17-FEBRUARY
ISO 17025 Accreditation

With its expertise in life sciences, Bio Farma provides microorganism tests for food, beverages, pharmaceutical, and cosmetics industries. The tests analyze microorganism contamination in products and their safety.

Bio Farma received its ISO 17025 accreditation on February 17, 2016. The accreditation allows Bio Farma to assist the Food and Drug Monitoring Agency to conduct food and beverage tests for some 500 of its industry players. Bio Farma expects that the certificate

produced by its Microbiology Laboratory to be referenced by the Food and Drug Monitoring Agency in its product distribution permits. The ISO 17025 accreditation is a governmental recognition issued by the National Accreditation Committee (NAC) to state that Bio Farma's Laboratories implements internationally-recognised Laboratory Management Systems.



13-MARET
Ambassadorial Visit to Bio Farma

Bio Farma has the honour of receiving a visit from ambassadors who are members of the Jakarta Ambassadors Golf Association (JAGA). The visit was hosted by Director of Marketing Mahendra Suhardono, Director of Production Juliman, and Bio Farma staff.

The 17 ambassadors are conducting a diplomatic tour to promote regional potential, particularly in trade, tourism, and culture.



15-MARET
National Polio Immunisation Week

Bio Farma participated in the National Immunisation Week (NIW) held today to March 15, 2016 to support programs organised by the Ministry of Health. Bio Farma is appointed to host the West Java NIW. Present in the inauguration ceremony was the Deputy Governor of West Java, Mayor of Bandung, and leadership of the Ministry of Health and Bio Farma.

The Polio NIW is held concurrently across Indonesia for infants aged 0-59 months. The Week is aimed to ensure that the nation's children are satisfactorily immune against polio and reduction of trans-border polio transmission. The 2016 Polio NIW is part of the global campaign to eradicate polio by 2020.



16-MARET
Distributor Meeting

Socialization and coordination of authorized distributors of Bio Farma products to share the latest product knowledge and coordinate Bio Farma's distribution.



05-APRIL

Bio Farma Receives Taxpayer Award

The Directorate General of Tax awarded the 24 largest taxpayers for their contribution towards the 2015 tax revenue target. The award was bestowed by the Minister of Finance, Bambang Brojonegoro to Director of Finance Pramusti Indrascaryo.

Bio Farma gives considerable attention to its tax compliance and returns. Bio Farma has won the award in the previous year.



10-APRIL

Bio Farma Holds School of Vaccine for Journalists in Mataram, Lombok

Bio Farma held a media gathering and workshop attended by 60 members of the press from Bandung, Jakarta, and Mataram. The event was held in Mataram from April 10-12, 2016 with the theme "National Pharmacy Synergy for Self-sufficiency." Speaking in the event was dr. Piprim B. Yanuarso, Sp.A (K) from the Indonesian Paediatric Society. Arif Budisusilo from Bisnis Indonesia also spoke on the Development of the Pharmaceutical Industry from the Media's Perspective and led the workshop on in-depth journalism in biotechnology. Bio Farma Commissioner Ihsan S. Latief

discussed Bio Farma's CSR while Bio Farma Corporate Secretary Rahman Rustan presented the theme topic. Moderating the event was Sindo Acting Editor Hanna Fahrana. The keynote speaker in the media-gathering event was West Nusa Tenggara Governor Dr. TGH M. Zainul Majdi, who presented on West Nusa Tenggara's preparation of becoming the world's first halal-friendly tourist destination.

HIGHLIGHTS



12-MEI

**Bio Farma-Universitas
Padjadjaran Research
Partnership**

Together with 26 other SOEs to realize the Pentahelix Strategy, Bio Farma has established a research partnership with Universitas Padjadjaran to form the BUMN Centre of Excellence. The commitment of partnership between Universitas Padjadjaran and SOE, among which is Bio Farma, was reinforced with the signing of a memorandum of

understanding on Unpad-BCE. The Centre will serve as a hub for SOE to develop their global competitiveness. Present in the signing ceremony was Minister of SOE Rini Soemarno, Minister of Communications and Informatics Muhammad Nasir, Padjadjaran University Rector Tri Hanggono Achmad, and President Directors of SOE.



24-JUNE

**BUMN Hadir Untuk Negeri
Flea Market**

Bio Farma participated in the “BUMN Hadir untuk Negeri Synergy” organised by the Ministry of SOE. Among the *BUMN Hadir untuk Negeri* event was the flea market.

The nationwide event was officially opened by Minister of SOE Rini Soemarno in Garut on June 24, 2016. Present at the opening ceremony was Director of Human Resources Andjang

Kusumah, Head of CSR R. Herry, and Directors of SOEs. The flea market, held in conjunction with Ramadhan 1437H, is expected to assist the public in purchasing daily necessities for Eid celebrations. As a West Java-based SOE, Bio Farma participated in the flea market to share joy with the public.

**27-JUNE**

**Bio Farma to Process
Blood Products from the
Indonesian Red Cross
Society**

Global vaccine producer Bio Farma has been approved by the Ministry of Health to process blood plasma into albumin and globulin from the Indonesian Red Cross Society. The trust between Bio Farma and the Indonesian Red Cross Society

is formally established with the signing of the memorandum of understanding at the Indonesian Red Cross Society Headquarters in Jakarta on Monday, June 6, 2016. The memorandum was signed by Indonesian Red Cross Society Chairman Ginanjar Kartasasmita and Bio Farma President Director Iskandar.

**15-JULY**

**Bio Farma Invites National
Media to Vaccine Production
Facility**

Bio Farma has invited the national mass media to visit the company's vaccine production, research and development, packaging, and distribution facility in Bandung. The event was held in cooperation the Bureau of Public Communications of the Ministry of Health and Public

Relations of the Food and Drug Monitoring Agency. The event was aimed to share with the media on current issues concerning vaccines and Bio Farma's role in the national vaccine industry.

**18-JULY**

**2016 Intellectual Property
Award and WIPO Award**

On the Anugerah Kekayaan Intelektual Nasional 2016 and WIPO (World Intellectual Property Organization) Awards 2016, held by the Directorate General of Intellectual Property (DJKI) of the Ministry of Law and Human Rights of the Republic of Indonesia, Bio Farma received an award in the category of Innovation and IP for Enterprises/Corporations. The award was handed by the Vice President Jusuf Kalla at the Vice Presidential Palace to Pramusti Indrascaryo, Finance Director of Bio Farma.

Bio Farma is proud to have received the award after a series of visitation, interview, and strict assessment procedures by the jury when they visited Bio Farma In Bandung. For us, innovation is already an essential part of the Company's culture, and currently we are developing a system for the Implementation and development of Innovations in terms of product, process, and business strategy.

HIGHLIGHTS



27-JULY

Bio Farma Receives Children Protection Award from KPAI

Bio Farma received the “2016 Children Protection” award in the Businesses category from the Indonesia Commission on Protection of Children (ICPC). The award was presented by Secretary General of ICPC Erlinda Iswanto to Director of Marketing Mahendra Suhardono. The award is a recognition for Bio Farma’s 126 years of contribution in supplying internationally recognised vaccines to protect infants and children.

The ICPC saw Bio Farma as an SOE consistently guaranteeing the right to health for children by supplying 5 million vaccines for infants, 27.6 million to school-aged children, and 15 million to women of childbearing age. Bio Farma also provides core vaccines for infants to protect against polio, measles, hepatitis B, BCG, DPT, and Pentabio.



14-AUGUST

BUMN Hadir Untuk Negeri Fun Walk

As part of the *BUMN Hadir untuk Negeri* in West Java, five SOEs (PT PN III, Bio Farma, PT PN VIII, Perum Jasa Tirta 2, PT Pupuk Kujang) held a fun walk and check-ups for the public.



19-AUGUST

Bio Farma Junior Researcher Elected Member of ALMI

Neni Nurainy, a junior researcher in Bio Farma, was elected as one of the 40 members of the Indonesian Young Scientists Academy (IYSA). Members of the Academy were officially appointed by BJ Habibie in conjunction with launching ceremony of the Sains45 book. The Indonesia Academy of Sciences (IAS), chaired by Prof. Sangkot Marzuki, elects 40 fellows for the Academy. To be eligible, candidates have to hold a Ph.D., working in a scientific career, and are less than 45 years old. The Academy aims

to stimulate the scientific culture in Indonesia so that science and technology can solve the nation’s issues. Following the establishment of ALMI is launching of the book “Sains45 - Agenda Ilmu Pengetahuan Indonesia Menyongsong Satu Abad Kemerdekaan.” The book contains thoughts and proposals by 17 young scientists. The book also discusses 45 crucial questions on science development in the journey towards 100 years’ of independence in 2045.



24-25 AUGUST
NLSRF 2016

The theme of the 2016 National Life Sciences Research Forum (NLSRF) is “Challenges towards Independence in National Life Sciences Researches.” The theme picked up the 2015 National Vaccine Research Forum (NVRF) theme on “Downstreaming of National Researches in Life Sciences towards Improving the Quality of Life of the Nation.”

The expansion of NVRF into NLSRF is aimed to extend the scope of life sciences product development in line with Bio Farma’s mission: to

provide and develop life sciences products meeting international standards for a better quality of life. Life sciences products are products made from living organisms using biotechnological processes.

FRLN aims to enhance collaboration in life sciences research between the government, higher education institutions, and supporting communities to accelerate downstreaming and end goal of commercializing life sciences products. These products will be recognized as the fruits of homegrown Indonesian talents.



30-AUGUST
Siswa Mengenal Nusantara (SMN)

Five SOEs - PT Bio Farma, PTPN III, PTPN VIII, Perum Jasa Tirta II (PJT II), and PT Pupuk Kujang - in West Java sponsored 20 high achieving high school students from West Java to Northern Sulawesi. The students are part of the Siswa Mengenal Nusantara

2016 (SMN 2016) student exchange program with Northern Sulawesi. The exchange program was an initiative of the Ministry of State-owned Enterprises. Students participating in the program are jointly selected by the Ministry and the Education Board of West Java.



30-AUGUST
Bio Farma Employee Awarded for 100 Blood Donations

Bio Farma employee Dede Wanda received the Satyalancana Kebaktian Sosial Donor Darah Sukarela (Satyalancana for Services to Voluntary Blood Donation) from Jusuf Kalla, Vice President of the Republic of Indonesia. Dede Wanda has donated 105 times to contribute to the public health and those in need.

Prior to the ceremony, the “Heroes of Humanity” were sent-off by the West Java Deputy Governor Deddy Mizwar at the West Hall of Gedung Sate, Bandung. Dede Wanda’s achievement is expected to increase the public’s eagerness to participate in blood donations.

HIGHLIGHTS



SEPTEMBER - OKTOBER
BUMN Mengajar

The Directors of Bio Farma inspired high school students from 6 cities and regions in West Java to be proud and contribute in SOEs in the BUMN Mengajar (BUMN Teaches) program.

The program, held from May to December 2016, is an initiative by the Ministry of State-owned Enterprises and facilitated by SOEs across Indonesia. In the program, Bio Farma is responsible for

schools in West Java, particularly schools near its facilities. Bio Farma shared with students its corporate profile, business processes, and professions available in SOEs.



02-SEPTEMBER
Bio Farma Actively Socialises
Tax Amnesty and Asset
Repatriation to Employees

Bio Farma is fully committed in supporting the government's programs by actively socialising its programs, such as tax amnesty, to its employees. The tax amnesty introduction at Bio Farma was presented by officials of the West Java Tax Office.

The socialisation is Bio Farma's gesture and goodwill towards a successful a tax program. Bio Farma also actively participates in asset repatriations (reinvesting assets in Indonesia for at least 3 years).



10-SEPTEMBER
Opening of Vaccination Park

The Deputy Mayor of Cimahi officially opened the Vaccination Park to provide healthcare and immunisation services for the public. The park is part of Bio Farma's CSR in environment and health.

The Vaccination Park is located in Fajar Raya Estate, Cibabat, Cimahi Utara. The park supports the government's program of

providing neighbourhood health and assistance centres (posyandu and posbindu), particularly in RW24. The neighbourhood centre offers monthly health checks for infants, elderly, and pre-elderly.



16-SEPTEMBER

Bio Farma CSR Assists Flood Victims in Garut

Heavy rain at midnight of September 20, 2016 has caused flash floods in Garut. The flood had caused a loss of many lives and toppled homes in Bayongbong, Pasirwangi, Samarang, Tarogong Kidul, and Banyuresmi. The flood also caused the Cimanuk River to overflow its banks and damaged public facilities such as the Dr Slamet Public Hospital in Tarogong, Garut.

As an SOE close to the communities in Garut, Bio Farma, along with volunteers from the military, police, search and rescue teams, disaster response agency, and civil communities, have opened the Garut Disaster Management Centre at the Army District Command 0611 HQ to assist flood victims.



26-30 SEPTEMBER

Bio Farma Promotes Ciletuh Geopark Abroad

Bio Farma has consistently promoted the Ciletuh Geopark in Palabuhan Ratu, West Java to international audiences. Recently, Bio Farma introduced the geopark in the 7th International Conference

on UNESCO Global Geopark held in the United Kingdom on September 26-30, 2016.

The conference was attended by 800 delegations from 30 countries.



27-SEPTEMBER

Annual Report Award 2015

Bio Farma won yet another Annual Report Award 2015 (ARA 2015). Bio Farma is the first runner-up in the Non-listed non-financial service SOE category. The award was received by the Director of Finance Pramusti Indrascaryo.

The award is proof that as a world-class SOE, Bio Farma is consistent and committed towards Good Corporate Governance (GCG) implementation and information transparency. Winning the award motivates Bio Farma not only to implement GCG consistently,

but also to improving its implementation to be competitive in the global vaccine industry. The ARA Award is jointly organised by the Financial Services Authority, Ministry of SOE, Bank Indonesia, Directorate General of Tax, National Committee on Governance Policy, Indonesia Stock Exchange, and Institute of Indonesia Chartered Accountants.

HIGHLIGHTS



02-NOVEMBER
Prime Performance
Evaluation Criteria (PPEC)

Bio Farma's Prime Performance Evaluation Criteria (PPEC) score is 510.25 and rated as Good Performance Company.



15-NOVEMBER
OIC Vaccine Manufacturers
Group Meeting

Bio Farma is host of the OIC Vaccine Manufacturers Group (VMG) attended by 10 OIC members. The Group aims to be self-reliant and self-sufficient in vaccine production.



16-18 November
Bio Farma Appointed
Host of the OIC Vaccine
Manufacturers Group
Workshop

Bio Farma, national vaccine producer, was appointed by the Organization of Islamic Cooperation to host the vaccine production workshop for OIC members. The workshop was held in the Exhibition Room at Bio Farma head office on November 15-18, 2016.

Participants of the workshop are OIC members establishing their national vaccine industry for

domestic production. Attending the workshop was representatives from Pakistan, Turkey, Tunisia, Malaysia, Iran, Saudi Arabia, Morocco, Senegal, Bangladesh, and representatives from WHO, UNICEF, Islamic Development Bank (IDB), Statistical, Economic, and Social Research and Training Centre for Islamic Countries (SESRIC), and Global Alliance for Vaccines and Immunisation (GAVI).



14-DECEMBER
SR 2016 Award

Bio Farma won the “Best Sustainability Report 2015 Category Manufactures,” presented by Chairman of the 2016 SRA Judging Panel Sarwono Kusumaatmadja to the Director of Production Juliman.

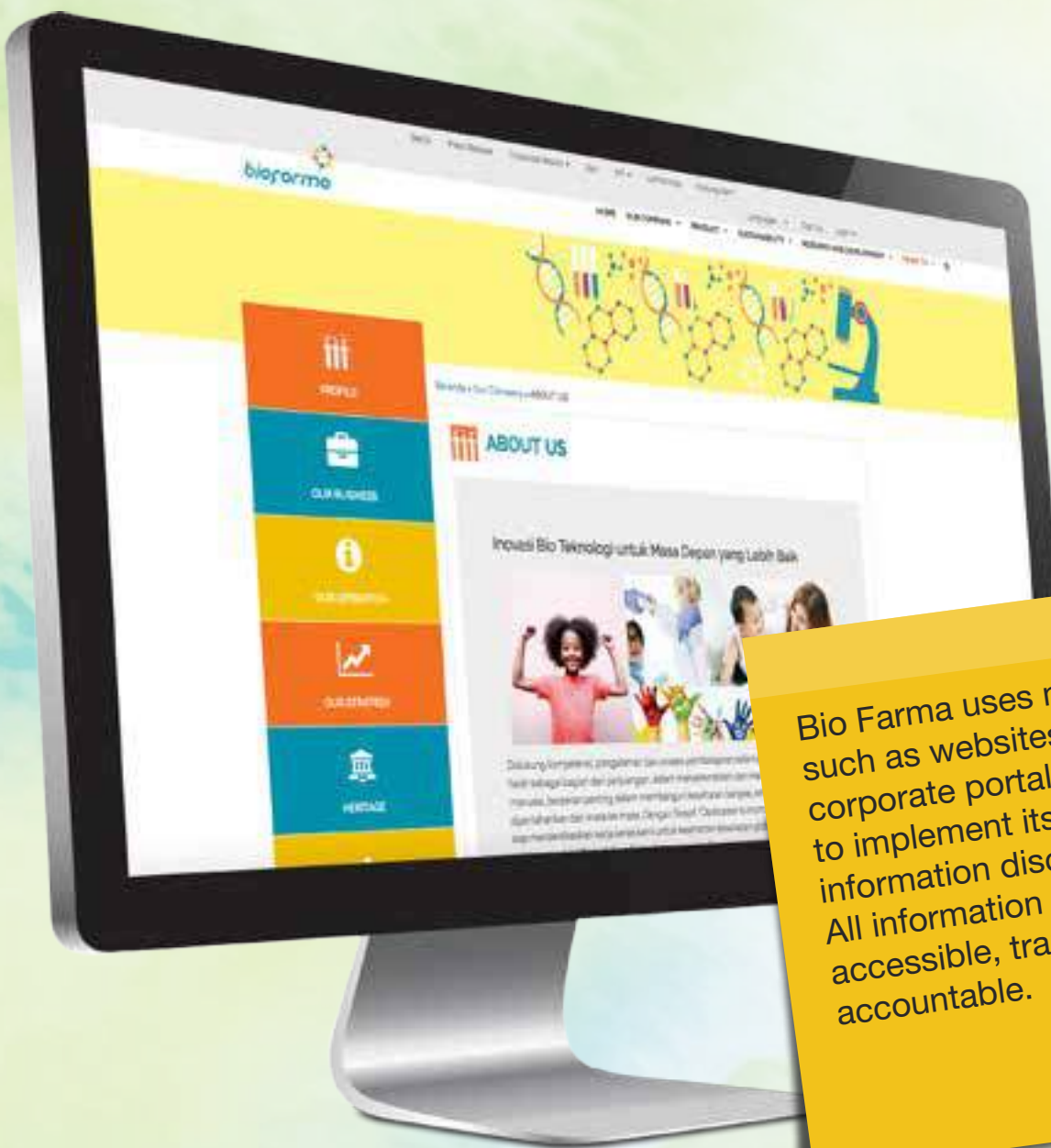


20-DECEMBER
KIP 2016 Award

Bio Farma has for the fourth time won the Public Information Transparency Award 2016 from the Public Information Commission. The award was presented by Vice President Jusuf Kalla to Director of Production Juliman. The award is a significant achievement for Bio Farma. The Company ardently believes that public information transparency is a necessity to compete globally.

The strict Public Information Commission-led assessment began in November 2016 with the Self-Assessment Questionnaire (SAQ) to gauge Public Entities’ adherence to the Freedom of Information Law. In the last stage of the assessment, the Central Information Commission visits the assessed company to measure indicators of public information, information management, and documentation.

INFORMATION ON THE CORPORATE WEBSITE



Bio Farma uses mediums such as websites, SOE portal, corporate portal, and microsite to implement its public information disclosure. All information is readily accessible, transparent, and accountable.



EDUCATION AND/OR TRAINING FOR THE BOARD OF COMMISSIONERS, DIRECTORS, COMMITTEES, CORPORATE SECRETARY, AND INTERNAL AUDIT UNITS

EDUCATION AND/OR TRAINING FOR THE BOARD OF COMMISSIONERS

COMPETENCE BUILDING FOR THE BOARD OF COMMISSIONERS AND ORIENTATION FOR NEW COMMISSIONERS

Competence Building and Development for the Board of Commissioners

Competence building for the Board of Commissioners is aimed to improve professionalism, performance, self-actualization, and conduct of Board duties. In 2016, members of the Board of Commissioners have participated in the following training programs:

No.	Name	Title	Date	Topic	Location	Organizer	Training Type
1	Ahmad M. Ramli	President Commissioner	12-May-16	Legal mechanisms and Bio Farma business development strategy for Pharmaceutical SOE Holdings	Inna Garuda Bali	Bio Farma/ KBUMN	Sharing session
			09-Dec-16	Performance Management System	Adimulia Hotel Medan	Dunamis	Sharing session
2	Heridadi	Commissioner	12-May-16	Legal mechanisms and Bio Farma business development strategy for Pharmaceutical SOE Holdings	Inna Garuda Bali	Bio Farma/ KBUMN	Sharing session
			09-Dec-16	Performance Management System	Adimulia Hotel Medan	Dunamis	Sharing session
3	Ihsan Setiadi Latief	Commissioner	12-May-16	Legal mechanisms and Bio Farma business development strategy for Pharmaceutical SOE Holdings	Inna Garuda Bali	Bio Farma/ KBUMN	Sharing session
			09-Dec-16	Performance Management System	Adimulia Hotel Medan	Dunamis	Sharing session
4	Mohamad Subuh	Commissioner	12-May-16	Legal mechanisms and Bio Farma business development strategy for Pharmaceutical SOE Holdings	Inna Garuda Bali	Bio Farma/ KBUMN	Sharing session
			09-Dec-16	Performance Management System	Adimulia Hotel Medan	Dunamis	Sharing session
5	Nizar Yamani	Commissioner	12-May-16	Legal mechanisms and Bio Farma business development strategy for Pharmaceutical SOE Holdings	Inna Garuda Bali	Bio Farma/ KBUMN	Sharing session
			09-Dec-16	Performance Management System	Adimulia Hotel Medan	Dunamis	Sharing session
6	Paruli Lubis	Commissioner	12-May-16	Legal mechanisms and Bio Farma business development strategy for Pharmaceutical SOE Holdings	Inna Garuda Bali	Bio Farma/ KBUMN	Sharing session
			09-Dec-16	Performance Management System	Adimulia Hotel Medan	Dunamis	Sharing session

ORIENTATION FOR NEW COMMISSIONERS

Guidelines on Orientation for New Commissioners

Guidelines on Orientation for New Commissioners of Bio Farma are:

1. Decree of the Minister of SOE No. PER-01/MBU/2011 on Implementation of Good Corporate Governance in SOE dated August 1, 2002 as last amended by the Decree of the Minister of SOE No. PER-09/MBU/2012 dated 1 August 2011 on Amendment of the Decree of the Minister of SOE No. PER-01/MBU/2011 on Implementation of Good Corporate Governance in SOE dated July 6, 2012.
2. Decision Letter of the Secretary of the Ministry of SOE No. SK-16/S.MBU/2012 on the Indicators/Parameters of Assessment and Evaluation of Good Corporate Governance Implementation in SOE.
3. The Board Manual is governed by the Joint Decree of the Board of Commissioners and Directors No. KEP-06/DK/BF/II/2013 and No. 01025/DIR/II/2013 on Guidelines for the Board of Commissioners and Directors (Board Manual) of PT Bio Farma (Persero).

Bio Farma organises introduction programs for new Commissioners to illustrate on the Company's general performance, finances, current strategy, business activities, long-term plans, and duties and responsibilities of the Directors.

Orientation for newly appointed Commissioners are prepared by the Corporate Secretary, Human Resources Division, and other relevant divisions. The Commissioner is also handed a dossier containing the annual report, company profile, corporate history, corporate governance policy, and regulations pertaining to the Company's business.

During orientation, the new Commissioner declares his statement of non-intervention in corporate operations under the authority of the Directors, graft avoidance, and implementation of GCG to the best of his abilities. The Board of Commissioners also agrees on distribution of portfolio.

The newly appointed Commissioner also actively participates in forums organized by the Company, national forums such as the National Vaccine Research Forum, international forums such as the Developing Countries Vaccine Manufacturer Network and OIC forums.

In 2016, there was no orientation held for new commissioners since there were changes in the composition of the Board of Commissioners of Bio Farma.

EDUCATION AND/OR TRAINING FOR DIRECTORS

COMPETENCE BUILDING FOR DIRECTORS AND ORIENTATION FOR NEW DIRECTORS

Competence Building and Development for Directors

Competence building for Directors ought to be carried out on an on-going basis to improve professionalism, performance, self-actualization, and conduct of Directorial duties. In 2016, the Directors have participated in the following training programs:



No	Name	Title	Date	Activity/Agenda	Organizer	Location	Category
1	Iskandar	President Director	20-21 January 2016	Plan of Action	Bio Farma	Bandung	Workshop - Speaker
			23 January 2016	National Deliberation of the Pusat Zakat Umat XIII	Pusat Zakat Umat	Soreang	General Lecture - Speaker
			30 March 2016	Stadium General KU 4078	ITB	Bandung	General Lecture -Speaker
			31 March 2016	Vaccine Development Present and the Future	Association of Indonesian Pharmacists	Jakarta	Forum Group Discussion-Speaker
			13 April 2016	Union and Directors' Synergy towards PT BF as a World-class Company	Federation of SOE Unions	Bandung	Seminar-Speaker
			12 May 2016	Legal mechanisms and Bio Farma business development strategy for Pharmaceutical SOE Holdings	Bio Farma/ KBUMN	Inna Garuda Bali	Workshop-Speaker
			30-31 May 2016	Drafting of the Agreement on Research, Licensing, and Production of Diagnostics Kit for Early Detection of GM GAD65	Ministry of Research, Technology and Higher Education and Brawijaya University	Malang	Workshop-Speaker
			27-29 May 2016	BUMN Sinergy	Ministry of SOE, Parapat	Sumut	Focus Group Discussion-Participant
			18 August 2016	Integration with ITB 2016	ITB	Bandung	Talk Show-Speaker
			24-25 August 2016	National Life Sciences Research Forum	Bio Farma	Bio Farma	Research Forum -Speaker
			5 September 2016	Leadership Workshop	Bio Farma	Bio Farma	Workshop-Speaker
			14 November 2016	Improving Self-sufficiency and Competitiveness of National Industries	National Research Council of Indonesia	Jakarta	Seminar-Speaker
			19 November 2016	Integration of Ciletuh Geopark	SMPN 1 Ciemas	Sukabumi	Workshop-Speaker
			25 November 2016	Reinforcing and Accelerating Stem Cell Research in Indonesia	National Research Council of Indonesia	Jakarta	Seminar-Speaker
2	Pramusti Indrascaryo	Director of Finance	8-10 December 2016	Performance Management System	Dunamis	Adimulia Hotel Medan	Seminar-Speaker
			20-21 January 2016	Plan of Action	Bio Farma	Bandung	Workshop - Speaker
			12 May 2016	Legal mechanisms and Bio Farma business development strategy for Pharmaceutical SOE Holdings	Bio Farma/ KBUMN	Inna Garuda Bali	Workshop-Speaker
			8-10 December 2016	Performance Management System	Dunamis	Adimulia Hotel Medan	Seminar-Speaker

EDUCATION AND/OR TRAINING FOR THE BOARD OF COMMISSIONERS, DIRECTORS, COMMITTEES, CORPORATE SECRETARY, AND INTERNAL AUDIT UNITS

No	Name	Title	Date	Activity/Agenda	Organizer	Location	Category
3	Mahendra Suhardono	Director of Marketing	20-21 January 2016	Plan of Action	Bio Farma	Bandung	Workshop - Speaker
			17 July 2016	CVMN workshop on clinical studies management and pharmacovigilance strategies	DCVMN	Bali	Workshop
			12 May 2016	Legal mechanisms and Bio Farma business development strategy for Pharmaceutical SOE Holdings	Bio Farma/ KBUMN	Inna Garuda Bali	Workshop
			19 July 2016	Indonesia Lawyers Club	Indonesia Lawyers Club	Jakarta	FGD
			21 July 2016	Media Editors' Gathering			Panel Discussion
			8-10 December 2016	Performance Management System	Dunamis	Adimulia Hotel Medan	Workshop
4	Andjang Kusumah	Director of Human Resources	20-21 January 2016	Plan of Action	Bio Farma	Bandung	Workshop - Speaker
			12 May 2016	Legal mechanisms and Bio Farma business development strategy for Pharmaceutical SOE Holdings	Bio Farma/ KBUMN	Inna Garuda Bali	Workshop- Speaker
			8-10 December 2016	Performance Management System	Dunamis	Adimulia Hotel Medan	Seminar- Speaker
5	Sugeng Raharso	Director of Human Resources	20-21 January 2016	Plan of Action	Bio Farma	Bandung	Workshop - Speaker
			12 May 2016	Legal mechanisms and Bio Farma business development strategy for Pharmaceutical SOE Holdings	Bio Farma/ KBUMN	Inna Garuda Bali	Workshop- Speaker
			8-10 December 2016	Performance Management System	Dunamis	Adimulia Hotel Medan	Seminar- Speaker
6	Juliman Fuad	Director of Human Resources	20-21 January 2016	Plan of Action	Bio Farma	Bandung	Workshop - Speaker
			12 May 2016	Legal mechanisms and Bio Farma business development strategy for Pharmaceutical SOE Holdings	Bio Farma/ KBUMN	Inna Garuda Bali	Workshop- Speaker
			8-10 December 2016	Performance Management System	Dunamis	Adimulia Hotel Medan	Seminar- Speaker



ORIENTATION FOR NEW DIRECTORS

Guidelines on Orientation for New Directors

Guidelines on orientation for New Directors of Bio Farma refer to

1. Decree of the Minister of SOE No. PER-01/MBU/2011 on Implementation of Good Corporate Governance in SOE dated August 1, 2002 as last amended by the Decree of the Minister of SOE No. PER-09/MBU/2012 dated 1 August 2011 on Amendment of the Decree of the Minister of SOE No. PER-01/MBU/2011 on Implementation of Good Corporate Governance in SOE dated July 6, 2012.
2. Decision Letter of the Secretary of the Ministry of SOE No. SK-16/S.MBU/2012 on the Indicators/Parameters of Assessment and Evaluation of Good Corporate Governance Implementation in SOE.
3. The Board Manual is governed by the Joint Decree of the Board of Commissioners and Directors No. KEP-06/DK/BF/II/2013 and No. 01025/DIR/II/2013 on Guidelines for the Board of Commissioners and Directors (Board Manual) of PT Bio Farma (Persero).

Bio Farma organizes introduction programs for new Directors to illustrate on the Company's general performance, finances, current strategy, business activities, long-term plans, and duties and responsibilities of the Directors.

Orientation for newly appointed Directors are prepared by the Corporate Secretary, Human Resources Division, and other relevant divisions. The Commissioner is also handed a dossier containing the annual report, company profile, corporate history,

GCG documents, product knowledge, and field visit to the vaccine production facility.

The newly appointed Director also actively participates in forums organized by the Company, national forums such as the National Vaccine Research Forum, international forums such as the Developing Countries Vaccine Manufacturer Network and OIC forums.

In 2016, there was no orientation held for new directors since there were changes in the composition of the directorship of Bio Farma.

EDUCATION AND/OR TRAINING FOR THE AUDIT COMMITTEE

COMPETENCE BUILDING FOR THE AUDIT COMMITTEE

Competence Building and Development for the Audit Committee

Competence building for the Audit Committee is aimed to improve professionalism, performance, self-actualization, and conduct of Committee duties. In 2016, members of the Audit Committee have participated in the following training programs:

EDUCATION AND/OR TRAINING FOR THE BOARD OF COMMISSIONERS, DIRECTORS, COMMITTEES, CORPORATE SECRETARY, AND INTERNAL AUDIT UNITS

Name	Title	Topic	Organizer	Location	From	To
M. Asawir	Audit Committee	Workshop on the Impact of PMK191 for Companies	IAI Jakarta	IAI Pusat Menteng	14 January 16	14 January 16
M. Asawir Harahap	Audit Committee	Financial risk management training	IAI Jakarta	Jakarta	20 September 16	22 September 16
Afrizal	Audit Committee	Financial risk management training	IAI Jakarta	Jakarta	20 September 16	22 September 16

EDUCATION AND/OR TRAINING FOR THE NOMINATION AND REMUNERATION COMMITTEE

As of 31 December 2016, PT Bio Farma (Persero) does not have a Nomination and Remuneration Committee. Therefore, it does not present information regarding the education and/or training for the Nomination and Remuneration Committee.

EDUCATION AND/OR TRAINING FOR OTHER COMMITTEES

COMPETENCE BUILDING FOR THE RISK, DEVELOPMENT, AND GCG COMMITTEE

Competence Building and Development for the Risk, Development, and GCG Committee

Competence building for the Risk, Development, and GCG Committee is aimed to improve professionalism, performance, self-actualization, and conduct of Committee duties. In 2016, members of the Risk, Development, and GCG Committee have participated in the following training programs:

EDUCATION AND/OR TRAINING FOR THE CORPORATE SECRETARY

COMPETENCE BUILDING OF THE CORPORATE SECRETARY

Competence building for the Corporate Secretary is aimed to improve his performance and insight in Good Corporate Governance. In 2016, the Corporate Secretary has participated in the following training programs:

**Competence Building and Development for the Corporate Secretary**

No	Date	Topic	Location
1	29 November 2016	KPKU BUMN Tahun 2016	Bandung
2	5 s/d 6 September 2016	<i>Leadership strategic thinking for leading corporate action</i>	Bandung
3	28 Juli 2016	Pengembangan Kepemimpinan	Bandung
4	20 Juni 2016	Persiapan & uji coba sertifikasi produk halal	Bandung
5	22 November 2016	<i>Sosialisasi assessment & leadership commitment</i>	Bandung
6	2 September 2016	<i>Tax Amnesty</i>	Bandung

EDUCATION AND/OR TRAINING FOR INTERNAL AUDIT UNITS**COMPETENCE BUILDING AND DEVELOPMENT FOR INTERNAL SUPERVISION (IS)**

In 2016, the Internal Supervision (IS) unit has participated in the following trainings, seminars, and workshops:

No	Topic	Title
1	"Strategic Partnership: Optimizing Partnerships of Internal Audit Units in Support of the Directors and Commissioners to Improve Corporate Advantage in the ASEAN Economic Community Era"	1. Head of IS 2. Associate Expert 3. Associate Expert 4. Junior Expert 5. Junior Expert 6. Junior Expert 7. Junior Expert 8. Junior Expert
2	Leadership	Head of IS
3	Microsoft Word Training	1. Associate Expert
4	CA/Certified Accountant Examination	1. Associate Expert 2. Associate Expert 3. Junior Expert 4. Junior Expert
5	Creating Database with Access 2010 for Non-programmers (Microsoft Access)	1. Associate Expert 2. Associate Expert 3. Associate Expert 4. Junior Expert 5. Junior Expert
6	CIPM Review & Exam (Certified Information Project Manager)	1. Associate Expert
7	PPEC Assessor/Prime Performance Evaluation Criteria	1. Associate Expert
8	CRMA Course Review	1. Associate Expert
9	Management of Personal Finance Training for Assistant Managers in PT Bio Farma "Building the Solid Ground"	1. Junior Expert 2. Junior Expert 3. Junior Expert 4. Junior Expert
10	Basics of Internal Auditing for Auditor Team Members	1. Junior Expert 2. Junior Expert
11	Risk Based Audit	1. Junior Expert

EDUCATION AND/OR TRAINING FOR THE BOARD OF COMMISSIONERS, DIRECTORS, COMMITTEES, CORPORATE SECRETARY, AND INTERNAL AUDIT UNITS

No	Topic	Title
1	Competency Based Leadership	Head of IS
2	SOE PPEC 2016	1. Head of IS 2. Associate Expert
3	Leadership strategic thinking for leading corporate action	Head of IS
4	Aptitude Mapping of Productive Activities to Empower & Discussions on Retirement Preparations #3	1. Head of IS 2. Associate Expert
5	Leadership Development	
6	Socialization of assessment & leadership commitment	
7	Tax Amnesty	1. Head of IS 2. Associate Expert
8	Vision and Portfolio	
9	Combined & consolidated accounting and its taxation	Associate Expert
10	PPEC Assessor	Associate Expert
11	<i>Chartered accountant (CA)</i>	1. Associate Expert 2. Junior Expert
12	<i>Certified international project management</i>	Associate Expert
13	<i>Microsoft Access # 1</i>	1. Associate Expert 2. Junior Expert
14	<i>Microsoft Word # 4</i>	Associate Expert
15	Setup of the Career system	Associate Expert
16	PT. Bio Farma 2016 PPEC Coaching	Associate Expert
17	<i>Review certified risk management assurance (CRMA)</i>	Associate Expert
18	Stage 3 Chartered Accountant (CA) Examination "Advanced Financial Reporting Management & Internal Control Systems"	Associate Expert
19	Stage 3 Chartered Accountant (CA) Examination "Advanced Financial Reporting Management & Internal Control Systems"	Associate Expert
20	Combined & consolidated accounting and its taxation	Junior Expert
21	Basics of Internal Auditing for Auditor Team Members	Junior Expert
22	Financial Planning	Junior Expert
23	Aptitude Mapping of Productive Activities to Empower & Discussions on Retirement Preparations #3	Junior Expert
24	Risk-based internal audit	Junior Expert
25	<i>Talent mapping</i>	Junior Expert
26	Stage 3 Chartered Accountant (CA) Examination "Advanced Financial Reporting Management & Internal Control Systems"	Junior Expert
27	Stage 3 Chartered accountant (CA) Examination "Corporate Reporting & Tax Management "	Junior Expert



Competence Building and Development for Quality Assurance

In 2016, the Quality Assurance unit has participated in the following trainings, seminars, and workshops:

Competence building for Internal QA Auditors is aimed to improve professionalism, performance, self-actualization, and conduct of QA duties. In 2016, members of the Internal QA Audit have participated in the following training programs:

No.	Training	Date	Participants
1	Training for Lead Auditor in Integrated Management System (ISO 9001:2015, ISO 14001:2015, and OHSAS 18001:2007 based on ISO 19011) by the BSI (British Standards Institution) Group Indonesia to all Lead Auditors in Bio Farma.	January 4-6, 2016 and January 13-15, 2016	52
2	GMP inspection coaching by GMP consultant David Buckley	March 18, 2016 and December 8, 2016	4



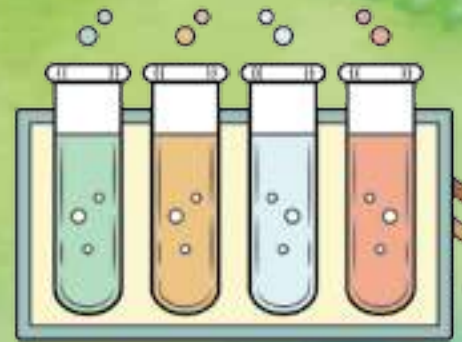
EDUCATION AND/OR TRAINING FOR THE BOARD OF COMMISSIONERS,
DIRECTORS, COMMITTEES, CORPORATE SECRETARY, AND INTERNAL
AUDIT UNITS



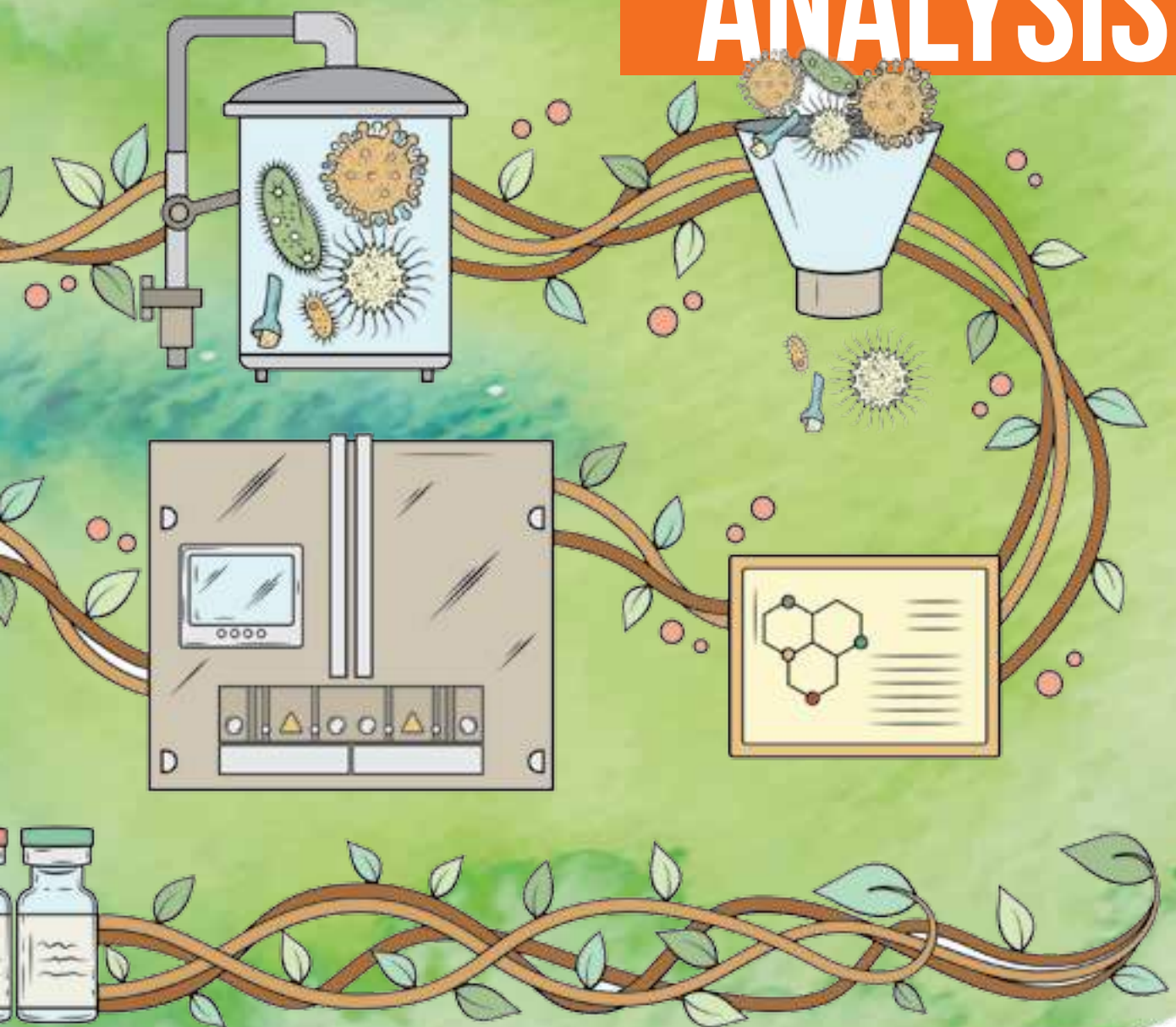


SELF-RELIANCE OF VACCINES

Challenges of raw material independence and in facing ASEAN Economic Community become our focuses in determining future strategic directions and policies. As a domestic vaccine manufacturer that has prepared most of our raw materials internally, we currently have to prepare in manufacturing raw materials to fulfill the global market.



MANAGEMENT AND DISCUSSION ANALYSIS





MANAGEMENT DISCUSSION & ANALYSIS

COMMODITY PRICE FLOW, PARTICULARLY ENERGY, HAS INCREASED IN THE FOURTH QUARTER OF 2016.

WORLD ECONOMY DEVELOPMENT

The global economy is beginning to improve as economic growth enhances in developed countries, such as the UK and Japan, as well as in some emerging market countries, such as China, Latin American countries such as Argentina and Brazil, and Russia. The world economic growth is still driven by that of developing countries' and the growing volume of world trade that is supported by the improving world commodity prices, particularly energy prices. However, although the global economy is improving, its growth is still lower by 0.1 percent from that in 2015, which was of 3.1 percent (YoY)

The economic growth of countries in various regions in the fourth quarter of 2016 has begun to progress, but the number is still moderate. The United States grew at 1.9 percent (YoY), lower than the third quarter of 2016 which was of 3.5 percent (YoY). The decline was caused by the performance of US export trade which declined to 4.3 percent after earlier reaching to 10.0 percent in the third quarter. It is mainly justified

The United States' economy grew at 1.9 percent (YoY), lower than the preceding quarter at 3.5 percent due to trade performance in decreasing exports and increasing imports.

by the decline in soybean exports; meanwhile, US imports increased by 8.3 percent. Nevertheless, consumption expenditure is still strengthening along with rising wages and low unemployment rates. Non-residential private-owned investments also increased by 2.4 percent from October to December 2016. In the whole of 2016, US economic growth reached 1.6 percent.



COMPANY PERFORMANCE

Non-residential private-owned investments also increased 2.4 percent from October to December 2016. In the whole of 2016, US economic growth reached 1.6 percent higher, and the policy of low interest rates European Central Bank (ECB) was issued. On the other hand, the weakening of global trade, the uncertainty of Brexit-related policies, and the unstable economic condition in the United States have influenced the economic conditions in Europe throughout July to September 2016. The Office of Nation Statistics also released the data of the 2.3% (YoY) growth in the UK economy.

Meanwhile in China, economy grew beyond expectations to 6.8 percent in the fourth quarter of 2016 due to the increase in household consumption through credits and investments.

Global trade stagnation, investment attenuation, policy uncertainty are the biggest challenges for the world economy. However, moderate improvement in the world economy is expected to occur in 2017.

Meanwhile, Japan's economy in the fourth quarter of 2016 grew at 1.7 percent (YoY) driven by exports and capital spending. Japan's exports grew 2.6 percent, mainly from car trade to China and the US and from



THE EU ECONOMY BEGAN TO GROW SLOWLY TO 1.7 PERCENT (YOY) IN THE FOURTH QUARTER OF 2016 FROM INDUSTRIAL SECTOR, PMI MANUFACTURING, AND INCREASE IN CONSUMER CONFIDENCE INDEX.

On the other hand, the EU economy began to experience a gradual improvement in which the industrial sector grew at 3.2 percent in November 2016 (YoY) with increasing industrial outputs in the countries. However, the economic growth of the EU has slowed from 2015 by 2.0 percent to 1.6 percent in 2016 due to declining exports and domestic demands. Increased commodity prices affected household real income and declining household consumption and in line with declining domestic demand.

electronic goods to Asia. This was also confirmed by the weakening of the Yen currency against the USD since the general election in November 2016. Household consumption has slowed due to price increases, especially vegetables and "abonomics" fiscal policy that increased sales taxes starting in 2014, from 5.0 percent to 8.0 percent. In addition, the increase also occurred in housing investments due to monetary relaxation and increased capital expenditure respectively 0.2 percent (QoQ) and 0.9 percent (QoQ).



China's economy grew beyond expectations to 6.8 percent in the fourth quarter of 2016 from increase in household consumption through credits and investments.

In the fourth quarter of 2016, China's economy grew above expectations to 6.8% (YoY), supported by an increase in household consumption by 64.6% (YoY), property investment growth of 6.9% (YoY), and increased fiscal and credit stimuli. However, private investments have declined that the amount of household debt exceeded 40 percent of GDP, and currency depreciation occurred from capital outflows.

WORLD ECONOMY ESTIMATES

After the economic downturn throughout 2016 from the weakening trade performance and investments, the world economy is expected to improve even though the number is still moderate by 2017. This improvement is especially true in emerging market and developing economies (EMDEs). Fiscal stimulus policy in the United States and China will contribute to world economic growth, but policy uncertainties especially protectionist issues will still pose a risk of declining growth. Improvement in world commodity prices is projected to increase and become more stable in 2017 until 2019, and contributes to economic growth in EMDEs countries, particularly in exporting countries. In general, world economic growth is expected to increase moderately by 2017 and this projection has not changed significantly from that of third quarter of 2016.

WEO-IMF Group of countries	Realisation		Estimate			
			2017		2018	
	2015	2016	October*	January*	October**	January**
World	3.2	3.1	3.4	3.4	3.6	3.6
Developed countries	2.1	1.6	1.8	1.9	1.8	2.6
United States	2.6	1.6	2.2	2.3	2.1	2.5
Europe	2.0	1.6	1.5	1.6	1.6	1.6
Germany	1.5	1.7	1.4	1.5	1.4	1.5
United Kingdom	2.2	2.0	1.1	1.5	1.7	1.4
Japan	0.5	0.9	0.6	0.8	0.5	0.5
Developing countries	4.0	4.1	4.6	4.5	4.8	4.8
China	6.9	6.7	6.2	6.5	6.0	6.0
India	7.6	7.0	7.6	7.2	7.7	7.7
ASEAN-5	4.8	4.8	5.1	4.9	5.2	5.2
Latin America and Caribbean	0.0	(0.7)	1.6	1.2	2.2	2.1
Brazil	(3.8)	(3.5)	0.5	0.2	1.5	1.5
Sub-Saharan Africa	3.4	1.6	2.9	2.8	3.6	3.7
South Africa	1.3	0.3	0.8	0.8	1.6	1.6

*World Economic Outlook, April 2016,

**World Economic Outlook, October 2017

COMPANY PERFORMANCE

The election of the new president of the United States, Donald Trump has given effect to the projection of the US economy. Tax cut proposal for companies and individuals, increased spending on infrastructure, trade protection and immigration are policies that have major impacts on the economy in the future. The government's planned fiscal expansion policy will have an impact on economic growth in the short term. Given the fiscal stimulus of 1 percent of the GDP, it is estimated to increase the growth by 0.7 percent to 1.5 percent in two years. Thus, the US growth (should the full fiscal stimulus implementation and consideration of other policies be taken) will increase to 2.2-2.5 percent in 2017 and 2.5-2.9 percent in 2018.

Policy uncertainties including the US presidential election and the UK's decision to exit the EU have had an impact on investment attenuation in Europe. However, the negative interest rate accompanied by a larger asset spending program by the European Central Bank, provides the ease of borrowing costs, and positively impacts the flow. Inflation in Europe is still below target. The economic growth of European countries in 2017 is projected to slow down due to weakening in income and increased policy uncertainties.

Japan's economic growth is predicted to slow down in 2017 from declining exports to major trading partner countries and domestic demands. The Japanese economy is expected to grow by 0.8 percent (WEP from January 2017). ADB also predicts the growth by 0.8 percent by 2017. Global trade uncertainty and other policies as the results from the US election are estimated to have an impact on Japan's external factors and a two-fold decline in domestic demands, which could lead to the weakening of Japanese economy in 2017. In addition, ageing population has become an issue in the country that fewer people who



Declining investments due to policy uncertainties, negative interest rates, monetary policy easing, and Brexit have impact on the economic slowdown in the European countries in 2017 and will be stable by 2018 and 2019.

contribute to economic growth make the Japanese government plan to raise consumption tax from 8 percent to 10 percent in planned in October 2015 and postponed to April 2017 is now postponed again to 2019.

By 2017, China is expected to grow 6.5 percent which is lower than economic growth in 2016 but still in moderate number. This is the result from the weakening external demands that led to a decline in Chinese exports, world trade uncertainties, and low private investments. Government investments are likely to increase but private investments will tend to decline due to poor business climate and export uncertainty. In addition, the decline in working age population, weakening in consumption, manufacturing exports, and investments have contributed as a pressure on the Chinese economy. Similarly, the balancing of investments and consumption and that from industry to service sector is also predicted to be moderate. It depends on structural reforms in SOEs and corporate restructuring as well as reduction in financial surplus.

Indonesia's economy is still able to survive the various global economic turmoils. Therefore, the efforts on making the national economy adaptable to global change become crucial. With uncertain global conditions, the national economy can still grow 5.1%. It means that if the global can be predicted and controlled, Indonesia can adapt to global change and it will be positive for the Indonesian economy.

The economies of Asian countries are expected to increase along with the projected economic growth in South Asia and East Asia. Economic growth in South Asia countries, such as India is supported by government spending and public consumption. In East Asia, economic growth is estimated to decline, but still moderate, to 5.6 percent. Private consumption and services along with wage growth and job creation are the main contributing sectors of growth in East Asia.

Economic growth in Southeast Asia is expected to increase by 2017 to 4.6 percent driven by public consumption and infrastructure investments and low inflation rate in almost all countries as well as projected improvements in Malaysia and the Philippines. In Indonesia, growth is estimated to grow 5.1 percent in 2017 in line with an increase in allocations.

Economic growth in Southeast Asia is expected to increase by 2017 to 4.6 percent driven by public consumption and infrastructure investment and low

Asia's Economy Growth Projection According to ADB (YoY)

		GDP Growth (%)			
		2015		2016	
Description	2015	ADO	ADOS	ADO	ADOS
Asia	5.9	5.7	5.6	5.7	5.7
East Asia	6.1	5.8	5.8	5.6	5.6
China	6.9	6.6	6.6	6.4	6.4
Japan	0.6	0.6	0.6	0.5	0.8
South Asia	7.0	6.9	6.6	7.3	7.3
India	7.6	7.4	7.0	7.8	7.8
ASEAN	4.4	4.5	4.5	4.6	4.6
Indonesia	4.8	5.0	5.0	5.1	5.1
The Philippines	5.9	6.4	6.8	6.2	6.4
Thailand	2.8	3.2	3.2	3.5	3.5
Malaysia	2.1	2.1	2.1	2.5	2.5

Source: Asia Development Outlook January Supplement 2017

COMPANY PERFORMANCE

inflation in almost all regions as well as projected improvements in Malaysia and the Philippines economy. In Indonesia, growth is projected to grow 5.1 percent in 2017 as the increase in budget allocations for infrastructure development and public investment are predicted to increase. The Malaysian economy is predicted to rise gradually throughout 2017 to 4.4 percent as improvements in key industrial sectors boosted external demands and budget disbursements in October that provided support to the domestic economy. The Philippines will experience an increase in economic growth to 6.4 percent by 2017 with rising domestic demands, as well as increasing investment in order to improve public infrastructures and business climate.

INDONESIAN ECONOMIC DEVELOPMENT

Indonesian economy in the fourth quarter of 2016 grew at 4.9 percent (YoY), lower than that of 2015 which was 5.2 percent (YoY) and the third quarter of 2016 by 5.0 percent (YoY). Cumulatively, economic growth in 2016 was 5.0% (YoY), slightly higher than that of 2015 which grew at 4.9% (YoY). Growth is influenced by the improvement in global economic conditions, although it is not evenly distributed. On the domestic level, economic growth performance was driven by improved exports and subdued domestic demands, especially strongly growing household consumption, but the realization of state budget spending was lower than the same quarter of the previous year due to budget cuts.

In the third quarter of 2016, the flow in exports of goods and services further suppressed Indonesia's economic growth at -6.0% (YoY), down from the third quarter of 2015 which grew negative by -0.6% (YoY) and second quarter of 2016. Exports of goods and services grew positively for the first time since the fourth quarter of 2014, at 4.2 percent (YoY). Exports of goods increased by 4.0 percent (YoY), rising significantly compared to that in the fourth quarter of 2015 as well as the preceding quarter which was



Bio Farma is still able to make a profit when the global and national economic conditions are weak. The products have spread in hundreds of developing countries and Muslim majority countries. However, Bio Farma still prioritizes and develops the domestic market.

contracted at -7.1 percent (YoY). Meanwhile, exports of services grew at 6.3 percent (YoY); although slightly lower than the preceding quarter of 6.7 percent (YoY), it significantly increased compared to the fourth quarter of 2015 by 0.1 percent (YoY). This condition is in line with the strengthening of the economy in main export destination countries, namely China, the United States, and Japan. Exports of goods and services have contributed to the Indonesian economy in the fourth quarter of 2016 at 19.1 percent.

Imports of goods and services grew positively for the first time since the first quarter of 2015 at 2.8 percent (YoY) in line with improving exports. Imports of goods increased significantly from the fourth quarter of 2015 which grew negatively by -8.4% (YoY) and third quarter of 2016 by -3.7% (YoY), to 2.7% (YoY) in the fourth quarter of 2016. Imports of services also grew significantly, from -11.0% (YoY) in the fourth quarter of 2015 and -3.7% (YoY) in the third quarter of 2016 to 3.3% (YoY).



BIO FARMA AS VACCINE PRODUCER FOR INDONESIAN AND GLOBAL MARKETS

Indonesia should be proud to have Bio Farma, a world-class company. More than 130 countries have been successfully reached by Bio Farma through vaccine products that have passed WHO's pre-qualification process. This is an international recognition for Bio Farma as a vaccine manufacturer for the global community.

Bio Farma has also been exporting its vaccines to Islamic countries. It is not easy to penetrate the market because the vaccine must be made with halal materials, so as to be suitable for use by Muslims. All Bio Farma's vaccines have been certified halal by the Indonesian Ulema Council or Majelis Ulama Indonesia (MUI). Bio Farma also provides vaccine to protect the people for Hajj and Umrah.

Bio Farma is positioning itself as a vaccine manufacturer for developing countries whose market share is large and will continue to supply quality vaccines at affordable prices in accordance with the needs for developing countries.

Of the total revenue of the company, 65% of which is a contribution from export activities, while the rest is generated from the domestic market. However, Bio Farma still sees the domestic as a big market and targets at least 50% portion for each market.

In the midst of economic downturn, Bio Farma may be unaffected because its business is not influenced by currency fluctuations. In fact, this condition even makes Bio Farma earned net profit up to 15.18%.

OPERATION REVIEW PER BUSINESS SEGMENT

Bio Farma is a State Owned Enterprise (BUMN) whose share ownership is 100% by the Government of the Republic of Indonesia. As a vaccine manufacturer and antisera for humans, Bio Farma guarantees the quality of the vaccines used for the Primary Immunization Program (Program Imunisasi Dasar) from the Ministry of Health of the Republic of Indonesia as well as for export needs, has undergone strict supervision process from the Indonesian Food and Drug Supervisory Agency (Badan Pengawas Obat dan Makanan Republik Indonesia) and World Health Organization (WHO).

Of the approximately 200 vaccine factories around the world, about 30 factories are recognized by WHO; one of them is in Indonesia. Even today Indonesia is still the only country in Southeast Asia whose vaccine has been recognized WHO.

After supplying vaccines for the National Immunization Program (Program Imunisasi Nasional), Bio Farma's products are exported to more than 130 countries. Indonesia is among the five major vaccine supplier countries in global.

THE DIFFERENCES BETWEEN VACCINE AND ANTISERA (SERUM)

Vaccine is a biological product derived from virus or bacteria that has been attenuated or partly taken of bacterial/viral components that is inserted into a healthy human body through injection or oral administration. Vaccines function to induce active immunity, so the body has an immune response to diseases caused by viruses or bacteria.

Serum is a preparation containing antibodies and antigens, generally microorganisms, which have been attenuated or deadened for forming passive immunity caused by virus or bacteria.

COMPANY PERFORMANCE

The use of vaccines and antiserum is distinguished based on the needs and conditions of the recipients. Vaccines are given to healthy people with the goal to save the contracting of the diseases caused by virus or bacteria. Meanwhile, antiserum is given to people who are going to be exposed or have been exposed to diseases caused by viruses or bacteria.

DESCRIPTION OF EACH BUSINESS SEGMENT

Bio Farma's products are categorized based on the following two segments:

1. Product Segment/Category:

- a. Bacterial vaccines
- b. Viral vaccines
- c. Combination vaccines
- d. Sera & Diagnostics

2. Product Sales per Business Segment/Sector:

- a. Government
- b. Private sector
- c. Exports

DESCRIPTION OF PRODUCT SEGMENT/CATEGORY

Bacterial Vaccines

Bio Farma products belonging to the bacterial vaccines are as follows:

1. TT Vaccine

- a. The TT vaccine is a milky white homogenous colloidal suspension in a glass vial, containing pure tetanus toxoid, adsorbed into aluminum phosphate.
- b. Used for prevention of tetanus and protection against Tetanus Neonatorum in women of childbearing age.

2. DT Vaccine

- a. The DT vaccine is a milky white homogenous colloidal suspension in a glass vial, containing tetanus toxoid and pure diphtheria toxoid dipped into aluminum phosphate.
- b. Used for simultaneous prevention of Diphtheria and Tetanus in children.

3. DTP Vaccine

- a. The DTP vaccine is a milky white homogenous colloidal suspension in a glass vial, containing pure tetanus toxoid, pure diphtheria toxoid, and inactivated pertussis bacteria, adsorbed into aluminum phosphate.
- b. Used for simultaneous prevention of Diphtheria, Tetanus and Pertussis (whooping cough) in infants and children.

4. BCG Vaccine (Free-drying)

- a. The BCG vaccine is a dry freeze vaccine containing attenuated live Mycobacterium bovis (Bacillus Calmette Guerin), a Paris strain
- b. Used for prevention of Tuberculosis.
- c. The BCG vaccine is given to infants since birth to prevent TB. If the baby is older than three months, it should be tested for tuberculin first. BCG may be given if the tuberculin test results are negative.

5. Td Vaccine

- a. The Td vaccine is a milky white homogenous colloidal suspension in a glass vial, containing tetanus toxoid and pure diphtheria toxoid, with low-dose diphtheria component and adsorbed into aluminum phosphate.
- b. Used for prevention of Tetanus and Diphtheria in children aged 7 years and older.

6. Bio-TT Vaccine

- a. The Bio-TT vaccine is a milky white homogenous colloidal suspension in an ampoule, containing pure tetanus toxoid, adsorbed into aluminium phosphate.
- b. Used for prevention of Tetanus and protection against Neonatorum in women of child-bearing age.



Viral Vaccines

1. Oral Polio Vaccine

- Oral Polio Vaccine (OPV) is a reddish yellow liquid trivalent vaccine in a glass vial containing suspensions of type 1, 2, and 3 live Polio viruses (Sabin strains). This vaccine is a “drop” suspension for dropering (orally).
- Used for prevention of Poliomyelitis type 1, type 2, and type 3.
- This type of immunization has been promoted widely by the government in recent years because Polio has taken a lot of casualties. The government targets to free Indonesian children from polio. Polio-0 is given at the first visit after birth. Afterwards, the vaccine is given 3 times: in infants aged 2, 4, and 6 months. Vaccination is repeated at the age of 18 months and 5 years.

2. Bivalent Oral Poliomyelitis Vaccine (bOPV)

- The bOPV is a pale yellow to pink liquid in a glass vial containing suspensions of type of attenuated live Polio virus (Sabin strain)
- Used for prevention of Poliomyelitis type 1 and type 3.

3. Measles Vaccine (Freeze-drying)

- The measles vaccine is a yellow freeze-dried inactivated live virus vaccine in a glass vial, which should be solubilized only with dried measles vaccine solvent produced by PT Bio Farma. This vaccine is a powder injection.
- Used for prevention of measles.
- The measles vaccine is given for the first time in infants aged 9 months. Measles-2 is given at Schoolchildren Immunization Month Program (Program Bulan Imunisasi Anak Sekolah-Program BIAS) in children in the first grade or aged 6 years.

4. Recombinant Hepatitis B Vaccine

- Recombinant Hepatitis B Vaccine contains non-infecting antibody Hepatitis B virus, HBsAg, resulting from yeast cell culture with DNA-engineering technology. Recombinant Hepatitis B Vaccine is in the form of a turbid sterile suspension in a pre-fill injection device, packed in aluminum foil pouch and vial.
- Used for prevention of Hepatitis B.
- Hepatitis B vaccine is given three times: 12 hours after birth, aged 1 month, and aged 3-6 months.

5. Flubiotic Vaccine

- HA influenza vaccine is a clear or slightly turbid suspension, containing hemagglutinin of influenza virus antigen. HA influenza vaccine is a suspension given for injection.
- Used for prevention of seasonal influenza.
- Influenza is given to a healthy body aged 12 years and older because influenza is naturally seasonal and it is recommended once a year.

6. Combination Vaccines

Pentabio (DTP-HB-Hib)

- Pentabio is a DTP-HB-Hib combination vaccine (Diphtheria vaccine, Tetanus, Pertussis, Recombinant Hepatitis B, Haemophilus influenzae type B) in the form of homogeneous suspensions containing tetanus toxoid and pure diphtheria, inactive pertussis (whooping cough) bacteria, pure non-infectious hepatitis B (HBsAg) surface antigen, and the Hib component as a subunit bacterial vaccine, in the form of an non-infectious type B Haemophilus influenzae polysaccharide capsule, conjugated to tetanus toxoid protein.
- Used for prevention of Diphtheria, Tetanus, Pertussis, Hepatitis B and Haemophilus Influenza type B.
- Pentavalent combination immunization consists of 5 types of vaccine at once including DPT-HB, Hib in infants and advanced immunization in toddlers according to

COMPANY PERFORMANCE

standard. DPT-HB-Hib immunization is routine immunization given to children at age 0-11 months. Advanced immunization of DPT-HB, Hib and Measles is given to toddlers (under three years old)

- Used for treatment of poisonous snake bites containing neurotoxic effects (Naja sputatrix/ cobra and Bungarus fasciatus/banded krait) and hemotoxic effects (Agkistrodon rhodostoma /pit viper).

Antisera**1. Anti Tetanus Serum (BioSAT)**

- Anti Tetanus Serum (product name: BioSAT) is antisera created from a horseshoe-raised plasma against tetanus and contains clear yellowish phenol as a preservative.
- Used for tetanus treatment
- ATS (Anti Tetanus Serum) injection indication
- The wound is quite large (more than 1-cm deep)
- The wound is star-shaped
- The wound is caused by dirty and rusty materials
- The wound is caused by animal or human bite
- Gunshot wound and burn
- Contaminated wounds: wounds longer than 6 hours not treated, or less than 6 hours but exposed to much contamination, or less than 6 hours but caused by considerable strength (e.g. gunshot wounds or pinched in machines)
- Patients do not have a clear or non-boosted tetanus immunization history for 5 years or more

2. Anti Diphtheria Serum (BioADS)

- Used for diphtheria treatment

3. Anti-snake Venom Serum (BioSave)

- Polyvalent Anti-Snake Serum (BioSave) is pure antisera made from horse plasma that provides immunity to a neurotoxic snake venoms (such as, the Naja sputatrix - cobra, Bungarus fasciatus - banded krait) and hemotoxic venoms (Agkistrodon rhodostoma - pit viper) which are commonly found in Indonesia, and contains phenol as a preservative. Polivalen anti-venom is in the form of clear yellowish liquid.

Diagnostics**PPD RT 23 (Purified Protein Derivative)**

Used to test a person's sensitivity to tuberculosis infection.

BIO FARMA'S PRODUCTION FACILITIES AND QUALITIES

Bio Farma is committed to producing quality and innovative products in various fields with references to the latest International Standards and Quality Management Systems. Since 1997, Bio Farma has been one of about 30 vaccine manufacturers in the world who has received the WHO Pre-qualification. Bio Farma has implemented a variety of integrated systems, including: CPOB or Cara Pembuatan Obat yang Baik (Good Medicine Manufacturing Practice) from the National Agency of Drugs and Foods Control (BPOM) and current Good Manufacturing Practices (cGMP) from the World Health Organization (WHO), Good Laboratory Practices (GLP), Good Clinical Practices (GCP), Good Distribution Practices (GDP), integrated management system ISO 9001: 2015, ISO 14001: 2004, and OHSAS 18001: 2007, also, world class standard guides including ISO 26000 guidance for CSR, Enterprise Risk Management ISO 31000, International Financial Reporting Standard (IFRS).

Currently, Bio Farma operates in two different locations, first at Jalan Pasteur No. 28, Bandung with 91,058 m² of land area used for Production, Research and Development, Marketing and Administration facilities. The second location is in Cisarua, Lembang, West Bandung Regency with a land area of 282,441 m² used for breeding and maintenance of laboratory animals. To support the operation, the company also has Representative Office at Gedung Pakarti Center, Jalan Tanah Abang III No. 23-27, Jakarta.



BIO FARMA'S VACCINE PRODUCTION AND TEST

Bio Farma vaccine production is carried out through a rigorous and high standard process. Beginning with the provision of raw materials from qualified partners, production facilities validated from both equipment and other supports, until finished goods storage facilities and tightly monitored distribution processes in order to meet consistent quality, safety, and effectiveness factors.

The whole process of making the vaccines includes the quality test phase, both for bulk products and finished products, which has been established by BPOM and WHO. The vaccines have a fundamental difference with other pharmaceutical products such as medicines. Vaccines made from living things have considerable contamination potentials, both from the environment and from the operator in every stage of the vaccine making. Therefore, it is required to provide guarantee of quality and safety for each product. Bio Farma has the responsibility to produce guaranteed products both in terms of safety, quality and efficacy. To produce such good products, Bio Farma checks every product, either from the internal or from external parties. Internal Quality Test Examinations include Potential test, Safety test (toxicity), Microbiological test (sterility), and Chemical test (pH, preservative content, etc.), performed by Quality Assurance Division.

Examination by external parties conducted by the National Agency of Drugs and Foods Control of the Republic of Indonesia (BPOM - RI) has an important role in assessing the readiness of plant facilities owned by Bio Farma, including

the licensing required for vaccine production, batch examination of vaccine products, including monitoring performance of every vaccine produced by Bio Farma.

Thus, Bio Farma's vaccines used by the Government for the national immunization program (Pentabio (dtp-hb-hib), DT, TD, TT, Hepatitis b, Measles, Polio, and BCG) are strictly manufactured according to WHO's standard and have received release from BPOM.



COMPANY PERFORMANCE

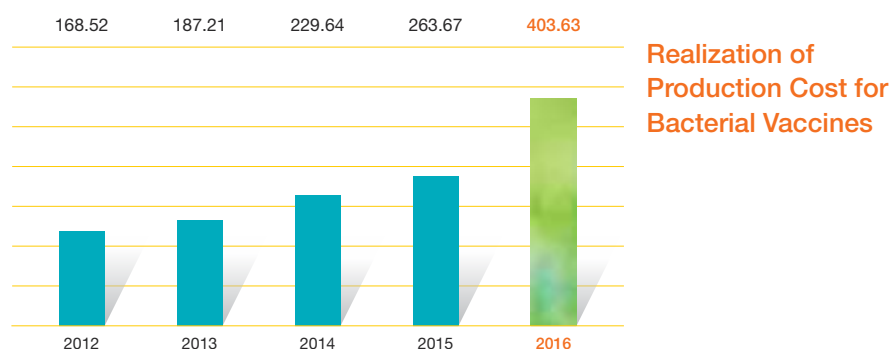
PERFORMANCE PER BUSINESS SEGMENT

PRODUCTION

The realization of production cost in 2016 to produce finished or processed products amounted to Rp1.12 trillion, an increase of Rp162.32 billion or 16.86% compared to realization of production cost in 2015 of Rp962.61 billion and Rp63.17 billion or 5.95% above the planned activities and company budget (PACB) of Rp1.06 trillion.

Performance of Bacterial Vaccine Segment

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)		Difference 2015 - 2016	Difference 2016 - PACB
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
Bacterial vaccine production (in million dose)	379.08	361.76	457.13	531.50	631.62	538.23	1.27	(14.79)	6.73	(93.39)
Production cost realization (in Rp/billion)	168.52	187.21	229.64	263.67	327.33	403.63	53.08	23.31	139.96	76.30



1. Bacterial vaccine production

- In 2016, it was recorded at 538.23 million doses, an increase of 6.73 million doses or 1.27% compared to the production of bacterial vaccines in 2015 of 531.50 million doses and 14.79% below the planned activities and company budget (PACB) of 631.62 million dose.
- The increasing amount of bacterial vaccine production was due to the production of meningitis in 2016.

2. Realization of production cost for bacterial vaccines

- In 2016, it was recorded at Rp403.63 billion, an increase of Rp139.96 billion or of 53.08% compared to the realization of production cost

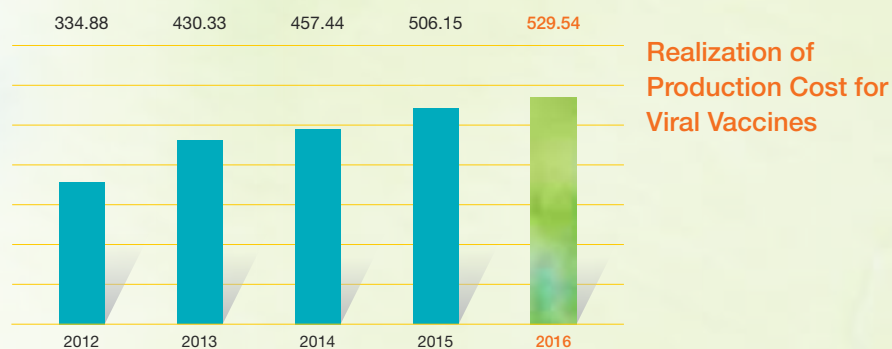
in 2015 of Rp263.67 billion and Rp76.30 billion or 23.31% above the budget of Rp327.33 billion.

- When compared to the realization of 2015, bacterial vaccine production cost increased from the meningitis vaccine production worth Rp119.92 billion to meet the sale target when the vaccine has not been produced yet.
- When compared to the bacterial vaccine budget, the production cost is above the budget because the meningitis vaccine production cost reached 238.76% or more than the budget of Rp69.69 billion as the vaccine sales increase reached 218.22% of the budget. Increase in production costs than the sales is due to internal uses from the selling prices which is below the budget.



Performance of Viral Vaccine Segment

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)		Difference 2015 - 2016	Difference 2016 - PACB
	1	2	3	4	5	6	6/4	6/5	6 - 4	6-5
Virus Vaccine Production (Million Doses)	2.19	2.63	3.09	3.41	2.95	3.94	15.58	33.64	0.53	0.99
Product Cost Realization (Rp/ Billion)	334.88	430.33	457.44	506.15	524.12	529.54	4.62	1.03	23.38	5.42



3. Viral vaccine production

- In 2016, it was recorded at 3.94 million doses, an increase of 530.82 million doses or 15.58% compared to the production of viral vaccines in 2015 of 3.41 million doses and 33.64% above the planned activities and company budget (PACB) of 2.95 million dose.
- The increase in viral vaccine production is because the production of polio type 1 and type 3 bulk continued to meet the sales in the first and second quarter of 2017.

- When compared to the realization in 2015, the viral vaccine production cost increased 4.62% although the realization of sales decreased 15.80%. It is caused by the production of polio type 1 and type 3 bulk to meet the sales in the first and second quarter of 2017.
- When compared to the budget, the viral vaccine production cost is higher than because the production of polio type 1 and type 3 bulk continued to meet the sales in the first and second quarter of 2017.

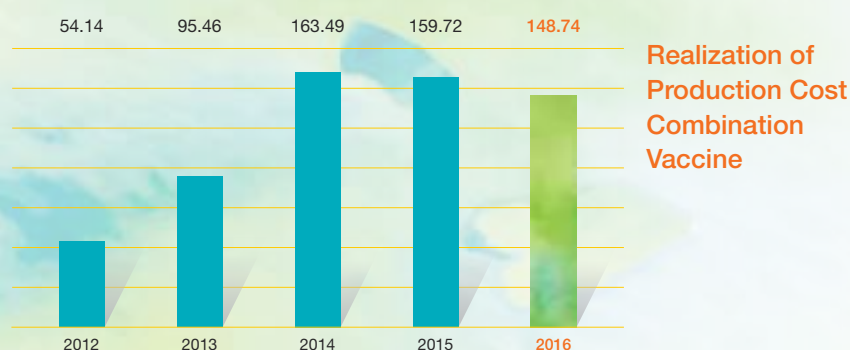
4. Realization of viral vaccine production cost

- In 2016, it was recorded at Rp529.54 billion, an increase of Rp23.38 billion or of 4.62% compared to the realization of production cost in 2015 of Rp506.15 billion and Rp5.42 billion or 1.03% above the budgetary plan of Rp524.18 billion.

COMPANY PERFORMANCE

Performance of Combination Vaccine Segment

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Difference 2015 - 2016	Difference 2016 - PACB
	1	2	3	4	5	6	6/4	6-5	6-5
Combination vaccine production (in million dose)	24.78	25.61	25.54	15.79	19.23	20.72	31.22	7.75	4.93
Production cost realization (in Rp/billion)	54.14	95.46	163.49	159.72	159.53	148.74	(6.87)	(6.76)	(10.98)



5. Combination vaccine production

- In 2016, it was recorded at 20.72 million doses, an increase of 4.93 million doses or 31.22% compared to the production of combination vaccines in 2015 of 15.79 million doses and 7.75% above the planned activities and company budget (PACB) of 19.23 million dose.
- The increase in combination vaccine production is because the increasing demands for Pentabio 5 ds in domestic sales.

- When compared to the realization in 2015, the combination vaccine production cost decreased because of a decrease in the production cost of 5 ds for 9.53% for Rp15.10 billion.
- When compared to the budget, the combination vaccine production cost is lower because Pentabio 10 ds production worth Rp14.42 billion had not achieved as the exporting sales contract with Unicef could not be realized.

6. Realization of combination vaccine production cost

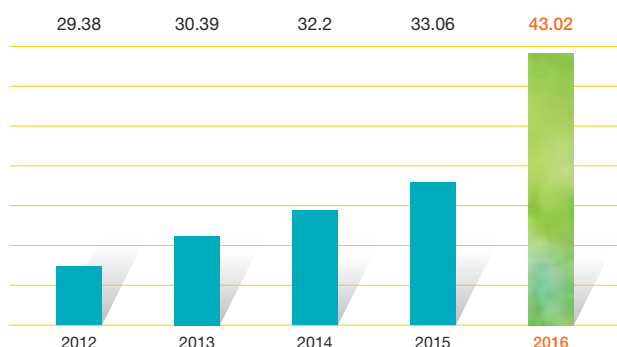
- In 2016, it was recorded at Rp148.74 billion, a decrease of Rp10.98 billion or of 6.87% compared to the realization of production cost in 2015 of Rp159.72 billion and Rp10.79 billion or 6.76% below the budgetary plan of Rp159.53 billion.



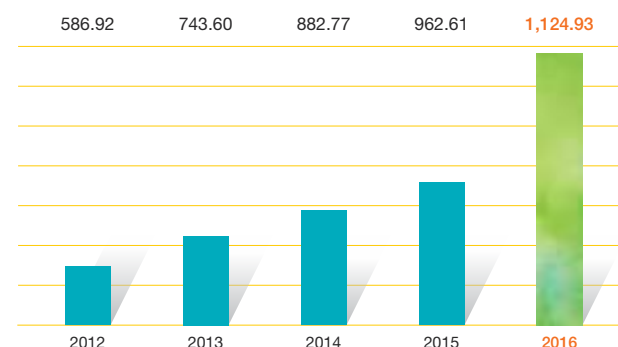
Performance of Sera and Diagnostics Segment

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)		Difference 2015-2016	Difference 2016 -PACB
	1	2	3	4	5	6	6/4	6/5	6 - 4	6-5
Product Cost Realization (Rp/Billion)	29.38	30.59	32.20	33.06	50.78	43.02	30.12	(15.28)	9.96	(7.76)
Total Product Cost Realization (Rp/Billion)	586.92	743.60	882.77	962.61	1,061.76	1,124.93	16.86	5.95	162.32	63.17

Realization of Sera and Diagnostics Production Cost



Total Production Cost Realization per Year



7. Realization of Sera and Diagnostics Production Cost

- In 2016, it was recorded at Rp43.02 billion, an increase of Rp9.96 billion or 30.12% compared to the production cost realization in 2015 of Rp33.06 and 15.28% below the planned activities and company budget (PACB) of Rp43.02 billion.
- When compared to the realization in 2015, the sera and diagnostics production cost increased due to increasing fixed overhead production cost for sera vaccines.
- When compared to the budget, the sera and diagnostics production cost is lower because of increasing fixed overhead production cost for sera vaccines.

strictly to meet market demands considering the limited production capacity, particularly in the fill and finish facility. To overcome this, the Directorate of Production prepared and planned to increase fill and finish capacity through phased investments from 2013 to 2016. In addition, in 2016 the company ran rejuvenation of several production facilities, the addition of some production equipment and machine maintenance. The target is the production of vaccines can be performed without technical constraints that can interfere with the needs. With the strategy of optimizing production capacity to meet the dynamic marketing projection, by 2016 Bio Farma achieved a production target of 3.2 billion doses.

INCREASING/DECREASING PRODUCTION CAPACITY

Achievement in production performance in 2016 as a whole reached the company's target. The strategy was to optimize the production capacity to make products according to the dynamic marketing projection. Production schedule was planned

BUSINESS SALES/REVENUES

The company's performance in 2016 from sales reached Rp2.32 trillion, down 1.29% compared to the realization in 2015 and 20.66% below the PACB, while the basic cost of sales and services of Rp1.01 trillion increased 15.89% compared to the realization in 2015 and 9.84% below the PACB.

COMPANY PERFORMANCE

SALES PER PRODUCT SEGMENT/CATEGORY

Company Product Sales

(In Million Rupiah)

Category	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Difference 2015/2016	Difference 2016 - PACB	PACB 2017	
	1	2	3	4	5	6	6/4	6/5	6-4	6-5	
Bacterial vaccines	226,713	233,754	217,605	305,289	435,456	532,865	74.54	22.37	227,577	97,409	-
Viral vaccines	939,684	1,302,853	1,457,280	1,705,305	1,862,967	1,436,397	(15.77)	(22.90)	(268,907)	(426,569)	-
Combination vaccines	210,286	248,565	276,548	253,404	296,100	200,695	(20.80)	(32.22)	(52,709)	(95,405)	-
Sera & Diagnostics	56,581	63,635	90,240	80,689	135,293	74,696	(7.43)	(44.79)	(5,993)	(60,597)	-
Bio Farma Clinic & Immunization	-	-	-	-	3,635	-	-	-	-	(3,635)	-
Total	1,433,264	1,848,806	2,041,673	2,344,687	2,733,452	2,244,654	(4.27)	(17.88)	(100,033)	(488,798)	-
Reduced: Sale cuts	(298)	(354)	(12,685)	(15,063)	-	(22,339)	48.30	-	(7,276)	(22,339)	-
Net product sales	1,432,966	1,848,452	2,028,988	2,329,624	2,733,452	2,222,315	(4.61)	(18.70)	(107,309)	(511,137)	2,452,728

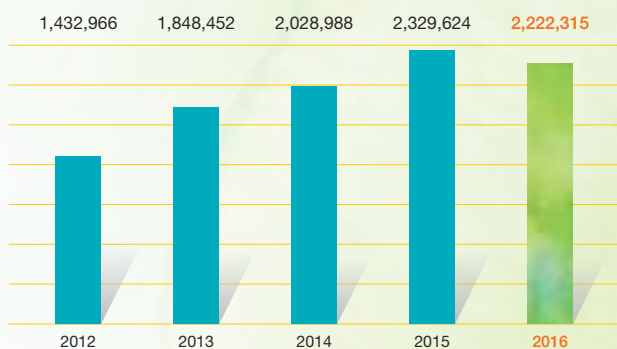
Merchandise Sales

(In Million Rupiah)

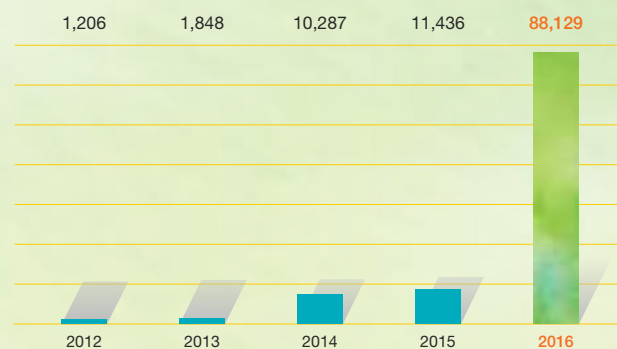
Description	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015/ 2016	Difference 2015/ PACB	RAKP 2017
	1	2	3	4	5	6	6/4	6/5	6-4	6-5	
GOVERNMENT											
Fluarix	-	-	-	-	-	-	-	-	-	-	-
Syringe	-	-	-	-	-	-	-	-	-	-	-
Vaksin IPV 5 ds	-	-	-	-	98,000	18,377	-	-	18,377	18,377	-
Pneumo 23	-	-	-	-	-	45,988	-	-	45,988	45,988	-
PRIVATE											
HPV	-	-	-	-	-	22,804	-	-	22,804	22,804	-
Polyvalent Anti Snake Venom	1,206	1,848	2,641	3,393	1,172	1,125	(66.84)	-	(2,268)	1,125	-
HJ BD IPV 5 DS	-	-	7,769	-	-	-	-	-	-	-	-
Imovac Rabies Vero	-	-	-	8,528	7,232	-	-	-	(8,528)	-	-
Rabies Vaccine	-	-	-	-	5,000	-	-	-	-	-	-
Varicela Vaccine	-	-	-	-	70,000	-	-	-	-	-	-
Total	1,206	1,848	10,410	11,922	-	88,294	640.57	-	76,372	88,294	-
Reduced: Sale cuts	-	-	(123)	(486)	-	(165)	(65.99)	-	320	(165)	-
Nett merchandise sales	1,206	1,848	10,287	11,436	181,404	88,129	670.60	(51.42)	76,693	(93,275)	478,888



Company Product Sales



Merchandise Sales



Service Sales

(In Million Rupiah)

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/Decrease (%)		Difference 2015/2016	Difference 2016-PACB	PACB 2017
	1	2	3	4	5	6	6/4	6/5	6-4	6-5	
Immunization	2,134	2,501	3,978	3,529	2,665	3,975	12.62	49.15	445	1,310	-
Laboratory	1,337	881	827	1,329	1,435	1,660	24.91	15.71	331	225	-
Total	3,471	3,382	4,805	4,859	4,100	5,635	15.98	37.44	776	1,535	-
Less: Sales Discount	(2)	(0)	-	(0)	-	(320)	160.034	-	(320)	(320)	-
Nett service sales	3,469	3,382	4,805	4,859	4,100	5,315	9.40	29.64	456	1,215	8599,308
Total product, merchandise, and service sales	1,437,642	1,853,682	2,044,080	2,345,918	2,918,956	2,315,759	(1.29)	(20.66)	(30,169)	(603,197)	2,940,215

Realization of Net Product Sales per Segment/Category

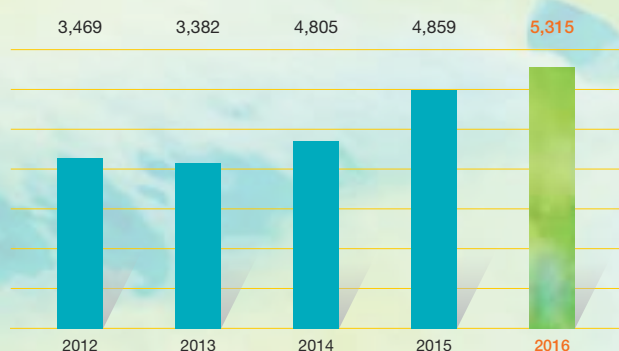
(In Million Rupiah)

Production	2012	2013	2014	2015	PACB 2016	2016	Increase/Decrease (%)		Difference 2015/2016	Difference 2016 - PACB
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
Company Product Sales										
Bacterial vaccine	226,713	233,754	217,605	305,289	435,456	532,865	74.54	22.37	227,577	97,409
Viral vaccine	939,684	1,302,853	1,457,280	1,705,305	1,862,967	1,436,397	(15.77)	(22.90)	(268,907)	(426,569)
Combination vaccine	210,286	248,565	276,548	253,404	296,100	200,695	(20.80)	(32.22)	(52,709)	(95,405)
Sera & Diagnostics	56,581	63,635	90,240	80,689	135,293	74,696	(7.43)	(44.79)	(5,993)	(60,597)
Bio Farma Clinic & Immunization	-	-	-	-	3,635	-	-	(100.00)	-	(3,635)
Total	1,433,264	1,848,806	2,041,673	2,344,687	2,733,452	2,244,654	(4.27)	(17.88)	(100,033)	(488,798)
Reduced: Sale cuts	(298)	(354)	(12,685)	(15,063)	-	(22,339)	48.30	-	(7,276)	(22,339)
Net company sales	1,432,966	1,848,452	2,028,988	2,329,624	2,733,452	2,222,315	(4.61)	(18.70)	(107,309)	(511,137)

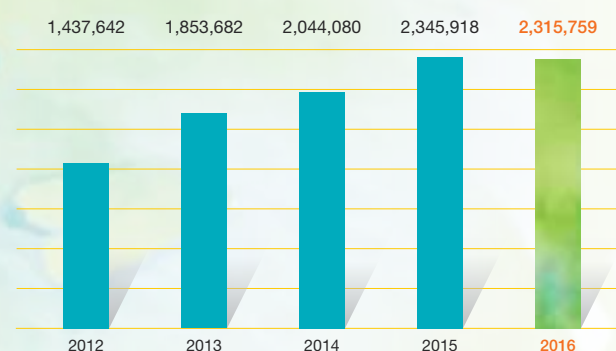
COMPANY PERFORMANCE

Production	2012	2013	2014	2015	PACB 2016	2016	Increase/Decrease (%)		Difference 2015/2016	Difference 2016 - PACB
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
Merchandise	1.206	1.848	10.410	11.922	-	88.294	640,57	-	76.372	88.294
Reduced: Sale cuts	-	-	(123)	(486)	-	(165)	(65,99)	-	321	(165)
Net merchandise sales	1,206	1,848	10,287	11,436	181,404	88,129	670.60	(51.42)	76,692	(93,275)
Service	3,471	3,382	4,805	4,859	4,100	5,635	15.98	37.44	776	1,535
Reduced: Sale cuts	(2)	(0)	-	(0)	-	(320)	160.034	-	(320)	(320)
Net service sales	3,469	3,382	4,805	4,859	4,100	5,315	9.40	29.64	456	1,215
Total product, merchandise, and service sales	1,437,642	1,853,682	2,044,080	2,345,919	2,918,956	2,315,759	(1.29)	(20.66)	(30,159)	(603,197)

Service Sales



Total Sales per Year



Realization of net sales compared to PACB 2016 is of 79.34% or 20.66% below the budget due to the following factors:

1. Realization of bacterial vaccine sales of 22.37% is above the budget or Rp97.41 billion higher than the budget because the meningitis vaccine sales that reached 218.23% of the budget or Rp118.23 billion.
2. Realization of viral vaccine sales of 22.90% or Rp426.57 billion is below the budget because the switching program of tOPV to bOPBV or Polio type 2 eradication from WHO since May 1, 2016 led to the polio bulk and tOPV 20 doses sales that reached 63.31% and 88.89% respectively or Rp430.59 billion and Rp16.16 billion lower than the budget.
3. Realization of combination vaccine sales of 32.22% or Rp95.41 billion is below the budget because the Pentabio 5 ds supply in 2015 in many regions were still sufficient that the government decreased the purchase to 72.63% of the budget or down to Rp70.74 billion, and the plan to sell Pentabio 10 ds to the Unicef for Rp33.36 billion was unsuccessful due to contractual issue.
4. Realization of sera and diagnostics sales is 44.79% or Rp60.59 below the budget because of the low sales of PPD 2 TU and BIOSAT1.5 that reached 19.00% and 75.69% or Rp46.54 billion and Rp13.83 billion below the budget. The number came from the facts that world's PPD 2 TU supply was limited and the serum production capacity for BIOSAT-1.5 was still lower than the market needs.



5. Realization of merchandise and service sales reached 50.37% or Rp92.06 billion lower than the budget because the sale achievement for IPV was only 18.75% or Rp18.38 billion lower than budget. In addition, varicella vaccine sales did not reach the targeted number of Rp70.00 billion.

Realization of net sales in 2016 compared to those in 2015 in per group composition:

1. Realization of bacterial vaccine sales increased by 74.54% or Rp227.58 billion due to the sales of meningitis vaccines, which was still unavailable in 2015, that reached Rp218.23 billion.
2. Realization of merchandise and service sales increased by 473.48% or Rp77.15 billion due to IPV and HPV vaccine, which were still unavailable in 2015, sales of Rp18.38 billion and Rp22.80 billion respectively.
3. Realization of viral vaccines decreased by 15.77% or Rp268.91 billion due to the Polio type 2 eradication program from WHO starting May 1, 2016, so that sales of Polio bulk and tOPV 10 ds

decreased by 31.99% and 99.07 respectively or Rp349.39 billion and Rp87.79 billion. Apparently the switching from the tOPV to bOPV 10 ds of Rp59.93 billion and bOPV 20 ds increased by 50.41% or Rp76.56 billion, as well as an increase in sales of Hepatitis B Infant vaccine of 52.98% or Rp33.35 billion did not significantly affect the decrease.

4. Realization of combination vaccine sales fell by 20.80% or 52.71 billion as the stock of Pentabio 5 ds in the regions was still sufficient from the government purchases in 2015, that it was reduced to 24.96% or Rp62.44 billion in 2016.
5. Realization of sera and diagnostics sales decreased by 7.43% or Rp5.99 billion due to decreased sales of ABU Serum and PPD 2 TU of 21.53% and 13.03% or Rp4.97 billion and Rp1.64 billion respectively.

Net Product Sales per Business Segment (per Sector)

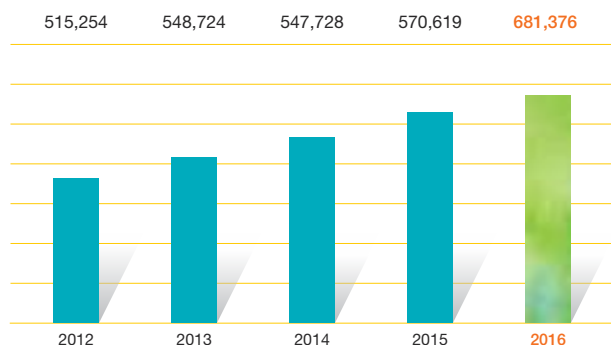
Realization of net product sales per business segment/per sector during 2016 is as follows:

(In Million Rupiah)

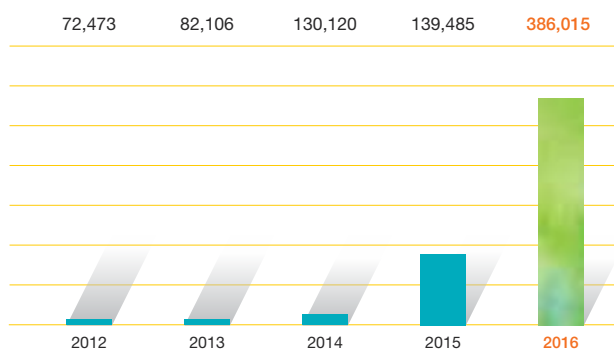
Category	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Difference 2015/2016	Difference 2016-PACB
	1	2	3	4	5	6	6/4	6/5	6-5
Government sector	515,254	548,724	547,728	570,619	751,949	681,376	19.41	(9.39)	110,757
Private sector	72,473	82,106	130,120	139,485	372,899	386,015	176.74	3.52	246,530
Export sector	849,914	1,222,852	1,366,232	1,635,814	1,790,473	1,248,368	(23.69)	(30.28)	(387,446)
Biofarma Clinic & Immunization	-	-	-	-	3,635	-	-	-	(3,635)
Total nett sales	1,437,641	1,853,682	2,044,080	2,345,918	2,918,956	2,315,759	(1.29)	(20.66)	(30,159)

COMPANY PERFORMANCE

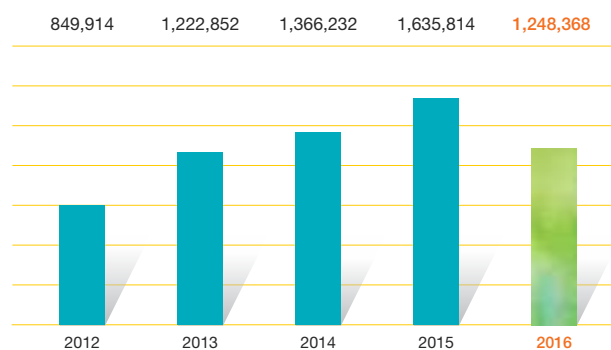
Sector Government



Private sector



Export



1. Sale Realization for Government in 2016

- Compared to the PACB 2016, the sale realization was 9.39% or Rp70.57 billion below the budget because of the sufficient supply of Pentabio 5 ds from the government purchases in 2015 that the number was reduced to 76.32% or Rp57.48 billion lower than the budget. On the other hand, the sales of Td 10 ds and 10 ds measles vaccine respectively reached 220.88% and 131.34% or increased by Rp27.20 billion and Rp20.09 billion from the budget.
- Compared to the sales in 2015, an increase of 19.41% or Rp110.76 billion occurred due to the sales of bOPV 10 ds worth Rp53.47 billion from the WHO's Polio type 2 eradication program starting May 1, 2016 and IPV vaccine

worth Rp64.37 billion. The availability of Pentabio 5 ds in stock decreased the sales by 23.53% or Rp56.99 from the 2015's purchases.

2. Sale Realization for Private Sector in 2016

- Compared to the PACB of 2016, sales realization increased 3.52% or Rp13.12 billion above the budget because meningitis vaccine sales reached 218.23% or of Rp118.23 billion despite the decreased sales of products such as BIOSAT -1.5 and PPD 2 TU of only 75.69% and 19.00% or Rp13.83 billion and Rp46.54 billion below the budget respectively.
- Compared to the sale realization in 2015, it increased by 176.74% or Rp246.53 billion due to the sales of meningitis and HPV vaccines, which were unavailable in 2015, amounting to Rp218.23 billion and Rp22.80 billion respectively.



3. Sale Realization for Exports in 2016

- a. Compared to the PACB of 2016, export sales in Rupiah were 30.28% or Rp542.10 billion below the budget, or 26.10% and USD 33.62 million below the budget. The WHO's Polio type 2 eradication program established on May 1, 2016 affected the sales of polio bulk and tOPV 20 ds that only reached 63.31% and 73.22% or Rp430.60 billion and Rp28.12 billion below the budget. In addition, export sales of 10 ds measles vaccine only reached 55.65% or Rp31.53 billion, and unreach agreement with Unicef for Pentabio 10 ds sales worth Rp15.64 billion also contributed to the decrease.
- b. Compared to the sale realization in 2015, export sales in decreased by 23.69% or Rp387.45 billion, or by 21.70%, or USD 26.38 million below the budget. The decrease in export sales was affected by the WHO's Polio type 2 eradication program, so that the sales of Polio bulk, 10 ds, and tOPV 20 ds decreased by 31.99%, 99.64% and 38.63% or Rp349.39 billion, Rp37.21 billion and Rp48.40 billion respectively, despite an increase in sales of bOPV 20 ds by 50.41% or Rp76.56 billion..

PROFITABILITAS

Comprehensive Income/(Loss)

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/Decrease (%)		Difference 2015/2016	Difference 2015 - PACB
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
NET SALES										
Company's Products	1,432,966	1,848,452	2,028,988	2,329,624	2,733,452	2,222,315	(4.61)	(18.70)	(107,309)	(511,137)
Merchandise Products	1,206	1,848	10,287	11,436	181,404	88,129	670.63	(51.42)	76,693	(93,275)
Merchandise Products	3,469	3,382	4,805	4,858	4,100	5,315	9.40	29.64	457	1,215
Total Net Sales	1,437,642	1,853,682	2,044,080	2,345,918	2,918,956	2,315,759	(1.29)	(20.66)	(30,159)	(603,197)
BEBAN POKOK PENJUALAN										
Company's Products	580,216	718,463	767,609	852,361	978,454	931,879	9.33	(4.76)	79,518	(46,575)
Merchandise Products	518	1,148	8,827	11,165	133,957	68,454	513.12	(48.90)	57,289	(65,503)
Services Expenses	3,183	3,986	3,654	3,962	2,605	4,962	25.23	90.43	1,000	2,356
Total Cost of Goods and Services Sold	583,917	723,596	780,090	867,488	1,115,016	1,005,294	15.89	(9.84)	137,806	(109,722)
Gross Profit	853,724	1,130,085	1,263,991	1,478,430	1,803,940	1,310,465	(11.36)	(27.36)	(167,966)	(493,475)
Other Income	53,159	152,838	118,630	129,064	18,110	164,728	27.63	809.58	35,664	146,617
Selling Expenses	(58,592)	(72,830)	(99,182)	(126,818)	(159,600)	(133,996)	5.66	(16.04)	(7,178)	25,604
General and Administrative Expenses	(227,583)	(304,313)	(349,010)	(421,759)	(498,274)	(402,002)	(4.68)	(19.32)	19,758	96,273
Research Developments and Survey Expenses	(78,262)	(68,318)	(88,779)	(93,443)	(130,896)	(114,481)	22.52	(12.54)	(21,039)	16,415
Beban Bunga Pinjaman	-	-	-	-	(125)	(9,343)	-	7374.00	-	(9,218)
Other Expenses	(21,346)	(58,873)	(69,748)	(66,201)	(3,184)	(130,403)	96.98	3995.14	(64,202)	(127,218)

COMPANY PERFORMANCE

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/Decrease (%)		Difference 2015/2016	Difference 2015 - PACB
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
Total	(332,624)	(351,496)	(488,089)	(579,157)	(773,970)	(625,497)	8.00	(19.18)	(46,340)	148,473
PROFIT (LOSS) BEFORE INCOME TAX	521,100	778,589	775,902	899,274	1,029,970	684,968	(23.83)	(33.50)	(214,306)	(345,002)
INCOME TAX BENEFITS (LOANS)										
Current Tax	(137,261)	(207,288)	(197,136)	(232,893)	(275,614)	(185,425)	(20.38)	(32.72)	47,468	90,188
Deferred Tax	2,053	1,166	3,427	4,213	3,871	1,498	(64.44)	(61.29)	(2,715)	(2,373)
Total income tax expenses	(135,208)	(206,121)	(193,709)	(228,681)	(271,743)	(183,927)	(19.57)	(32.32)	44,754	87,816
NET PROFITS (LOSS)	385,892	572,468	582,193	670,593	758,227	501,041	(25.28)	(33.92)	(169,552)	(257,186)
OTHER COMPREHENSIVE INCOMES										
POSTS THAT WILL NOT BE RECLASSIFIED TO PROFIT AND LOSS										
Net Fixed Asset Revaluation Surplus	0	0	0	1,980,782	0	0	(100.00)	-	(1,980,782)	0
Actuarial Profits (Loss)	0	0	(21,701)	(828)	(448)	(8,313)	903.70	1756.71	(7,485)	(7,865)
Unrealized Profits (Loss) on Available-for-Sale Securities Ownership	0	0	377	0	0	0	-	-	0	0
POSTS THAT WILL BE RECLASSIFIED TO PROFIT AND LOSS										
Other Comprehensive Income for the Year After Tax	0	0	(21,323)	1,979,954	(448)	(8,313)	(100.42)	1756.71	(1,988,267)	(7,865)
TOTAL COMPREHENSIVE INCOMES	385,892	572,468	560,870	2,650,546	757,779	492,728	(81.41)	(34.98)	(2,157,819)	(265,052)





The company's profitability can be measured from the decrease in net income by Rp169.55 billion, from Rp670.59 billion in 2015 to Rp501.04 billion in 2016. Net Profit Margin (NPM) in 2016 amounted to 21.64%, decreased by 24.30% from that in 2015 which reached to 25.98%.

Decrease in net income in 2016 compared to that in 2015 was due to:

1. The availability of Pentabio 5 ds from the government purchases in 2015 that the number decreased by 74,50% or Rp91.12 billion in 2016.

2. The decrease in exports sales from the WHO's Polio type 2 eradication program that affected the sales of polio bulk and tOPV 20 ds that reached only 63.31% and 73.22% or Rp430.60 billion and Rp28.12 billion below the budget, as well as the decrease in 10 ds measles vaccine sales of 55.65% below the budget or Rp31.53 billion and the contractual issue for Pentabio 10 ds sales worth Rp15.64 billion with Unicef.

Bio Farma's Financial Ratio

Financial Ratios	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Difference 2015/2016	Difference 2016/PACB
	1	2	3	4	5	6	6/4	6/5	6-5
LIQUIDITY (%)									
Cash Ratio	252.13	228.74	286.08	121.74	61.95	98.85	(18.80)	59.56	(22.89)
Current Ratio	522.91	395.98	537.18	437.04	412.60	408.14	(6.61)	(1.08)	(28.90)
PROFITABILITY (%)									
Gross Profit Margin	59.38	60.96	61.84	63.02	61.80	56.59	(10.21)	(8.43)	(6.43)
Operating Margin	34.03	36.93	35.57	35.65	34.78	28.50	(20.07)	(18.05)	(7.15)
Net Profit Margin	26.84	30.88	28.48	28.59	25.98	21.64	(24.30)	(16.69)	(6.95)
Return on Equity (ROE)	29.36	37.81	31.93	17.14	18.79	12.47	(27.26)	(33.64)	(4.67)
Return on Investment (ROI)	31.22	34.81	31.15	20.27	20.04	16.53	(18.42)	(17.49)	(3.73)
Return On Assets (ROA)	20.42	24.11	20.26	15.37	12.30	8.80	(42.77)	(28.48)	(6.57)
SOLVABILITY (%)									
Debt to Equity	13.24	19.34	19.69	12.62	21.35	11.70	(7.29)	(45.21)	(0.92)
TURNOVER [TIMES]									
Turnover Inventory	3.59	3.95	2.94	2.20	2.83	1.72	(21.91)	(39.24)	(0.48)
Turnover Receivable	7.80	7.29	7.54	6.17	9.50	5.87	(4.87)	(38.16)	(0.30)
GROWTH (%)									
Sales	108.20	128.94	110.27	114.77	122.03	98.71	(13.99)	(19.10)	(16.05)
Operating Income	126.51	139.92	106.19	115.05	131.43	78.91	(31.41)	(39.96)	(36.14)
Net Income before Tax	127.79	149.41	99.65	115.90	120.56	76.17	(34.28)	(36.82)	(39.73)

COMPANY PERFORMANCE

In 2016, the company's financial ration includes liquidity, profitability, and solvability, as explained below:

1. **Liquidity**
Realization of liquidity ratio for current ratio is lower than the budget due to a decrease in current assets which is greater than that in current liabilities. In addition, acid test ratio and cash ratio are higher than the budget because cash and inventory exceed the budget.
2. **Profitability**
Realization of profitability in 2016 is below the budget for almost all the posts particularly due to an increase in total asset and efficiency in several sectors.
3. **Solvability**
Realization of solvability ration in 2016 exceeds the budget because the debt realization is lower than the budget.
4. **Turnover**
Realization of account turnover decreased at 0.30 from 6.17 in 2015 to 5.87 in 2016. The number is not significantly different which means that the company's ability to collect the account has not changed.
5. **Growth**
At the end of 2016, the company saw a 25.28% decrease in net income growth from that in 2015 or 66.08% from the budget or 33.92% below budget.

In order to improve productivity, the following are applied in Bio Farma:

1. Promoting work motivation through applicable trainings to maintain and improve employee's motivation for high work productivity.
2. Creating conducive working environment
Top leaders play a role in creating a conducive working environment that employees feel comfortable and optimistic in working, and provide trainings to improve positive mindset.

3. Integrating time management with company's systems
Time management is integrated with the company's systems so as to contribute to effective and productive employees' performance.
4. Reward
Company grants reward for the employees with high achievement, dedication and professionalism.

By referring to the Company's Statute that accommodates the goals of a Company (Perseroan), Bio Farma operates with the following main activities:

1. Research and development of biological and pharmaceutical products, either by the company or in cooperation with other parties.
2. Production of biological and pharmaceutical products, either by the company or in cooperation with other parties
3. Marketing, trade, and distribution of biological and pharmaceutical products, and medical devices, including general goods, both for domestic and international markets.
4. Health laboratory and clinic
5. Services in relation with those mentioned in a, b, c, and d.

In addition to the above main business activities, in order to optimize the utilization of resources in Bio Farma, the company also operates business in education and training, agriculture, animal husbandry, animal breeding laboratory, property, office, warehousing, and tourism.



RESEARCH AND DEVELOPMENT SEGMENT/DIVISION

Bio Farma has a special attention to research and development activities as an effort to improve the core business of the company. In support of research and development, Bio Farma has established cooperation with various competent parties to support the company's performance.

Organizational Structure of the Research and Development, Surveillance and Clinical Trials Division



Organizational Structure of Research and Development and Surveillance and Clinical Trial Division

Research and Development Programs include:

1. Product Research and Development Programs

• Research and Development for Vaccines

In 2016 research and development for vaccines are conducted for:

- a. Vaccine development
 - Rotavirus Vaccine (MCRI)
 - Rabies Vaccine
 - nOPV2 (BMGF)
 - Pneumococcus Whole Cell (PATH)
 - Conjugate Typhoid Vaccine (IVI)

- Hexavalent Vaccine
- Pertussis Acellular Vaccine
- Hepatitis B Vaccine
- Consortium Hepatitis B Vaccine
- TB Vaccine
- Adjuvant R4/E8 Pam2Cys
- Influenza Vaccine
- b. Biosimilar Development
 - Erythropoietin (EPO)
 - Trastuzumab
- c. Stem-cell development
- d. Nano-particle development

COMPANY PERFORMANCE

2. Product Innovation

In 2016, product innovation activities include:

- a. Development of 1000 Lf toxin concentration.
- b. Culturing inoculum *C. Diphtheriae*
- c. Culturing Pertussis working seed in glycerol.
- d. Improving conjugation capacity.
- e. Preparing parent formula for 500g Hib conjugation process
- f. Manufacturing BCG vaccine in vial.
- g. Culturing BCG seedlot.
- h. Improving serum rendement.
- i. Implementing inspection camera for labelling.
- j. Using automated feeder for box printing.
- k. Producing IPV and performing stability test for DT and DTP vaccines using PDT and PTT bulks.
- l. Using color standard for visual inspection.
- m. Using automatic box stacker in box printing process.
- n. Using volume standard for visual inspection.

3. Product Surveillance and Evaluation

In 2016, surveillance and clinical trial activities include:

- a. AFP (Acute Flaccid Paralysis) surveillance.
- b. Environmental Polio surveillance.

- c. Measles surveillance in order to eliminate measles.
- d. Congenital Rubella Syndrome (CRS) surveillance.
- e. Rotavirus surveillance.
- f. Pharmacovigilance.
- g. RV3 Phase II b clinical trial.
- h. Joint research on Polio with Department of Health Research and Development entitled "Status Antibodi terhadap Virus Polio pada anak yang mendapat OPV dan IPV di Indonesia".
- i. Clinical trial preparation for whole cell Pneumococcus, Typhoid conjugate, PMS bOPV, and PMS Menivax vaccines.
- j. Diphtheria antibody titer measurement.
- k. Employee antibody titer examination.
- l. Antibody titer evaluation on infants one year after Flubio vaccination.
- m. Probiotic and Influenza vaccine in order to overcome influenza likeliness on the elderly.
- n. Haemagglutination-Inhibition examination for research samples.





FINANCE AND ACCOUNTING SEGMENT/ DIVISION

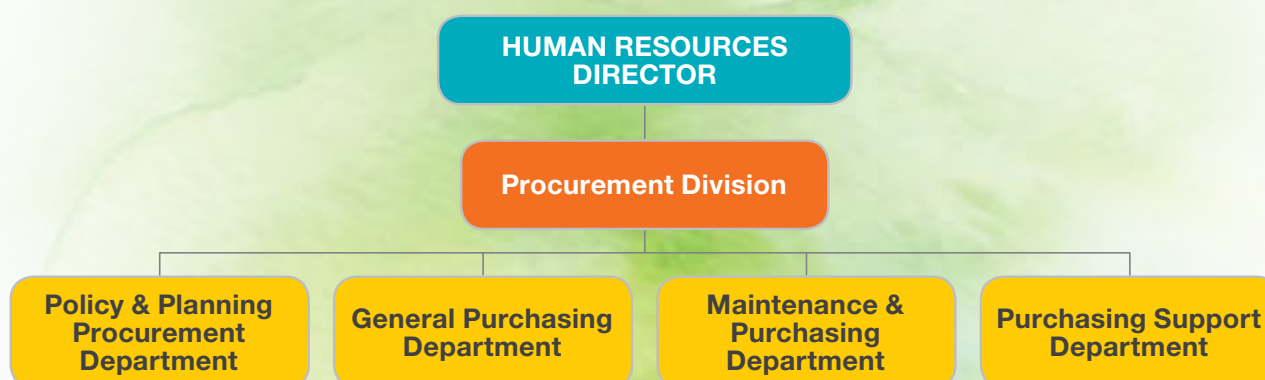
In 2016, the finance and accounting segment has performed the following activities:

1. Preparing financial statements and management reports for the company Un-Audited and Audited 2015 book year.
2. Updating data on Corporate Management Report 2015 (Unaudited & Audited), and PACB 2016 on FIS-SOE program
3. Preparing company's financial statements and management reports in Quarter I, II and III of 2016.
4. Preparing Resume Plan of Action of PACB 2016.
5. Calculating realization of company's Key Performance Indicators (KPI) 2015, PACB 2016 and Quarter I, II and III of 2016.
6. Completing Budget and ERP Application related to the preparation of financial reporting and management accounting modules .
7. Receiving VAT refunds through normal checking process for tax period January - June 2014 and July - December
8. Activating EFIN number and submitting Tax Return Article 21 Taxable Year 2015 electronically.
9. Buying and selling foreign currencies as needed.
10. Issuing LC for the purchase of investments/ raw materials and investment goods through Indonesian Export Financing Institution (Lembaga Pembiayaan Ekspor Indonesia-LPEI).

COMPANY PERFORMANCE

LOGISTICS SEGMENT/DIVISION)

Procurement Division Organization Structure



Both local and imported purchases in 2016 amounted to Rp1.66 trillion or 78.95% of the budget, and increased by 19.39% compared to the realization in 2015, with the following breakdown of the purchase group as follows:

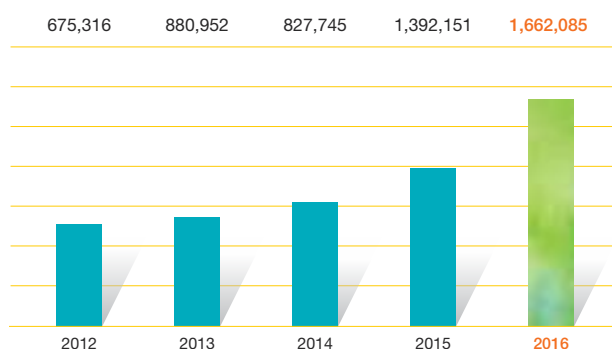
Category	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)		Difference 2014/2015	Difference 2016/PACB
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
Chemicals	49,983	64,240	63,282	95,471	80,617	109,449	14.64	35.76	13,978	28,832
Raw Materials & Auxiliary	133,654	179,390	195,388	233,644	280,467	344,451	47.43	22.81	110,806	63,983
Laboratory Equipment	106,144	117,809	121,672	186,298	124,616	189,787	1.87	52.30	3,489	65,171
Work Equipment	2,952	5,100	4,767	6,028	6,087	7,315	21.35	20.16	1,287	1,227
Packaging & Embalage	94,435	123,769	130,658	142,776	171,580	108,915	(23.72)	(36.52)	(33,861)	(62,665)
Maintenance Parts	59,849	88,226	69,778	76,455	120,247	136,776	78.90	13.75	60,320	16,528
Professional Fee	25,863	23,592	27,855	31,155	62,287	50,986	63.65	(18.14)	19,831	(11,301)
Investment	176,122	248,276	174,623	544,974	1,032,812	542,671	(0.42)	(47.46)	(2,303)	(490,141)
Test	3,138	4,089	5,416	7,008	7,544	6,357	(9.30)	(15.74)	(651)	(1,187)
General Goods	22,510	25,047	23,990	57,012	85,749	96,502	69.27	12.54	39,490	10,753
Merchandise	666	1,414	10,316	11,331	133,299	68,879	507.90	(48.33)	57,548	(64,421)
Total	675,316	880,952	827,745	1,392,151	2,105,305	1,662,085	19.39	(21.05)	269,934	(443,220)



Comparison of local and imported purchases in 2016 is 52.58% for the local and 47.42% for the imported, where in local section also purchased imported goods through agents in Indonesia. The purchase realization is 21.05% below the budget due to the packaging and emballage, professional services, investments, testing and merchandise respectively only reached 63.48%,

81.86%, 52.54%, 84.26% and 51.67% of the budget. On the other hand, some groups of purchases exceed the budget significantly, i.e. chemicals, raw materials and auxiliaries, laboratory and work equipment respectively by 35.76%, 22.81%, 52.30 % and 20.16% over its budget.

Local and Imported Purchases



ADMINISTRATION SEGMENT

The administration segment has no commodities to sell as the characteristics of the administration that manages the company's strategy. This segment also does not record net sales or earnings.

COMPANY KEY INDICATORS 2016

Company Key Indicators Calculation 2016

Description	Realization 2012	Realization 2013	Realization 2014	Realization 2015	PACB 2016	Realization 2016	Increase/ Decrease (%)		Difference 2015/ 2016	Difference 2016/ PACB
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
GROWTH (%)										
a. Net Incomes/ Sales	108.2	128.94	110.27	114.77	122.03	98.71	(13.99)	(19.10)	(16.06)	(23.31)
b. Business Profits	126.51	139.92	106.19	115.05	131.43	78.91	(31.42)	(39.96)	(36.14)	(52.53)
c. Profits before Tax	127.79	149.41	99.65	115.9	120.56	76.17	(34.28)	(36.82)	(39.73)	(44.39)
Return On Investment (ROI) (%) *)	25.47	28.8	25.48	15.83	15.23	11.57	(26.94)	(24.05)	(4.26)	(3.66)
Profit Margin (PROMA) (%)	36.25	42	37.96	38.33	35.29	29.58	(22.83)	(16.17)	(8.75)	(5.71)

COMPANY PERFORMANCE

Description	Realization 2012	Realization 2013	Realization 2014	Realization 2015	PACB 2016	Realization 2016	Increase/ Decrease (%)		Difference 2015/ 2016	Difference 2016/ PACB
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
Company Productivity (COPRO) Rp/ Person	918,391,979	1,192,270,887	1,224,519,153	1,312,570,441	1,477,776,082	1,119,272,625	(14,73)	(24,26)	(193,297,816)	(358,503,457)
Employee Productivity (EMPRO) Rp/ Person	1,561,282,295	1,945,473,637	1,998,919,897	2,095,356,607	2,402,432,848	1,997,081,801	(4,69)	(16,87)	(98,274,806)	(405,351,046)
Asset Productivity (ASPRO) (%)	70.28	68.58	67.14	41.30	43.15	39.10	(5.32)	(9.39)	(2.20)	(4.05)
Inventory Turn Over (ITO) (kali)	3.59	3.95	2.94	2.2	2.83	1.72	(21.96)	(39.24)	(0.48)	(1.11)
Receivable Turn Over (RTO) (kali)	7.8	7.29	7.54	6.17	9.50	5.87	(4.81)	(38.16)	(0.30)	(3.62)
Base Cost Productivity (BASE PRO) (%)	65.97	63.07	64.43	64.35	65.22	71.50	11.11	9.63	7.15	6.28
QUALITY PERFORMANCE RATE										
a. Product Defect (%)	0.92	1.96	4.31	1.75	-	0.61	(65.12)	-	(1.14)	0.61
b. Material Defect (%)	0.19	0.06	0.15	0.15	-	0.48	220.11	-	0.33	0.48

¹ KEP.210/M-PBUMN/1999





COMPANY FINANCIAL REPORTS

ANALYSIS ON FINANCIAL PERFORMANCE INCLUDES COMPARISON BETWEEN FINANCIAL PERFORMANCE IN 2016 AND THAT IN 2015 WITH THE PLANNED ACTIVITIES AND COMPANY BUDGET (PCAB) 2016 AND THE INCREASE/ DECREASE.

The following is analysis on the company's financial performance until December 31, 2016. The corresponding figures for the year ending on December 31, 2015 and the 2016's budget target are presented for the purpose of analysis and/or comparison.

CURRENT ASSETS, NON-CURRENT ASSETS, AND TOTAL ASSETS

Current Assets

(In Million Rupiah)

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015/2016	Difference 2016/PACB	PACB 2017
	1	2	3	4	5	6	6/4	6/5	6-4	6-5	
CURRENT ASSETS											
Cash and cash equivalents	498,498	891,251	971,717	555,939	326,933	447,950	(19.42)	37.02	(107,989)	121,017	
Securities Available for Sale	-	-	25,600	-	-	-	-	-	-	-	
Accounts receivable	220,544	288,246	257,260	507,746	329,584	288,626	(43.16)	(12.43)	(219,120)	(40,958)	
Other receivables	28	346	850	822	1,012	446	(45.74)	(55.92)	(376)	(566)	
Stock	161,924	204,899	326,600	462,557	448,145	708,564	53.18	58.11	246,007	260,420	
Down payment	18,363	38,623	50,412	102,353	658,438	54,052	(47.19)	(91.79)	(48,301)	(604,386)	
Prepaid taxes	103,185	96,972	154,008	242,720	340,675	298,817	23.11	(12.29)	56,097	(41,858)	
Prepaid expenses	1,530	1,590	4,767	10,163	13,781	12,137	19.42	(11.93)	1,973	(1,645)	
Deposit guarantee	-	-	-	-	-	-	-	-	-	-	
Forthcoming incomes	1,889	3,104	2,726	1,592	-	800	(49.74)	-	(792)	800	
Other current assets	27,903	17,870	30,698	111,888	58,853	38,162	(65.89)	(35.16)	(73,726)	(20,691)	
Total current assets	1,033,864	1,542,901	1,824,639	1,995,781	2,177,422	1,849,555	(7.33)	(15.06)	(146,226)	(327,866)	2,358,153

Bio Farma's current assets in 2016 was recoded at Rp1.85 trillion, a decrease of Rp146.23 billion or 7.33% compared to that in 2015 which was Rp2.00 trillion and 15.06% below the budget of Rp2.18 trillion or Rp327.87 million below the budget.



The figures came from:

1. Cash and cash equivalents in 2016 was recorded at Rp447.95 billion, down Rp107.99 billion, or 19.42% compared to cash and cash equivalents in 2015 of Rp555.94 billion
2. Accounts receivable
 - a. Accounts receivable by domestic customers in 2016 was Rp27.06 billion, down by Rp18.92 billion or 41.15% compared to the receivables of domestic customers in 2015 of Rp45.98 billion.
 - b. Accounts receivable by international customers in 2016 was Rp261.23 billion, down Rp200.31 billion or 43.40% compared to the receivables of international customers in 2015 of Rp461.55 billion.
 - c. Accounts receivable from services in 2016 was recorded Rp0.68 billion, or an increase by 28.48% compared to the receivables of services by 2015 amounting to Rp0.53 billion.
 - d. Management believes that the allowance for impairment is adequate to cover possible losses on uncollectible accounts. The correlation may result in the above mentioned transaction terms as not the same as other transactions conducted with third parties.
3. Other receivables with third parties in 2016 was recorded at Rp446 million, down by Rp376 million billion or 45.74% compared to third party receivables of 2015 amounting to Rp822 million.
4. Stock
 - a. The inventories of finished products and raw materials that are damaged or expired in the current year are charged to the sale basic expenses in the statements of income and of other comprehensive income, except for the difference of less or more applicable fixed costs - that are charged to other expenses (income). Allowance is made on the inventory balance deducted with the damaged or expired.
 - b. In April 2016 the World Health Organization (WHO) declared the termination of the global release, distribution, storage and production of the trivalent oral polio vaccine (tOPV) starting May 1, 2016, and replacing it with bivalent Oral Polio Vaccine (bOPV). On the decision the company has taken steps to stop the production of tOPV and polio type 2 bulk, as well as to withdraw tOPV from circulation and to decide on bOPV as the substitute.
 - c. At the statement of financial position date of December 31, 2016, the company has a supply of 2,882.5 liters of polio type 2 bulk with a carrying amount of Rp22,214,885,705.00. The management's consideration of storing bulk polio type 2 includes the facts that it:
 - Is required for production of sabin Inactivated Polio Vaccine (sIPV).



- Is required as backup to support government program in case of type 2 polio virus outbreak since Indonesia is still at high risk of polio type 2 outbreak.
 - Has received support from the government of cc. Ministry of Health Republic of Indonesia who has requested to WHO through representatives in Indonesia for PT Bio Farma to be authorized as a national supplier of stockpile for monovalent Oral Polio Vaccine type 2 (mOPV2).
 - Is required as backup to support WHO program in case of events outside Indonesia considering the indication and the outbreak of polio type 2 virus in Afghanistan, Pakistan, Laos, Guinea, Nigeria, Chad, and countries in West Africa, and limited supply of IPV.
 - Is recommended by the WHO for the company to communicate with the WHO Pre-Qualification (PQ) team and process mOPV2 according to PQ procedures to respond in case of outbreak of polio type 2 virus outside Indonesia and WHO has also planned to visit the company and the Food and Drug Supervisory Agency (BPOM) to discuss the recommendation in March 2017.
5. Down payment
- a. Advances in local purchases amounted to Rp2.20 billion mainly from the construction of the horse stables in Cisarua of Rp834 million.
 - b. Imported advances in settlement of Rp7.47 billion is the payment of insurance fees, loading and unloading costs, inclusion fees and taxes related to the process of handling imported goods from domestic ports to the company's premises.
6. The decline in revenue that will still be received in 2016 is recorded at Rp800 million, fell by Rp792 million or 49.74% compared to that in 2015 amounting to Rp1, 59 billion.
7. Other current assets
- a. Inventories in quarantine come from the purchase of raw materials for vaccines and sera and packaging materials as of December 31, 2016 and 2015 are still in quarantine status as they are in the process of testing.
 - b. Inventories on the way as of December 31, 2016 and 2015 are imported purchases that fall within the category of in-transit inventory as on that date their position is still at the port. Inventory on the way as of December 31, 2016 is the purchase of Imported disposable media bag (size 20 liters).
 - c. Inventories in the process of reimbursement as of December 31, 2016, primarily from the supply of packaging materials declared not to pass the test, have been agreed to replace entirely by the supplier in 2017.

Company has fixed assets with book value of Rp4 trillion, net of accumulated depreciation of Rp0.98 trillion.

COMPANY FINANCIAL REPORTS

NON-CURRENT ASSETS

(In Million Rupiah)

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015/2016	Difference 2016/ PACB	PACB 2017
	1	2	3	4	5	6	6/4	6/5	6-4	6-5	
NON CURRENT ASSET											
Deferred Tax Assets	11,746	14,447	17,874	22,087	25,835	23,585	6.78	(8.71)	1,498	(2,250)	30,416
Fixed Assets	985,019	1,126,086	1,163,473	3,605,537	4,529,929	3,998,187	10.89	(11.74)	392,650	(531,742)	5,851,363
Intangible Assets	13,365	20,214	37,855	36,005	30,190	38,634	7.30	27.97	2,629	8,444	22,843
Other Non Current Assets	1,694	956	766	21,253	694	12,493	(41.22)	1,701.30	(8,760)	11,800	10,191
Total Non Current Assets	1,011,824	1,161,703	1,219,969	3,684,882	4,586,647	4,072,899	10.53	(11.20)	388,017	(513,748)	5,914,812

Bio Farma's non-current assets in 2016 stood at Rp4.07 trillion, up Rp388.02 billion or 10.53% compared to that of 2015 of Rp3.68 trillion and 11.20% below the budget of Rp4.59 trillion or Rp513.75 billion below the budget.

The increase comes from:

1. Increased fixed assets: machines, factories and implementation utilities
 - a. Filling line BCG of Rp51.51 billion
 - b. Integrated WTP of Rp47.79 billion
 - c. Integrated filling line 3 vial of Rp93.48 billion
 - d. Integrated filling line for filling line 4 of Rp51.72 billion
 - e. Packaging line of Rp15.34 billion
 - f. Vial ampoule packaging line of Rp3.86 billion
 - g. Column chromatography system of Rp8 billion
 - h. Water chiller of Rp6 billion
- i. Rubber stopper/PV BCG of Rp4.4 billion
- j. Autoclave PMVV of Rp4.25 billion
- k. Isolator of Rp4.13 billion
- l. Bioreactor 150L of Rp3.26 billion
- m. TFF system of Rp1.86 billion
- n. Substation circuit for State Electricity Company (PLN) of Rp1.67 billion
2. Increase in total assets in the implementation of Rp321.34 billion
3. Increased office equipments and motor vehicles of Rp19, 20 billion
4. Increased buildings of 73.83 billion
5. Increased intangible assets of 2.63 billion



TOTAL ASSET

(In Million Rupiah)

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/Decrease (%)		Difference 2015/2016	Difference 2016/ PACB	PACB 2017
	1	2	3	4	5	6	6/4	6/5	6-4	6-5	
CURRENT ASSET											
Cash and Cash Equivalent	498,498	891,251	971,717	555,939	326,933	447,950	(19.42)	37.02	(107,989)	121,017	-
Efek Tersedia Untuk Dijual	-	-	25,600	-	-	-	-	-	-	-	-
Trade Receivables	220,544	288,246	257,260	507,746	329,584	288,626	(43.16)	(12.43)	(219,120)	(40,958)	-
Other Receivables	28	346	850	822	1,012	446	(45.72)	(55.92)	(376)	(566)	-
Inventories	161,924	204,899	326,600	462,558	448,145	708,564	53.18	58.11	246,006	260,420	-
Advances	18,363	38,623	50,412	102,353	658,438	54,052	(47.19)	(91.79)	(48,301)	(604,386)	-
Prepaid Taxes	103,185	96,972	154,008	242,720	340,675	298,817	23.11	(12.29)	56,097	(41,858)	-
Prepaid Expenses	1,530	1,590	4,767	10,163	13,781	12,137	19.42	(11.93)	1,974	(1,645)	-
Security Deposits	-	-	-	-	-	-	-	-	-	-	-
Accrued Income	1,889	3,104	2,726	1,592	-	800	(49.75)	-	(792)	800	-
Other Current Assets	27,903	17,870	30,698	111,888	58,853	38,162	(65.89)	(35.16)	(73,726)	(20,691)	-
Total Current Assets	1,033,864	1,542,901	1,824,639	1,995,781	2,177,422	1,849,555	(7.33)	(15.06)	(146,226)	(327,866)	2,358,153
NON CURRENT ASSET											
Deferred Tax Assets	11,746	14,447	17,874	22,087	25,835	23,585	6.78	(8.71)	1,498	(2,250)	30,416
Fixed Assets	985,019	1,126,086	1,163,473	3,605,537	4,529,929	3,998,187	10.89	(11.74)	392,650	(531,742)	5,851,363
Intangible Assets	13,365	20,214	37,855	36,005	30,190	38,634	7.30	27.97	2,629	8,444	22,843
Other Non-Current Assets	1,694	956	766	21,253	694	12,493	(41.22)	1,701.30	(8,760)	11,800	10,191
Total Non-Current Assets	1,011,824	1,161,703	1,219,969	3,684,882	4,586,647	4,072,899	10.53	(11.20)	388,017	(513,748)	5,914,812
Total Assets	2,045,688	2,704,604	3,044,607	5,680,663	6,764,069	5,922,454	4.26	(12.44)	241,791	(841,615)	8,272,965

Bio Farma's total assets in 2016 was recorded at Rp5.92 trillion, up by Rp241.79 billion or 4.26% compared to that of 2015 of Rp5.68 trillion and 12.44% under the budget of Rp6.76 trillion or Rp841.61 under the budget.

The figures mainly come from

Increase in inventories amounting to Rp246.01 billion, fixed assets in the implementation of Rp321.34 billion, and Rp118.09 billion in factory equipment and other equipment and Rp56.1 billion tax in advance and Rp73.83 billion for buildings.

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SHORT-TERM LIABILITIES, LONG-TERM LIABILITIES, AND TOTAL LIABILITIES

SHORT-TERM LIABILITIES

(In Million Rupiah)

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015/2016	Difference 2016/ PACB	PACB 2017
	1	2	3	4	5	6	6/4	6/5	6-4	6-5	
SHORT-TERM LIABILITIES											
Accounts payable	85,896	158,098	145,095	208,598	350,148	259,234	24.27	(25.96)	50,636	(90,914)	-
Tax debt	30,131	86,916	38,919	46,518	32,451	47,624	2.38	46.76	1,106	15,173	-
Accrued cost	66,464	112,781	128,280	170,308	113,422	113,405	(33.41)	(0.02)	(56,902)	(17)	-
Prepaid income	1,921	5,405	1,366	899	-	44	(95.09)	-	(855)	44	-
Other current liabilities	13,302	26,437	26,009	30,341	31,709	32,861	8.31	3.63	2,520	1,151	-
Total short-term liabilities	197,714	389,637	339,668	456,663	527,731	453,169	(0.77)	(14.13)	(3,494)	(74,562)	737,577

Bio Farma accounted short-term liabilities in 2016 amounting to Rp453.17 billion or decreased at Rp3.49 billion or 0.77% compared to that in 2015 of Rp456.66 billion and 14.13% below the budget of Rp527.73 billion or Rp74.56 billion below the budget.

The decrease comes from:

- Decrease in incomes in advance of Rp855 billion
- Decrease in raw/auxiliary materials by Rp20.24 billion in rupiah and Rp37.38 billion
- Decrease in the cost of Rp56.90 billion
 - Employee production service Rp24, 83 billion
 - Transport & embalage expenses of Rp7.87 billion
 - Export agency, royalty, and sales incentives of Rp2.50 billion
 - Maintenance & repair of Rp3.35 billion
 - Product quality monitoring of Rp3.70 billion
 - Inventory of buildings, machinery & factories in the settlement of Rp24.82 billion
 - Others of Rp2.07 billion

LONG-TERM LIABILITIES

(In Million Rupiah)

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/Decrease (%)	Increase/Decrease (%)	Difference 2015/2016	Difference 2016/PACB	PACB 2017
	1	2	3	4	5	6	6/4	6/5	6-4	6-5	
LONG-TERM LIABILITIES											
Long-term loans	-	-	-	-	457,500	-	-	-	-	(457,500)	
Estimated liability for post-employment benefits	41,441	48,371	136,368	152,022	177,089	167,133	9,94	(5,62)	15,111	(9,956)	
Other non-current liabilities	-	-	24,882	27,846	27,800	-	-	-	(27,846)	(27,800)	
Total long-term liabilities	41,441	48,371	161,250	179,868	662,389	167,133	(7,08)	(74,77)	(12,735)	(495,256)	1,485,333



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Bio Farma accounted long-term liabilities in 2016 amounting to Rp167.13 billion or decreased at Rp12.73 billion or 7.08% compared to that in 2015 of Rp179.87 billion and 74.77% below the budget of Rp662.39 billion or Rp495.26 billion below the budget.

The decrease comes from:

Decrease in other non-current assets of Rp27.85 billion. In 2014, the company entered into an agreement to carry out a grant-funded research

and development project of US\$ 2,918,998.00. This agreement is valid from November 17, 2014 to July 31, 2017 with periodic evaluations. As of December 31, 2016 the project has been completed in full accordance with the terms of the agreement and has been approved. Therefore, the company has recognized all grants as grant income as of December 31, 2016.

Total Liabilities

(In Million Rupiah)

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015/2016	Difference 2016/PACB	PACB 2017
	1	2	3	4	5	6	6/4	6/5	6-4	6-5	
SHORT TERM LIABILITIES											
Accounts payable	85,896	158,098	145,095	208,598	350,148	259,234	24.27	(25.96)	50,636	(90,914)	-
Tax debt	30,131	86,916	38,919	46,518	32,451	47,624	2.38	46.76	1,106	15,173	-
Accrued cost	66,464	112,781	128,280	170,308	113,422	113,405	(33.41)	(0.02)	(56,902)	(17)	-
Prepaid income	1,921	5,405	1,366	899	0	44	(95.09)	-	(855)	44	-
Long-term loans due within a year	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities	13,302	26,437	26,009	30,341	31,709	32,861	8.31	3.63	2,520	1,151	-
Total short-term liabilities	197,714	389,637	339,668	456,663	527,731	453,169	(0.77)	(14.13)	(3,494)	(74,562)	737,577
LONG-TERM LIABILITIES											
Long-term loans	-	-	-	-	457,500	-	-	-	-	(457,500)	-
Estimated liability for post-employment benefits	41,441	48,371	136,368	152,022	177,089	167,133	9.94	(5.62)	15,111	(9,956)	-
Other non-current liabilities	-	-	24,882	27,846	27,800	-	-	-	(27,846)	(27,800)	-
Total long-term liabilities	41,441	48,371	161,250	179,868	662,389	167,133	(7.08)	(74.77)	(12,735)	(495,256)	1,485,333
TOTAL LIABILITIES	239,155	438,008	500,919	636,532	1,190,121	620,302	(2.55)	(47.88)	(16,230)	(569,818)	2,222,910



Bio Farma accounted total liabilities in 2016 amounting to Rp620.30 billion or decreased at Rp16.23 billion or 2.55% compared to that in 2015 of Rp636.53 billion and 47.88% below the budget of Rp1.19 trillion or Rp569.82 billion below the budget.

The decrease comes from:

1. Decrease in accrued expenses of Rp56.91 billion
2. Decrease in revenues received in advance Rp854.58 million.

C. EQUITY

(In Million Rupiah)

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015/2016	Difference 2016/PACB	PACB 2017
	1	2	3	4	5	6	6/4	6/5	6-4	6-5	
EQUITY											
Capital stock	750,000	750,000	1,250,000	1,650,000	2,000,000	2,000,000	21.21	-	350,000	-	-
Retained profits (loss)	-	-	-	-	-	-	-	-	-	-	-
- Reserved	670,641	941,919	786,075	816,422	881,101	899,824	10.22	2.12	83,402	18,723	-
- Unreserved	-	675	-	(2484)	-	-	(100.00)	-	2,484	-	-
Current period profits	385,892	572,468	577,590	670,593	758,224	501,041	(25.28)	(33.92)	(169,552)	(257,183)	-
Other equity components	-	-	(69,976)	1,909,600	1,934,623	1,901,287	(0.44)	(1.72)	(8,313)	(33,336)	-
Total equity	1,806,533	2,265,062	2,543,689	5,044,132	5,573,948	5,302,152	5.12	(4.88)	258,021	(271,796)	6,070,005
TOTAL LIABILITIES AND EQUITY	2,045,688	2,703,069	3,044,608	5,680,663	6,764,069	5,922,454	4.26	(12.44)	241,791	(841,615)	8,292,915

Bio Farma accounted total equity in 2016 amounting to Rp5.30 trillion or increased at Rp258.02 billion or 5.12% compared to that in 2015 of Rp5.04 trillion and 4.88% below the budget of Rp5.57 trillion or Rp271.80 billion below the budget.

The increase comes from:

1. Stock capital
 - a. Pursuant to Decision of Minutes of General Meeting of Shareholders No. 34 dated December 14, 2016 and Decree of the Minister of Justice and Human Rights Republic of Indonesia No. AHU- 0024481. AH.01.02 of 2016 dated December 21, 2016, concerning Approval for Amendment of Company's Articles of Association of PT Bio Farma (Persero), the authorized capital of the company increased from Rp5 trillion (consisting of 5 million shares) to Rp 8 trillion (consisting of 8 million shares).
 - b. The company's issued and paid-up capitals increased from Rp1.65 trillion (consisting of 1.65 million shares) to Rp2 trillion (consisting of 2 million shares) by capitalizing a portion of the reserves up to December 31, 2015 of Rp350 billion.
 - c. Increase in retained earnings (loss) amounted to Rp899.82 billion or an increase of Rp83.40 billion or 10.22% compared to total equity of 2015 amounting to Rp816.42 billion and 2.12% over the budget of Rp881.10 billion or Rp18.72 billion over the budget.

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2. Retained earnings (loss)

In accordance with PER-09/MBU/ 07/2015 dated July 3, 2015 on the Partnership Program and Community Development Program of State-Owned Enterprises, the company allocates reserve funds for community development.

of Rp5.68 trillion and 12.44% below the budget of Rp6.76 trillion or Rp841.61 billion below the budget.

The increase comes from:

The increase of inventories of Rp246.01 billion, fixed assets in execution of Rp321.34 billion and an increase in factory equipment and other equipment of Rp118.09 billion. Equity increased at Rp258.02 billion from an increase in current year's profits.

TOTAL LIABILITIES AND EQUITY

Bio Farma accounted total liabilities and equity in 2016 amounting to Rp5.92 trillion or increased at Rp241.79 billion or 4.26% compared to that in 2015

BUSINESS SALES/INCOMES, EXPENSES AND PROFITS (LOSS), OTHER COMPREHENSIVE INCOME, AND TOTAL PROFITS (LOSS) AND OTHER COMPREHENSIVE INCOME**BUSINESS SALES/INCOMES****NET SALES**

(In Million Rupiah)

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015/2016	Difference 2016/ PACB	PACB 2017
	1	2	3	4	5	6	6/4	6/5	6-4	6-5	
NET SALES											
Company products	1,432,966	1,848,452	2,028,988	2,329,624	2,733,452	2,222,315	(4.61)	(18.70)	(107,309)	(511,137)	-
Merchandise	1,206	1,848	10,287	11,436	181,404	88,129	670.63	(51.42)	76,693	(93,275)	-
Services	3,469	3,382	4,805	4,858	4,100	5,315	9.40	29.64	457	1,215	-
Total net sales	1,437,642	1,853,682	2,044,080	2,345,918	2,918,956	2,315,759	(1.29)	(20.66)	(30,159)	(603,197)	2,940,215

Bio Farma accounted net sales in 2016 amounting to Rp2.32 trillion or decreased at Rp30.16 billion or 1.29% compared to that in 2015 of Rp2.35 trillion and 20.66% below the budget of Rp2.92 trillion or Rp603.20 billion below the budget.

The decrease comes from:

1. Decrease in company's product sales of 4.61% or Rp107.31 billion
2. Decrease in viral vaccines sales of Rp267.64 million
3. Decrease in combination vaccine sales of Rp56.36 million
4. Decrease in sera and diagnostics sales of Rp5.34 million
5. Decrease in Inovac rabies vero sales of Rp8.53 million
6. Decrease in Polyvalent Snake Anti Venom sales of Rp2.27 million



SERVICE SALES

1. Results from immunization sales come from vaccine and serum immunization services, while laboratory sales results are obtained from quality testing and laboratory testing services.
2. Starting on August 6, 2015 the service unit changed its status to Strategic Business Unit (SBU) under the name of Business Unit of Clinic and Immunization.

Company Product Sales per Product Segment/Category

(In Million Rupiah)

Description	2012				2013			
	Government	Private		Total	Government	Private		Total
		Local	Export			Local	Export	
PRODUCT SALES								
Bacterial vaccines	127,508	5,714	93,490	226,713	130,988	3,558	99,208	233,754
Viral vacciens	177,941	5,888	755,856	939,684	183,656	10,268	1,108,929	1,302,853
Combination vaccines	209,246	472	568	210,286	233,509	341	14,715	248,565
Sera & Diagnostics	559	56,022	-	56,581	571	63,064	-	63,635
Total	515,254	68,096	849,914	1,433,264	548,724	77,230	1,222,852	1,848,806
Reduced: sale cuts	-	(298)	-	(298)	-	(354)	-	(354)
Net product sales	515,254	67,798	849,914	1,432,966	548,724	78,680	1,222,852	1,848,452

(In Million Rupiah)

Description	2014				2015			
	Government	Private		Total	Government	Private		Total
		Local	Export			Local	Export	
PRODUCT SALES								
Bacterial vaccines	98,522	7,776	111,308	217,605	137,172	6,748	161,369	305,289
Viral vacciens	167,684	34,687	1,254,909	1,457,280	191,216	47,576	1,466,512	1,705,305
Combination vaccines	273,678	2,870	-	276,548	242,231	3,265	7,909	253,404
Sera & Diagnostics	76	90,149	15	90,240	-	80,664	25	80,689
Total	539,959	135,481	1,366,232	2,041,673	570,619	138,253	1,635,815	2,344,687
Reduced: sale cuts	-	(12,685)	-	(12,685)	-	(15,063)	-	(15,063)
Net product sales	539,959	122,796	1,366,232	2,028,988	570,619	123,190	1,635,815	2,329,624

(In Million Rupiah)

	PACB 2016					2016				
Description	Government	Private		Subsidiaries	Total	Government	Private		Subsidiaries	Total
		Local	Export				Local	Export		
PRODUCT SALES										
Bacterial vaccines	136,420	106,414	192,622	-	435,456	157,150	232,065	143,650	-	532,865
Viral vaccines	274,804	39,309	1,548,853	-	1,862,967	274,617	57,063	1,104,718	-	1,436,397
Combination vaccines	242,725	4,378	48,998	-	296,100	185,244	15,451	-	-	200,695
Sera & Diagnostics	-	135,293	-	-	135,293	-	74,696	-	-	74,696

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Description	PACB 2016					2016				
	Government	Private		Subsidiaries	Total	Government	Private		Subsidiaries	Total
		Local	Export				Local	Export		
Total	653,949	285,395	1,790,473	3,635	2,733,452	617,011	379,275	1,248,368	-	2,244,654
Reduced: sale cuts	-	-	-	-	-	-	(22,339)	-	-	(22,339)
Net product sales	653,949	285,395	1,790,473	3,635	2,733,452	617,011	356,936	1,248,368	-	2,222,315

Recapitulation of Company Product Sales per Product Segment/Category

(In Million Rupiah)

Category	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015/2016	Difference 2016/ PACB	RAKP 2017
	1	2	3	4	5	6	6/4	6/5	6-4	6-5	
PRODUCT SALES											
Bacterial vaccines	226,713	233,754	217,605	305,289	435,456	532,865	74.54	22.37	227,576	97,409	-
Viral vaccines	939,684	1,302,853	1,457,280	1,705,305	1,862,967	1,436,397	(15.77)	(22.90)	(268,907)	(426,569)	-
Combination vaccines	210,286	248,564	276,548	253,404	296,100	200,695	(20.80)	(32.22)	(52,710)	(95,405)	-
Sera & Diagnostics	56,581	63,635	90,240	80,689	135,293	74,696	(7.43)	(44.79)	(5,993)	(60,597)	-
Bio Farma Clinic & Immunization	-	-	-	-	3,635	-	-	-	-	(3,635)	-
Total	1,433,264	1,848,806	2,041,673	2,344,687	2,733,452	2,244,654	(4.27)	(17.88)	(100,033)	(488,798)	-
Reduced: sale cuts	(298)	(354)	(12,685)	(15,063)	-	(22,338,621)	48.30	-	(7,276)	(22,339)	-
Net product sales	1,432,966	1,848,452	2,028,988	2,329,624	2,733,452	2,222,315	(4.61)	(18.70)	(107,309)	(511,137)	2,452,728



**Net Sales of Bacterial Vaccine Products**

Bio Farma accounted bacterial vaccine sales in 2016 amounting to Rp532.86 million or increased at Rp227.58 billion or 74.54% compared to that in 2015 of Rp305.29 million and 22.377% over the budget of Rp435.46 million or Rp97.41 billion over the budget.

The increase comes from:

1. Compared to the PACB, The increasing number of meningitis vaccine sales that reached 218.23% of the budget or in higher nominal value of Rp118.23 billion from the budget
2. Compared to the number of bacterial vaccine sales in 2015, the increasing number of meningitis vaccine sales vaccine worth Rp218, 23 billion which in 2015 there is no sale of these products

Net Sales of Viral Vaccine Products

Bio Farma accounted viral vaccine sales in 2016 amounting to Rp1.44 trillion or decreased at Rp268.91 billion or 15.77% compared to that in 2015 of Rp1.70 trillion and 22.90% below the budget of Rp1.86 trillion or Rp426.57 billion below the budget.

The decrease comes from:

1. Compared to the PACB, as the switching tOPV to bOPV program or WHO's polio type 2 eradication from May 1, 2016, the polio bulk and tOPV 20 ds sales that respectively only reached 63.31% and 88.89% or each worth Rp430.59 billion and Rp16.16 billion below the budget
2. Compared to the number of viral vaccine sales in 2015, as the WHO's polio type 2 starting from May 1, 2016, the polio bulk and tOPV 10 ds sales decreased at 31.99% and 99.07% respectively or Rp349.39 billion and Rp87.79 billion, the switching to bOPV 10 ds products worth Rp59.93 billion and bOPV 20 ds sales increased at 50.41% or Rp76.56 billion; in

addition, there is an increase in sales of Hepatitis B infant vaccine of 52.98% or worth Rp33.35 billion.

Net Sales of Combination Vaccine Products

Bio Farma accounted combination vaccine sales in 2016 amounting to Rp200.70 billion or decreased at Rp52.71 billion or 20.80% compared to that in 2015 of Rp253.40 million and 32.22% below the budget of Rp296.10 billion or Rp95.41 billion below the budget.

The decrease comes from:

1. Compared to the PACB, Pentabio 5 ds vaccine stock in the regions is still sufficient from the government purchases in 2015 that for 2016 the number is reduced to 72.63% of the budget or down Rp70.74 billion and unrealized sales of Pentabio 10 ds to Unicef worth Rp33.36 billion of the budget because of contractual issue
2. Compared to the number of combination vaccine sales in 2015, the decrease in sales due to sufficient Pentabio 5 ds stock in the regions from government purchases in 2015 that for 2016 the purchase is reduced by 24.96% or decreased at Rp62.44 billion.

Net Sales of Sera and Diagnostics

Bio Farma accounted sera and diagnostics sales in 2016 amounting to Rp74.70 billion or decreased at Rp5.99 billion or 7.43% compared to that in 2015 of Rp80.69 billion and 44.79% below the budget of Rp135.29 million or Rp60.59 billion below the budget.

The decrease come from:

1. Compared to PACB, the decrease of PPD 2 TU and BIOSAT1.5 sales amounted to 19.00% and 75.69% respectively or below the budget of Rp46.54 billion and Rp13.83 billion due to the limited world's stock of PPD 2 TU as well as the low production capacity of serum for BIOSAT-1.5 compared to the market needs.

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2. Compared to total sales of sera and diagnostics in 2015, the decline in sales of ABU and PPD 2 TU serum is respectively 21.53% and 13.03% or Rp4.97 billion and Rp1.64 billion.

Net Sales of Merchandise and Service

Net Sales of Merchandise

(In Million Rupiah)

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015/2016	Selsih 2016/ PACB	RAKP 2017
	1	2	3	4	5	6	6/4	6/5	6-4	6-5	
GOVERNMENT	-										
Fluarix	-	-	-	-	-	-	-	-	-	-	-
Syringe	-	-	-	-	-	-	-	-	-	-	-
HPV 5 ds	-	-	-	-	98,000	18,377	-	-	18,377	18,377	-
Pneumo 23	-	-	-	-	-	45,988	-	-	45,988	45,988	-
PRIVATE											
HPV	-	-	-	-	-	22,804	-	-	22,804	22,804	-
Polyvalent Snake Anti Venom	1,206	1,848	2,641	3,393	1,172	1,125	(66.83)	-	(2,268)	1,125	-
HJ BD IPV 5 DS	-	-	7,769	-	-	-	-	-	-	-	-
Imovac Rabies Vero	-	-	-	8,529	7,232	-	-	-	(8,529)	-	-
Rabies Vaccines	-	-	-	-	5,000	-	-	-	-	-	-
Varicella Vacciens	-	-	-	-	70,000	-	-	-	-	-	-
Total	1,206	1,848	10,410	11,922	-	88,294	640.57	-	76,372	88,294	-
Reduced: sale cuts	-	-	(123)	(486)	-	(165)	(65.99)	-	321	(165)	-
Net merchandise sales	1,206	1,848	10,287	11,436	181,404	88,129	670.60	(51.42)	76,692	(93,275)	478,888

Bio Farma accounted merchandise sales in 2016 amounting to Rp88.13 billion or increased at Rp76.69 billion or 670.63% compared to that in 2015 of Rp11.44 billion and 51.42% below the budget of Rp181.40 billion or Rp93.28 billion below the budget.

The figures come from:

1. Compared to PACB, the IPV sales only amounted to 65.68% or under the budget of Rp33.63 billion and invalidated varicella vaccine sales from the budgeted Rp70.00 billion.
2. Compared to total merchandise sales in 2015, the increase in IPV and HPV sales amounted to Rp18.38 billion and Rp22.80 billion respectively, which in 2015 the products were not on sale.

Net Sales of Service

(In Million Rupiah)

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/Decrease (%)	Difference 2015/2016	Difference 2016-PACB	PACB 2017
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
Immunization	2,134	2,501	3,978	3,529	2,665	3,975	12.62	49.15	445	1,310
Laboratory	1,337	881	827	1,329	1,435	1,660	24.91	15.71	331	225
Total	3,471	3,382	4,805	4,859	4,100	5,635	15.98	37.44	776	1,535
Reduced: sale cuts	(2)	(0)	-	(0)	-	(320)	160.034	-	(320)	(320)
Total net service sales	3,469	3,382	4,805	4,859	4,100	5,315	9.39	29.64	456	1,215
Total product, merchandise, service sales	1,437,642	1,853,682	2,044,080	2,345,918	2,918,956	2,315,759	(1.29)	(20.66)	(30,159)	(603,197)

Bio Farma accounted service sales in 2016 amounting to Rp5.32 billion or increased at Rp457 billion or 9.39% compared to that in 2015 of Rp4.86 billion and 29.64% over the budget of Rp4.10 billion or Rp1.21 billion over the budget.

2. Compared to total sales of services in 2015, the increase in immunization service sales amounted to 12.63% or Rp446 million and laboratory services sales increased at 24.93% or Rp331 million.

The increase comes from:

1. Compared to PACB, immunization services sales increased at 49.15% or Rp1.31 billion over the budget and laboratory services sales increased at 15.71% or Rp225 million over the budget.



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Recapitulation of Company Product Sales

(In Million Rupiah)

Category	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015/2016	Difference 2016/ PACB	PACB 2017
	1	2	3	4	5	6	6/4	6/5	6-4	6-5	
PRODUCT SALES											
Bacterial vaccines	226,713	233,754	217,605	305,289	435,456	532,865	74.54	22.37	227,577	97,409	269,303
Viral vaccines	939,684	1,302,853	1,457,280	1,705,305	1,862,967	1,436,397	(15.77)	(22.90)	(268,907)	(426,569)	1,798,624
Combination vaccines	210,286	248,564	276,548	253,404	296,100	200,695	(20.80)	(32.22)	(52,709)	(95,405)	298,351
Sera & Diagnostics	56,581	63,635	90,240	80,689	135,293	74,696	(7.43)	(44.79)	(5,993)	(60,597)	86,450
Bio Farma Clinic & Immunization	-	-	-	-	3,635	-	-	(100.00)	-	(3,635)	-
Total	1,433,264	1,848,806	2,041,673	2,344,687	2,733,452	2,244,654	(4.27)	(17.88)	(100,033)	(488,798)	-
Reduced: sale cuts	(298)	(354)	(12,685)	(15,063)	-	(22,339)	48.30	-	(7,276)	(22,339)	-
Total net product sales	1,432,966	1,848,452	2,028,988	2,329,624	2,733,452	2,222,315	(4.61)	(18.70)	(107,309)	(511,137)	-
MERCHANDISE & SERVICE SALES											
Merchandise sales	1,206	1,848	10,410	11,922	-	88,294	640.57	-	76,372	88,294	-
Reduced: sale cuts	-	-	(123)	(486)	-	(165)	(65.99)	-	320	(165)	-
Total net merchandise sales	1,206	1,848	10,287	11,436	181,404	88,129	670.60	(51.42)	76,693	(93,275)	478,888
Service sales	3,471	3,382	4,805	4,859	4,100	5,635	15.98	37.44	776	1,535	-
Reduced: sale cuts	(2)	-	(0)	(0)	-	(320)	-	-	(320)	(320)	-
Total net service sales	3,469	3,382	4,805	4,858	4,100	5,315	9.40	29.64	457	1,215	859,308
Total product, merchandise, service sales	1,437,642	1,853,682	2,044,080	2,345,918	2,918,956	2,315,759	(1.29)	(20.66)	(30,159)	(603,197)	2,940,215

Net Sales of Company Products, Merchandise, and Services

Bio Farma accounted company product, merchandise, and service sales in 2016 amounting to Rp2.32 trillion or decreased at Rp30.16 billion or 1.29% compared to that in 2015 of Rp2.35 trillion and 20.66% below the budget of Rp2.92 trillion or Rp603.20 billion below the budget.

Product Net Sales per Business Segment Category

(In Million Rupiah)

Category	2012	2013	2014	2015	PACB 2016	2016	Increase/Decrease (%)		Difference 2015/2016	Difference 2016/PACB	PACB 2017
	1	2	3	4	5	6	6/4	6/5	6-4	6-5	
Government	515,254	548,724	547,728	570,619	751,949	681,376	19.41	(9.39)	110,757	(70,574)	795,573
Private sector	72,473	82,106	130,120	139,485	372,899	386,015	176.74	3.52	246,530	13,117	395,148
Export	849,914	1,222,852	1,366,232	1,635,814	1,790,473	1,248,368	(23.69)	(30.28)	(387,446)	(542,105)	1,749,494
Bio Farma Clinic & Immunization	-	-	-	-	3,635		(100.00)	-	-	(3,635)	-
Total net sales	1,437,641	1,853,682	2,044,080	2,345,918	2,918,956	2,315,759	(1.29)	(20.66)	(30,159)	(603,197)	2,940,215



Product Net Sales in Government Sector

Bio Farma accounted product sales in government sector in 2016 amounting to Rp681.38 billion or increased by Rp110.76 billion or at 19.41% compared to that in 2015 of Rp570.62 billion and 9.39% below the budget of Rp751.95 billion or by Rp70.57 billion.

The increase comes from:

1. Compared to PACB, the decline in product sales in government sector is caused by the sufficient stock of Pentabio 5 ds in the regions from the government purchases in 2015 that for 2016 the purchases were reduced to 74.50% of the budget or down Rp91.12 billion despite the Td 10 ds and 10 ds measles vaccine sales respectively reached 220.88% and 131.34% or increased at Rp27.20 billion and Rp20.09 billion over the budget.
2. Compared to the realization in 2015, product sales increased due to bOPV 20 ds sales worth Rp53.47 billion from the WHO's Polio type 2 eradication program starting May 1, 2016 and IPV sales worth Rp64.37 billion which was unavailable for sale in 2015. Meanwhile, Pentabio 5 ds sales decreased at 23.53% or Rp56.99 billion as a result of the sufficient stock from government purchases in 2015 that they were reduced in 2016

Product Net Sales in Private Sector

Bio Farma accounted product sales in private sector in 2016 amounting to Rp386.02 billion or increased at Rp246.53 billion or 176.74% compared to that in 2015 of Rp139.49 billion and 3.52% over the budget of Rp372.90 billion or Rp13.12 billion below the budget.

The increase comes from:

1. Compared to PACB, the increase in product sales in private sector is due to meningitis vaccine sales reaching 218.23% or exceeding budget to Rp118.23 billion despite sales of several under-budget products, such as BIOSAT1.5 and PPD 2 TU reaching only 75.69 % And 19.00% respectively or Rp13.83 billion and Rp46.54 billion below the budget.

2. Compared to the realization in 2015 product sales increased mainly due to an increase in meningitis vaccine and HPV sales respectively worth Rp218.23 billion and Rp22.80 billion which in 2015 there was no sale of the vaccines.

Product Net Sales in Export Sector

Bio Farma accounted product sales in export sector in 2016 amounting to Rp1.25 trillion or decreased at Rp387.45 billion or 23.69% compared to that in 2015 of Rp1.64 trillion and 30.28% below the budget of Rp1.79 trillion or Rp542.10 billion below the budget.

The decrease comes from:

1. Compared with PACB, export sales in Rupiah reached 69.72% or 73.90% in USD, and Rp542.10 billion or USD33.62 million below the budget. The figures from exports sales are mainly due to the WHO's Polio type 2 eradication program from May 1, 2016 that polio bulk and tOPV 20 ds sales respectively only reached 63.31% and 73.22% or Rp430.60 billion and Rp28.12 billion below the budget, and 10 ds measles vaccine export sales that only reached 55.65% or Rp31.53 billion below the budget, as well as the contractual issue with Unicef for the plan to sell Pentabio 10 ds vaccine worth Rp33.36 billion.

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2. Compared to the realization in 2015, export sales in rupiah decreased at 23.69% and 21.70% in USD, or Rp387.45 billion or USD26.38 million. The decline in export sales is mainly due to the WHO's Polio type 2 eradication program from May 1, 2016 that polio bulk, 10 ds tOPV and tOPV 20 ds sales worth Rp349.39 billion, Rp37.21 billion and Rp48.40 billion decreased 31.99%, 99.64% and 38.63% respectively despite an increase in sales of bOPV 20 ds by 50.41% or Rp76.56 billion.

BUSINESS EXPENSES

Basic Costs for Company Product Sale

(In Million Rupiah)

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015/2016	Difference 2016/PACB
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
Production costs	586,917	743,601	882,769	962,608	1,061,756	1,124,929	16.86	5.95	162,321	63,172
PRODUCT INVENTORY IN PROCESS										
Beginning of year	48,087	34,134	46,676	97,889	93,187	222,475	127.27	138.74	124,586	129,288
End of year	34,134	46,676	97,889	222,475	(102,291)	(357,924)	(260.88)	249.91	(580,399)	(255,633)
Production basic costs	600,870	731,059	831,555	838,022	1,052,652	989,480	18.07	(6.00)	151,458	(63,172)
ITEMS IN INVENTORY										
Beginning of year	31,059	46,963	42,582	65,775	121,684	33,162	(49.58)	(72.75)	(32,614)	(88,523)
Expired/damaged	3,229	14,561	38,040	16,833	-	(6,397)	(138.00)	#DIV/0!	(23,230)	(6,397)
Promotion, Damage, Contributed Replacement and Own Use	837	793	1,234	738	(679)	(1,830)	(347.82)	169.52	(2,568)	(1,151)
Basic costs for products available for sale	627,863	762,668	834,863	886,225	1,173,658	1,014,415	14.46	(13.57)	128,190	(159,243)
Sold for immunization	684	1,623	1,479	703	(378)	(679)	(196.59)	79.71	(1,381)	(301)
Year end inventory	46,963	42,582	65,775	33,162	(196,111)	(81,857)	(346.84)	(58.26)	(115,019)	114,253
Total production basic cost	580,216	718,463	767,609	852,361	977,169	931,879	9.33	(4.63)	79,518	(45,290)
Basic costs for subsidiary	-	-	-	-	1,284	-	#DIV/0!	(100.00)	-	(1,284)
Total basic costs for consolidated product sales	580,216	718,463	767,609	852,361	978,454	931,879	9.33	(4.76)	79,518	(46,575)

Bio Farma accounted basic costs for company product sales in 2016 amounting to Rp931.88 billion or increased at Rp79.52 billion or 9.33% compared to that in 2015 of Rp852.36 billion and 4.76% below the budget of Rp978.45 billion or Rp46.58 billion below the budget.

**The increase comes from:**

1. As the composition of the sales that are more for polio bulk sales, so the realization of basic costs for company product sales in 2016 is higher to 81.30% of the budget.
2. Increase in raw material usage of Rp118.91 billion.
3. Increase in personnel expenses of Rp19.58 billion.
4. Increase in maintenance & repair of Rp32.65 billion.
5. Increase in depreciation & amortization of Rp4.36 billion.
6. Increase in inventory of products in process at the beginning of the year of Rp124.58 billion.

Basic Costs for Merchandise Sales

(In Million Rupiah)

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015/2016	Difference 2016/ PACB
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
Early year inventory	84	40	34	1.313	-	2.011	53,08	-	697	2.011
Purchases	665	1.414	10.332	13.176	133.957	69.323	426,15	(48,25)	56.148	(64.633)
Available for sale	749	1.454	10.366	14.489	133.957	71.334	392,33	(46,75)	56.845	(62.623)
Expired/damaged	1	1	-	-	-	(470)	-	-	(470)	(470)
Used for Promotion, Replacement, Own Use and Donated	1	-	-	1.089	-	(908)	(183,35)	-	(1.997)	(908)
Used for immunization	191	263	226	224	-	(425)	(289,51)	-	(650)	(425)
Year end inventory	40	34	1.313	2.011	-	(1.077)	(153,57)	-	(3.088)	(1.077)
Total basic costs for merchandise sales	518	1.148	8.827	11.165	133.957	68.454	513,11	(48,90)	57.289	(65.503)

Bio Farma accounted basic costs for merchandise sales in 2016 amounting to Rp68.45 billion or increased by Rp57.29 billion or 513.11% compared to that in 2015 of Rp11.16 billion and 48.90% below the budget of Rp133.96 billion or Rp65.50 billion below the budget.

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The increase comes from:

1. Compared to PACB, basic costs for merchandise sales is below the budget due to the unavailability of Verorab, Rabies vaccine and Varicella vaccine sales, despite HPV sales that were not previously budgeted.
2. Compared to the realization in 2015, basic costs for merchandise sales increased because of the increase in basic costs for merchandise by 404.27% as well as the increase of the sales at 473.47% from the realization in 2015.
3. Increase in purchases of Rp56.15 billion.

Basic Costs for Service Sales

(In Million Rupiah)

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015/2016	Difference 2015/ PACB
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
Personnels	1.952	1.414	914	1.602	1.341	1.944	21,36	45,03	342	603.64
Use of finished products for immunization	684	1.623	1.479	703	378	679	(3,41)	79,71	(24)	301
Use of mechanisms for immunization	190	263	226	224	-	425	89,51	-	201	425
Use of auxiliary raw materials	-	-	-	45	131	81	80,24	(38,29)	36	(50)
Business trips	89	53	66	148	121	171	15,61	41,86	23	51
Professional services	-	-	-	481	-	410	(14,76)	-	(71)	410
Decreasing assets	73	117	218	229	278	175	(23,40)	(37,00)	(54)	(103)
Maintenance and repair	31	182	14	46	15	151	228,05	900,34	105	136
Insurance	1	1	2	2	3	2	(19,35)	(33,93)	(0)	(1)
Office expenses	66	-	-	182	68	273	49,98	304,36	91	206
Human resources development	-	-	-	35	-	101	189,66	-	66	101
Others	163	333	681	-	272	-	-	(100,00)	-	(272)
Total service costs	3.183	3.986	3.654	3.962	2.605	4.962	25,23	90,46	1.000	2.357
Total basic costs for product, merchandise, and service sales	583.917	723.597	780.090	867.488	1.115.016	1.005.294	15,89	(9,84)	137.806	(109.721)

Bio Farma accounted basic costs for service in 2016 amounting to Rp4.96 billion or increased by Rp1 billion or 25.23% compared to that in 2015 of Rp3.96 billion and 90.46% over the budget of Rp2.60 billion or Rp2.36 billion below the budget.

**The increase comes from:**

1. Increase in use of auxiliary raw materials of Rp35.85 billion
2. Increase in personnel expenses of Rp0.62 billion
3. Increase in office expenses, human resource development and improvement, maintenance and repair, business trips, and others

Total Basic Costs for Products, Merchandise, and Service Sales

Bio Farma accounted basic costs for product, merchandise, and service sales in 2016 amounting to Rp1 trillion or increased by Rp137.81 billion or 15.89% compared to that in 2015 of Rp867.49 billion and 9.84% below the budget of Rp1.11 trillion or Rp109.72 billion below the budget.

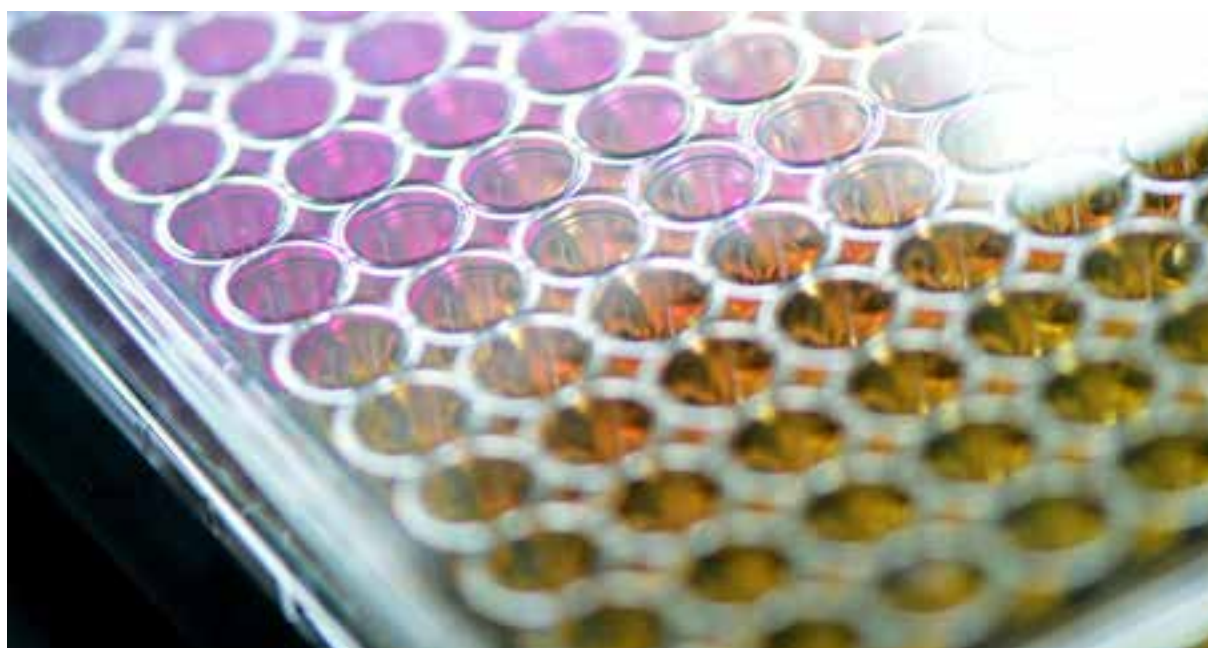
PROFITS (LOSS), OTHER COMPREHENSIVE INCOMES, AND TOTAL PROFITS (LOSS) AND OTHER COMPREHENSIVE INCOMES

(In Million Rupiah)

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/Decrease (%)		Difference 2015 - 2016	Difference 2016 - PACB
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
NET SALES										
Company products	1,432,966	1,848,452	2,028,988	2,329,624	2,733,452	2,222,315	(4.61)	(18.70)	(107,309)	(511,137)
Merchandise	1,206	1,848	10,287	11,436	181,404	88,129	670.63	(51.42)	76,693	(93,275)
Services	3,469	3,382	4,805	4,858	4,100	5,315	9.40	29.64	457	1,215
Total net sales	1,437,642	1,853,682	2,044,080	2,345,918	2,918,956	2,315,759	(1.29)	(20.66)	(30,159)	(603,197)
BASIC COSTS FOR SALES										
Company products	580,216	718,463	767,609	852,361	978,454	931,879	9.33	(4.76)	79,518	(46,575)
Merchandise	518	1,148	8,827	11,165	133,957	68,454	513.12	(48.90)	57,289	(65,503)
Services	3,183	3,986	3,654	3,962	2,605	4,962	25.23	90.43	1,000	2,356
Total basic costs for sales and services	583,917	723,596	780,090	867,488	1,115,016	1,005,294	15.89	(9.84)	137,806	(109,722)
GROSS PROFITS (LOSS)	853,724	1,130,085	1,263,991	1,478,430	1,803,940	1,310,465	(11.36)	(27.36)	(167,966)	(493,475)
Other incomes	53,159	152,838	118,630	129,064	18,110	164,728	27.63	809.58	35,664	146,617
Sale costs	(58,592)	(72,830)	(99,182)	(126,818)	(159,600)	(133,996)	5.66	(16.04)	(7,178)	25,604
Administrative and general expenses	(227,583)	(304,313)	(349,010)	(421,759)	(498,274)	(402,002)	(4.68)	(19.32)	19,758	96,273
Research, development, and surveillance expenses	(78,262)	(68,318)	(88,779)	(93,443)	(130,896)	(114,481)	22.52	(12.54)	(21,039)	16,415
Loan interest expenses	-	-	-	-	(125)	-	-	-	-	125
Other costs	(21,346)	(58,873)	(69,748)	(66,201)	(3,184)	(139,745)	111.09	4,288.53	(73,544)	(136,561)
Total	(332,624)	(351,496)	(488,089)	(579,157)	(773,970)	(625,497)	8.00	(19.18)	(46,340)	148,473
PROFITS (LOSS) BEFORE INCOME TAX	521,100	778,589	775,902	899,274	1,029,970	684,968	(23.83)	(33.50)	(214,306)	(345,002)

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Description	2012	2013	2014	2015	PACB 2016	2016	Increase/Decrease (%)		Difference 2015 - 2016	Difference 2016 - PACB
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
BENEFITS (COSTS) OF INCOME TAX										
Current taxes	(137,261)	(207,288)	(197,136)	(232,893)	(275,614)	(185,425)	(20.38)	(32.72)	47,468	90,188
Deferred taxes	2,053	1,166	3,427	4,213	3,871	1,498	(64.44)	(61.29)	(2,715)	(2,373)
Total income tax expenses	(135,208)	(206,121)	(193,709)	(228,681)	(271,743)	(183,927)	(19.57)	(32.32)	44,754	87,816
NET PROFITS (LOSS)	385,892	572,468	582,193	670,593	758,227	501,041	(25.28)	(33.92)	(169,552)	(257,186)
OTHER COMPREHENSIVE INCOMES										
Posts that Will Not Be Reclassified to Profits and Loss										
Net fixed assets revaluation surplus	-	-	-	1,980,782	0	0	(100.00)	-	(1,980,782)	-
Actuarial profits (loss)	-	-	(21,701)	(828)	(448)	(8,313)	903.70	1756.71	(7,485)	(7,865)
Unrealized profits (loss) on available-for-sale securities ownership	-	-	377	-	-	-	-	-	-	-
Posts that Will Be Reclassified to Profits and Loss										
Total current year other comprehensive incomes after tax	-	-	(21,323)	1,979,954	(448)	(8,313)	(100.42)	1756.71	(1,988,267)	(7,865)
TOTAL COMPREHENSIVE INCOMES	385,892	572,468	560,870	2,650,546	757,779	492,728	(81.41)	(34.98)	(2,157,819)	(265,052)





Gross Profits (Loss)

Bio Farma accounted gross profits (loss) in 2016 amounting to Rp1.31 trillion or decreased at Rp167.97 billion or 11.36% compared to that in 2015 of Rp1.48 trillion and 27.36% below the budget of Rp1.80 trillion or Rp493.48 billion below the budget.

Other Incomes

Increase in other incomes amounting to Rp35.67 billion comes from, among which, suppliers and customers of Rp745.91 million, grant incomes of Rp41.27 billion, allowance for receivables of Rp1.60 billion, import revenues of Rp496.83 million, and other incomes (in under Rp1 billion) of Rp2.87 billion.

Sale Costs

Increase in sale costs by Rp7.18 billion include personnel expenses of Rp4.23 billion, professional services of Rp836.69 million, maintenance & repairs of Rp1.41 billion, depreciation of fixed assets of Rp3.48 billion, export agency of Rp879.33 million, embalage of Rp3.56 billion, guarantee and loss of sales of Rp1.69 billion, and taxes of Rp204.21 million.

Administrative and General Expenses

Decrease in administrative and general expenses by Rp19.76 billion includes employee expenses of Rp28.42 billion, Board of Commissioners and Board of Directors expenses of Rp3.96 billion, human resources development and improvement of Rp3.89 billion, business trips of Rp1.75 billion, guest reception of Rp19 billion, and others of Rp1.39 billion.

Research, Development, and Surveillance Expenses

Increase in research, development, and surveillance expenses by Rp21.04 billion includes raw and auxiliary materials of Rp4.9 billion, professional services of Rp13 billion, employee expenses of Rp2.31 billion, fixed asset depreciation of Rp2.94 billion, and maintenance & repair of Rp1.15 billion.

Other Costs

Increase in other costs includes foreign exchange loss of Rp59.93 billion, tax correction and tax penalties of Rp10.57 billion and loan interest expense of Rp9.34 billion.

Profits before Income Tax

Bio Farma accounted profits before income tax in 2016 amounting to Rp684.97 billion or decreased by Rp214.31 billion or 23.83% compared to that in 2015 of Rp899.27 billion and 33.50% below the budget of Rp1.03 trillion or Rp345.00 billion below the budget.

The decrease comes from:

Increase in research, development, and surveillance expenses, and other costs.

Benefits (Costs) of Income Tax

Decrease in net income tax expenses by Rp44.75 billion includes current tax of Rp47.47 billion and deferred tax benefits (costs) of Rp2.71 billion.

Total Net Profits (Loss)

Bio Farma accounted net profits (loss) in 2016 amounting to Rp501.04 billion or decreased at Rp169.55 billion and net profit margin of 21.64% compared to that in 2015 of Rp670.59 billion, decreased at 25.28%, and 33.92% below the budget of Rp758.23 million or Rp257.19 billion below the budget.

The decrease comes from:

Increase in production basic costs as a result of declining polio bulk sales and increase in final sale of products with lower margins than polio bulk.

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Other Comprehensive Incomes**Other comprehensive incomes in current year after tax**

Bio Farma accounted other comprehensive incomes in current year after tax in 2016 amounting to Rp8.31 million or decreased by Rp1.99 trillion.

The decrease comes from:

1. Decrease in fixed asset revaluation surplus (fixed asset revaluation surplus represents the excess of the fair value of land revaluation at acquisition cost).
2. Increase in actuarial loss.

Total Comprehensive Incomes in the Current Year

Bio Farma accounted total comprehensive incomes in the current year in 2016 amounting to Rp492.73 billion or decreased by Rp2.16 trillion or 81.41% compared to that in 2015 of Rp2.65 trillion and 34.98% below the budget of Rp757,78 billion or Rp265.05 billion below the budget.

The decrease comes from:

Decrease in gross profits (loss), sales costs, research, development and surveillance expenses, loan interest expenses, other expenses, deferred tax, net fixed asset revaluation surplus.

CASH FLOW

(In Million Rupiah)

Description	2010	2011	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015/2016	Difference 2016/ PACB
	1	1	1	2	3	4	5	6	6/4	6/5	6-4	6-5
CASH FLOW FROM OPERATIONAL ACTIVITIES												
Cash revenues from customers	1,218,318	1,339,426	1,375,334	1,800,735	2,108,672	2,106,478	2,876,996	2,334,948	10.85	(18.84)	228,470	(542,048)
Tax revenues (retribution)	65,592	54	0	0	(314,959)	28,876	(458,463)	124,792	332.17	(127.22)	95,916	583,255
Interest revenues	3,530	4	3,138	12,823	35,395	37,422	15,000	7,960	(78.73)	(46.93)	(29,462)	(7,040)
Grants/donation from WHO	6,857	3	1,767	1,278	4,989	800	2,918	13,588	1,598.50	365.71	12,788	10,670
Other receipts (payments) - net	4,955	3	2,405	(19,156)	11,673	(23,774)	4,517	1,238	(105.21)	(72.59)	25,012	(3,279)
Insurance claims	226	10	-	-	107	-	-	-	-	-	-	-
Interest payments	(8,635)	(3)	-	-	-	-	(125)	(9,343)	-	7,374.00	(9,343)	(9,218)
Tantiem payments	(5,319)	(5)	(5,867)	(6,980)	(9,727)	(13,737)	-	(14,750)	7.38	-	(1,013)	(14,750)
Tax payments	0	-	(139,777)	(151,969)	0	(326,409)	0	(391,829)	20.04	-	(65,420)	(391,829)
Payments to suppliers and employees	(931,517)	(908)	(858,357)	(1,003,850)	(1,330,310)	(1,584,191)	(1,732,277)	(1,519,679)	(4.07)	(12.27)	64,512	212,597
Net cash flow received from (used for) operational activities	216,420	339	378,642	632,880	505,839	225,465	708,566	546,926	142.58	(22.81)	321,461	(161,640)
CASH FLOW FROM INVESTMENT ACTIVITIES												
Fixed asset purchases	(139,074)	(269)	(208,859)	(192,644)	(163,149)	(535,175)	(1,344,255)	(393,170)	(26.53)	(70.75)	142,005	951,085
Deposit insurance placements	-	-	-	-	(25,000)	25,000	-	-	-	-	(25,000)	-



Description	2010	2011	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015/2016	Difference 2016/ PACB
	1	1	1	2	3	4	5	6	6/4	6/5	6-4	6-5
Intangible asset purchases	(5,839)	(1)	(1,816)	(6,671)	(20,578)	(3,962)	(14,308)	(11,173)	181.97	(21.91)	(7,210)	3,135
Other asset sale results	381	274	20	138	-	-	-	-	-	-	-	-
Net cash flow received from (used for) investment activities	(14,4532)	(270)	(210,655)	(199,177)	(208,727)	(514,137)	(1,358,563)	(404,343)	(21.36)	(70.24)	109,795	954,220
CASH FLOW FROM FUNDING ACTIVITIES												
Short-term loan revenues	77,000	-	-	-	-	-	450,000	235,000	-	(47.78)	235,000	(215,000)
Short-term loan payments	(77,000)	-	-	-	-	-	-	(235,000)	-	-	(235,000)	(235,000)
Dividend payments	(21,768)	(25)	(57,460)	(113,938)	(228,987)	(145,015)	(203,434)	(234,707)	61.85	15.37	(89,692)	(31,273)
Partnership program and community development payments	(6,531)	(10)	-	-	-	(4,712)	-	-	-	-	4,712	-
Donation from WHO	-	-	-	-	-	-	-	-	-	-	-	-
Long-term loan revenues	101,000	-	-	-	-	-	-	-	-	-	-	-
Long-term loan payments	-	(101)	-	-	-	-	-	-	-	-	-	-
Paid-up capitals	-	-	-	-	-	-	(2,772)	-	-	-	-	2,772
Net cash flow received from (used for) funding activities	72,701	(135)	(57,460)	(113,938)	(228,987)	(149,727)	243,794	(234,707)	56.76	(196.27)	(84,980)	(478,501)
Net cash flow increase (decrease)	144,589	(66)	110,527	319,765	68,125	(438,398)	(406,202)	(92,123)	(78.99)	(77.32)	346,275	314,079
Influence of difference in cash and cash equivalents	(15,256)	(6)	16,100	72,988	12,341	22,621	-	(15,865)	(170.14)	-	(38,486)	(15,865)
Cash and cash equivalents at the beginning of year	314,794	444	371,871	498,498	891,251	971,717	733,136	555,939	(42.79)	(24.17)	(415,778)	(177,196)
Cash and cash equivalents at the end of year	444,127	372	498,498	891,251	971,717	555,939	326,933	447,950	(19.42)	37.02	(107,989)	121,017

Cash Flow from Operational Activities

Bio Farma accounted cash flow from operational activities in 2016 amounting to Rp546.93 billion or Rp321.46 billion or 142.58% compared to that in 2015 of Rp225.46 billion and 22.81% below the budget of Rp708.57 billion or Rp161.64 billion below the budget.

The increase comes from:

1. Increase in cash revenues from customers in 2016 of Rp228.40 million, which is 2.33 trillion compared that in 2015 of Rp2.11 trillion
2. Increase in tax revenues (retribution) in 2016 by Rp95.92 billion, which is Rp124.79 billion compared to that in 2015 of Rp28.88 billion.

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3. Increase in WHO grants/donations in 2016 by Rp12.79 billion, which is Rp13.59 billion compared to that 2015 of Rp500 million.
4. Increase in tax payments in 2016 by Rp65, 42 billion, which is Rp391.83 billion compared to that in 2015 of Rp326.41 billion.

Cash Flow from Investment Activities

Bio Farma accounted cash flow from investment activities in 2016 amounting to Rp404.34 billion or decreased at Rp109.79 billion or 21.36% compared to that in 2015 of Rp514.14 billion and 70.24% below the budget of Rp1.36 trillion or Rp954.22 billion below the budget.

The decrease comes from:

Decrease in fixed asset purchase placements by Rp142 billion and deposit insurance placements amounting to Rp25 billion.

Cash Flow from Funding Activities

Bio Farma accounted cash flow from funding activities in 2016 amounting to Rp234.71 billion or increased at Rp84.98 billion or 56.76% compared to that in 2015 of Rp149.73 billion and 196.27% below the budget of Rp243.79 billion or Rp478.50 billion below the budget.

The increase comes from

1. Increase in short-term loan revenues of Rp235 billion.
2. Increase in dividend payments of Rp89.69 billion.

Cash and Cash Equivalents at the End of Year

Bio Farma accounted cash and cash equivalents at the end of year in 2016 amounting to Rp447.95 billion or decreased at Rp107.99 billion or 19.42% compared to that in 2015 of Rp555.94 billion and 37.02% over the budget of Rp107.99 billion or Rp121.02 billion over the budget.

The decrease comes from

Decrease in net cash, influence of difference in cash and cash equivalents, and cash and cash equivalents at the beginning of year.



COMPANY'S ABILITY TO SETTLE LOANS AND LEVEL OF RECEIVABLE COLLECTIBILITY

ABILITY TO SETTLE SHORT-TERM AND LONG-TERM LOANS

The ability to settle liabilities is reflected in the ratio of short-term liabilities to equity which is recorded at 8.55% in 2016. This ratio is better than that in 2015 of 9.05%. Meanwhile, the long-term liabilities to equity ratio decreased from 3.57% in 2015 to 3.15% in 2016. Overall ratio of total liabilities to equity is not better than that in 2015, from 12.62% to 11.70% in 2016.

The figures come from:

1. Decrease in incomes received in advance by 95.09% to Rp.44 million, from Rp.899 million or Rp855 million below the budget.
2. Decrease in the accrued expenses by 22.05% to Rp113.40 billion, from Rp145.49 billion or Rp32.08 billion below the budget.
3. Decrease in other non-current liabilities by 100% to Rp0, from Rp27.85 billion compared to that in 2015 and 100% compared to the budget of Rp27.80 billion or Rp27.8 billion in accordance with the budget.

(In Million Rupiah)

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015/2016	Difference 2016/PACB
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
SHORT-TERM LIABILITIES										
Business loans	85,896	158,098	145,095	208,598	350,148	259,234	24.27	(25.96)	50,636	(90,914)
Tax loans	30,131	86,916	38,919	46,518	32,451	47,624	2.38	46.76	1,106	15,173
Accrued costs	66,464	112,781	128,280	170,308	113,422	113,405	(33.41)	(0.02)	(56,902)	(17)
Incomes received in advance	1,921	5,405	1,366	899	-	44	(95.09)	-	(855)	44
Other current liabilities	13,302	26,437	26,009	30,341	31,709	32,861	8.31	3.63	2,520	1,151
Total short-term liabilities	197,714	389,637	339,668	456,663	527,731	453,169	(0.77)	(14.13)	(3,494)	(74,562)
LONG-TERM LIABILITIES										
Long-term loans	-	-	-	-	457,500	-	-	-	-	(457,500)
Liabilities estimated for post-employment benefits	41,441	48,371	136,368	152,022	177,089	167,133	9.94	(5.62)	15,111	(9,956)

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015/2016	Difference 2016/PACB
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
Other non-current liabilities	-	-	24,882	27,846	27,800	-	(100,00)	(100.00)	(27,846)	(27,800)
Total long-term liabilities	41,441	48,371	161,250	179,868	662,389	167,133	(7,08)	(74.77)	(12,735)	(495,256)
TOTAL LIABILITIES	239,155	438,008	500,919	636,532	1,190,121	620,302	(2,55)	(47.88)	(16,230)	(569,818)
EQUITY										
Stock capitals	750,000	750,000	1,250,000	1,650,000	2,000,000	2,000,000	21,21	-	350,000	-
Profits (loss)										
- Reserved	670,641	941,919	786,075	816,422	881,101	899,824	10,22	2.12	83,402	18,723
- Unreserved	-	675	-	(2484)	-	-	(100,00)	-	2,484	-
Profits in current period	385,892	572,468	577,590	670,593	758,224	501,041	(25,28)	(33.92)	(169,552)	(257,183)
Other equity components	-	-	(69,976)	1,909,600	1,934,623	1,901,287	(0,44)	(1.72)	(8,313)	(33,336)
TOTAL EQUITY	1,806,533	2,265,062	2,543,689	5,044,132	5,573,948	5,302,152	5,12	(4.88)	258,021	(271,796)
TOTAL LIABILITIES AND EQUITY	2,045,688	2,703,070	3,044,608	5,680,663	6,764,069	5,922,454	4,26	(12.44)	241,791	(841,615)
Debt to Equity	13.24%	19.34%	19.69%	12.62%	21.35%	11.70%	(7.29)	(45.20)	(0.01)	(0.10)
Short-term liabilities/equity	10.94	17.20	13.35	9.05	9.47	8.55	(5.59)	(9.73)	(0.51)	(0.92)
Long-term liabilities/equity	2.29	2.14	6.34	3.57	11.88	3.15	(11.60)	(73.47)	(0.41)	(8.73)
Total liabilities/equity	13.24	19.34	19.69	12.62	21.35	11.70	(7.29)	(45.21)	(0.92)	(9.65)

COMPANY'S LEVEL OF RECEIVABLE COLLECTIVITY

Receivable Collectivity

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/Decrease (%)	Increase/Decrease (%)	Difference 2015/2016	Difference 2016/PACB
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
Collection period	55.99	56.76	45.94	79.00	41.25	45.49	(42.29)	10.52	(33.41)	4.34
Average A/R	6.52	6.43	7.95	4.62	8.86	8.02	73.66	(9.41)	3.40	(0.83)

Receivable collectivity is influenced by Bio Farma's ability to collect the receivables. At the end of 2016, collection period shows a decrease at 42.29% to 45.49 days compared to that in 2015 of 79 days.

To reduce the risk of default buyers, Bio Farma implements the policy of distributors to not make payments or to make late payments as follows:

1. Subjected to 1% fine of invoice value for each day of late payment calculated on calendar day (stated in distributorship agreement article 12)
2. Postponement of goods until the payments are settled (SOPs and distributorship agreements)

3. Conducted claim on the distributor's warranty bank; the claim is filed by the Private Sector Sale Division to the Financial Administration Division which will proceed to the bank or insurance company issuing the Bank Guarantee. (Bank Guarantee is listed in Distributorship Agreement Article 12 and SOP)
4. The amount of Bank Guarantee is determined by Marketing



The 6th Annual Meeting Islamic Development Bank with theme "Self-Reliance in Vaccine Production (SRVP)", which was held in Bandung in August 2010, was an important milestone for Bio Farma in expanding market reach of our vaccine products in Islamic countries, especially countries in the Arabian Peninsula. Since then, Bio Farma has become a pioneer in independent vaccine production among Organization of Islamic Cooperation (OIC) countries.

CAPITAL STRUCTURE AND MANAGEMENT POLICY ON CAPITAL STRUCTURE

Bio Farma prepares the Capital Plan based on reviews and assessments of the required capital adequacy and overview of the latest economic developments. The Capital Plan is prepared by the Board of Directors as part of the Company's Business Plan and approved by the Board of Commissioners. Company constantly links the financial objectives and capital adequacy to risk through the process of capital planning, as well as with the business based on the company's capital and liquidity requirements. The need for capital is planned and discussed regularly and supported by analytical data.

Company's objective of managing capital is to protect the capability in maintaining business progression, so that it can continue to provide returns for the shareholders and benefits for other stakeholders, and to maintain an obtrusive capital structure in order to reduce capital costs.

To maintain or adjust the capital structure, company may modify the amount of dividends paid to the shareholders. Company shall also monitor the capitals based on the ratio of debt to equity. This ratio is calculated by dividing the amount of debt by total capital. Debts represent the amount of liabilities in consolidated financial statements.

Capitals consist of all existing equity components as well as the amounts in the consolidated financial statements. Capital structure is a balance between the use of internal capitals and loans/debts consisting of short-term debts and long-term debts.

MANAGEMENT POLICY FOR THE CAPITAL STRUCTURE AND THE BASIS OF THE POLICY SELECTION

Management policy concerning capitals is aimed at ensuring that company has strong capitals and creating a strong capital structure to support the current business expansion strategy and to sustain future development. In addition, the capital policy is set to meet the capital adequacy requirements prescribed by the regulators and to ensure that company's capital structure is effective and efficient.

Company determines the amount of capital in proportion with the risk. It also manages the capital structure and makes adjustments with due regard to changes in economic conditions and underlying characteristics of asset risk.

Therefore, Bio Farma has set optimal capital structure policy in order to maximize the value of the company.

DEBT TO CAPITAL RATIO

Company's ability to settle its obligations can be measured through liquidity ratio and solvability ratio. The ratios are also an indicator in calculating the possible risks that may arise in company's operational activities. This encourages us to continuously control financial performance in a sustainable manner.



During 2016, Bio Farma maintains a strategy implemented in the year that is to maintain the ratio of debt to the maximum capital which is liability to equity of 12.62% in 2015 to 11.70% in 2016.

The ratio of debt to equity as of December 31, 2016 and December 31, 2015 is as follows:

(In Million Rupiah)

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015/2016	Difference 2015/PACB
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
TOTAL LIABILITIES	239,155	438,008	500,919	636,531	1,190,121	620,302	(2.55)	(47.88)	(16,229)	(569,818)
TOTAL EQUITY	1,806,533	2,265,062	2,543,689	5,044,131	5,573,948	5,302,152	5.12	(4.88)	258,021	(271,796)
DEBT TO CAPITAL RATION/ SOLVABILITY (%)	13,24	19,34	19,69	12,62	21,35	11,70	(7.29)	(45.21)	(0,92)	(9,65)

Capital Structure

(In Million Rupiah)

Description	2012		2013		2014		2015		PACB 2016		2016	
	1	2	3	4	5	6	7	8	9	10	11	12
	Rp	%	Rp	%	Rp	%	Rp	%	Rp	%	Rp	%
Total short-term liabilities	197,714	9,66	389,637	14,41	339,668	11,16	456,663	8.04	527,731	7.80	453,169	7,65
Total long-term liabilities	41,441	2,03	48,371	1,79	161,250	5,30	179,868	3.17	662,389	10	167,133	2,82
TOTAL LIABILITIES	239,155	11,69	438,008	16,20	500,919	16,45	636,532	11.21	1,190,121	17.59	620,302	10,47
TOTAL EQUITY	1,806,533	88,31	2,265,062	83,80	2,543,689	83,55	5,044,132	88.79	5,573,948	82.41	5,302,152	89,53
TOTAL LIABILITIES AND EQUITY	2,045,688	100,00	2,703,070	100,00	3,044,608	100,00	5,680,663	100.00	6,764,069	100.00	5,922,454	100,00

CAPITAL STRUCTURE AND MANAGEMENT
POLICY ON CAPITAL STRUCTURE

Description	Increase/ Decrease (%)	Increase/ Decrease (%)	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015/ 2016	Difference 2015/ PACB	Difference 2015/2016	Difference 2015/ PACB
	11/7	11/9	12/8	12/10	11-7	11-9	12-8	12-10
Total short-term liabilities	(0.77)	(14.13)	(4.82)	(1.93)	(3,494)	0.86	(0.39)	(0.15)
Total long-term liabilities	(7.08)	(74.77)	(10.87)	(71.18)	(12,735)	0.25	(0.34)	(6.97)
Total Liabilities	(2.55)	(47.88)	(6.53)	(40.47)	(16,229)	0.52	(0.73)	(7.12)
Total Equity	5.12	(4.88)	0.82	8.64	258,021	0.95	0.73	7.12
Total Liabilities And Equity	4.26	(12.44)	(0.00)	-	241,792	0.88	(0.00)	-

Liquidity

Description	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015/2016	Difference 2015/PACB
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
Total current assets	1,033,864	1,542,901	1,824,639	1,995,781	2,177,422	1,849,555	(7.33)	(15.06)	(146,226)	(327,866)
Total short-term	197,714	389,637	339,668	456,663	527,731	453,169	(0.77)	(14.13)	(3,494)	(74,562)
Ratio (%)	422,91	295,98	437,18	337,04	312,60	308,14	(8.57)	(1.43)	(28,90)	(4,46)



MATERIAL COMMITMENTS FOR CAPITAL EXPENDITURES IN FINAL BOOK YEAR

REALIZATION OF INVESTMENTS IN 2016 OF RP542.67 BILLION OR 47.46% OF THE BUDGET OF RP1.03 TRILLION, COMPARED TO THAT IN 2015 OF RP544.97 BILLION.

PARTNERS IN COMMITMENT

The Company enters into transactions with related parties. The Company policy provides that the pricing of these transactions is equal to those made with third parties.

Account Balance with Related Parties

(In Million Rupiah)

Account	31 Januariy2015		31 January 2016	
	Total	%	Total	%
Cash and Cash Equivalent (Notes 3)	555,939,258,294	9,79%	441,042,856,520	7,42%
Trade Receivables (Notes 5)	17,298,055,107	0,30%	12,280,577,813	0,21%
Other Receivables (Notes 6)	1,302,637,458	0,02%	1,302,637,458	0,02%
Down payments for local purchases (Note 8)	16,044,202,629	0,28%	834,000,000	0,00%
Accrued revenues (Note 11)	1,591,887,435	0,03%	221,375,000	0,00%

ACCOUNT PAYABLES (NOTE 16)

Koperasi Karyawan Bio Farma (Bio Farma's Employee Cooperative)	8,174,576,205	0,14%	14,869,209,176	0,25%
CV Karya Cahya Abadi	1,180,481,303	0,02%	1,652,232,908	0,03%
PT Pembangunan Perumahan (Persero), Tbk	4,392,144,317	0,08%	8,351,209,045	0,14%
PT Wijaya Karya (Persero)	769,068,182	0,01%	-	0,00%
PT Kimia Farma, Tbk	419,689,563	0,01%	160,990,986	0,00%
PT INTI	-	0,00%	71,221,650	0,00%
Total	14,935,959,570	0,26%	25,104,863,765	0,42%

Capital expenditure is a spending activity used to purchase a fixed asset or to add fixed asset value which is expected to provide future benefit value. Throughout 2016, Bio Farma has undertaken a material commitment on capital expenditure with various parties described as follows:



Characteristics of Commitment

(In Million Rupiah)

Related Parties	Objective	Source of Fund
State-owned banks	Cash and cash equivalents	Company's Budget and Activity Plan (CBAP) 2016
PT. Kimia Farma (Persero) Tbk.	Product sales	CBAP 2016
PT Indofarma Global Medika	Product sales	CBAP 2016
PT Rajawali Nusantara Indonesia	Product sales	CBAP 2016
PT Iglas (Persero)	Other receivables	-
PT. PP (Persero) Tbk	Investment purchases	CBAP 2016
PT Adhi Karya	Investment purchases	CBAP 2016
K2BF	Goods and investment purchases	CBAP 2016
CV KCA	Goods and investment purchases	CBAP 2016
Other related parties	Others under Rp1 billion	CBAP 2016

PURPOSES OF MATERIAL COMMITMENTS FOR CAPITAL EXPENDITURE IN 2016 BOOK YEAR

In 2016, Bio Farma has entered material commitments for capital expenditure with several partners with procurement objectives related to the WHO & GMP Assessments, Replacement, WWTP/K3/Environment, Capacity Building, Research and Development, and New Products.

Realization of investments in 2016 amounting to Rp542.67 billion or 52.54% of the budget of Rp1,03 trillion, decreased by 0.42% compared to that in 2015 amounting to Rp544.97 billion. See the section on "Capital Expenditure, on Financial Review (Realization of Capital Expenditures in Final Book Year)."

SOURCE OF FUNDS EXPECTED TO MEET THE COMMITMENTS

Funding sources for capital expenditures come from company's internal funds from PACB 2016.

DENOMINATED CURRENCY

The denominated currency is Rupiah. Transactions in foreign currencies are translated into Rupiah using the exchange rate at the date of the transaction.

At the reporting date of financial statement, financial account in foreign currencies is translated into Rupiah using the Bank Indonesia middle rates on such date, as follows:



Description	2012	2013	2014	2015	2016
	Rp	Rp	Rp	Rp	Rp
1 Euro (EUR)	12,809.86	16,821.44	15,133.26	15,069.67	14,161.55
1 US Dollar (USD)	9,670.00	12,189.00	12,440.00	13,759.00	13,436
1 Australian Dollar (AUD)	10,025.39	10,875.66	10,218.22	10,064.16	9,724.31
1 Singaporean Dollar (SGD)	7,907.12	9,627.99	9,422.10	9,751.19	9,298.92
1 Great British Pound sterling (GBP)	15,578.86	20,096.63	19,370.33	20,451.11	16,507.51
1 Swiss Frank (CHF)	10,596.70	13,731.78	12,582.82	13,951.29	13,177.76
1 Danish Krone (DKK)	1,717.16	2,254.99	2,031.90	2,019.32	1,905.09
1 Japanese Yen (JPY)	111.97	116.17	104.24	114.52	115.4

COMPANY'S PLANNED STEPS TO PROTECT THE RISKS OF RELATED FOREIGN CURRENCY POSITION

FINANCIAL RISKS

The main financial risks faced by company include credit risk, currency risk, interest rate risk and liquidity risk. Through the risk management approach, the Company tries to minimize the potential negative impacts of the aforementioned risks.

Credit Risk

Credit risk is the risk in which one of the parties to a financial instrument fails to fulfill its obligations and causes financial loss to the other. Company's financial instruments that have potential credit risk consist of cash and cash equivalents in banks, accounts receivable, and other receivables. The maximum amount of credit risk exposure is equal to the carrying amount of those accounts.

For credit sale risk, the Company requires a bank guarantee or LC with a certain limit. For credit risk associated with the bank, only banks with a good reputation are selected. In addition, company's policy is not to limit exposure to only one particular institution, so that cash and cash equivalents are still available in various banks.

The table below illustrates the Company's maximum exposure to credit risk and risk concentrations:

(In Million Rupiah)

Description	2015			2016		
	Credit Risk Concentration		Maximum Exposure	Credit Risk Concentration		Maximum Exposure
	Institution	Others		Institution	Others	
Accounts receivable	507,746,089,376	-	507,746,089,376	288,626,423,903	-	288,626,423,903
Other Receivables	1,302,637,458	3,194,971,060	4,497,608,518	1,302,637,458	446,140,212	1,748,777,670
Total	509,048,726,834	3,194,971,060	512,243,697,894	289,929,061,361	446,140,212	290,375,201,573

MATERIAL COMMITMENTS FOR CAPITAL EXPENDITURES IN FINAL BOOK YEAR

Currency Risk

Currency risk is the risk of fluctuations in the value of financial instruments due to changes in foreign currency exchange rates. Company uses foreign currency in procurement transactions with foreign parties as well as in operational expenses that bears a risk of foreign exchange fluctuations against the Rupiah as the transaction takes place until payment is made or received.

In addition to transactional exposure that may cause future cash flows to come in upon receiving or making payments, company is also susceptible to economic exposure from international trade transactions. We will face the risk of impairment or increase in costs due to fluctuations in the exchange rate so that the product selling price becomes less competitive compared to either competitors in the global market or foreign competitors in the domestic market.

Export- revenue proceeds dominated in US Dollar (USD) indirectly is a natural hedging against exposure to exchange rate fluctuations. However, since the position of revenue in foreign currency is greater than the long position, as well as expenditure for the procurement of imported goods in non-USD foreign currency, the Company has significant exposure to foreign currency fluctuations.

To avoid the risk of exchange rate fluctuations, company exercises natural hedging by balancing foreign currency receipts and expenditures through maintaining foreign currency balance as required, transferring the purchasing price of goods/services with overseas vendors from non-USD to USD, and selling the remaining needs of the USD gradually according to the projected demands of cash flow and market prices.

Interest Rate Risk

Interest rate risk is the risk of fluctuations in the value of financial instruments caused by changes in market rates.

Company monitors the impact of interest rate movements to minimize negative impressions to the company. The table below illustrates the details of the Company's financial asset maturity of the Company's financial assets and liabilities affected by the interest rate.

(In Million Rupiah)

Description	December 31, 2015				31 Desember 2016			
	Floating Rate	Fixed Rate	Total		Floating Rate	Fixed Rate	Total	
	Less than a year	Less than a year			No interest	Less than a year		
ASSETS								
Cash and Cash Equivalents	346,754,915,461	209,001,583,500	182,759,333	555,939,258,294	175,710,469,720	272,050,386,800	189,469,748	272,239,856,548
Total financial assets	346,754,915,461	209,001,583,500	182,759,333	555,939,258,294	175,710,469,720	272,050,386,800	189,469,748	272,239,856,548
Total interest rate gap	346,754,915,461	209,001,583,500	182,759,333	555,939,258,294	175,710,469,720	272,050,386,800	189,469,748	272,239,856,548



Liquidity Risk

Liquidity risk is a risk that the Company will have difficulty in obtaining funds to meet the commitments on financial instruments.

Company manages liquidity risk by maintaining sufficient cash and cash equivalents to enable the fulfillment of commitments to all parties and to monitor the projection and actual cash flow continuously, as well as to oversee the maturity of financial assets and liabilities.

Following up WHO's 2013-2018 Global Polio Eradication Program approved by the WHO Executive Board in 2013, where one of its urgent decisions is to gradually eliminate all oral polio vaccines.

The strategy to minimize risk is by moderately discontinuing the production of tOPV (trivalent oral polio vaccine) by the manufacturers and implementing restriction on tOPV products up by switching them to bOPV (bivalent oral polio vaccine) completed end of April 2016.

Indonesia's commitment to eradicate National Polio by 2020 has been followed up by the Ministry of Health with the transition of 95% of the use of tOPV to bOPV gradually by April 4, 2016, the introduction of IPV (Inactivated Polio Vaccine) as the replacement product in routine immunization programs, the withdrawal of tOPV and its pulling down from April 4-30, 2016 all over the country, both in private and government sectors.

Fair Value of Financial Assets and Liabilities

Fair value is the amount at which assets can be exchanged, or liabilities can be settled by arms length transaction.

The Company takes into account the fair value of short-term financial assets and liabilities close to their carrying values due to insignificant discounting.

As of December 31, 2016, none of the Company's financial liabilities are classified as long-term loans.

The fluctuations of Rupiah against foreign currencies may have an impact on the Company's financial condition.

During this time, the Company has taken steps to protect the risk of foreign exchange changes by applying natural hedging policy, and the Company is still studying the impact of hedging application on changes in financial transactions.



CAPITAL EXPENDITURES REALIZED IN THE FINAL BOOK YEAR

JENIS INVESTASI BARANG MODAL

The capital expenditures in Bio Farma consist of two types:

1. Investments based on the use:

- a. Regular:
 - Assessment from WHO & GMP
 - Replacement
 - WWTP /OHS/Environment/QC
- b. Development:
 - Capacity improvement
 - Research and development/basic research/development
 - New products

2. Investments based on the category:

- a. Office inventory
- b. Factory inventory
- c. Other inventories
- d. Building inventory
- e. Motor vehicle inventory
- f. Intangible asset
- g. Land investment

Bio Farma's financial strategy is focused on managing the funds as best possible by continuing to strive for growth.

Since 2015, Bio Farma has begun preparing a new land as Life Science Park in Jasinga Bogor-West Java. Currently, activities from Corporate Social Responsibility (CSR) program as social safety net, such as access to medicine and clean water treatment have been initiated, so that local people and local government may welcome Bio Farma in the community. In addition, to increase capital expenditure, Bio Farma has also conducted research, development and surveillance, investments in the implementation including Vaccine Manufacturing and

Packaging Facilities, Heritage Building Restoration and Distribution Building Renovation (Distribution and Administration facilities), Integrated Filling Line BCG, Integrated WTP, and Packaging Line.

Bio Farma's investment policy focuses on the expeditious operation and fulfillment of long-term goals of the company. The types of capital expenditure are made primarily for the purposes of development projects in the form of machineries and equipment.

THE OBJECTIVE OF CAPITAL EXPENDITURE

The objective of capital expenditure for the purposes of company's development is to increase company's value through expansion of production capacity, increasing production efficiency, and business line diversification.

CAPITAL EXPENDITURE VALUE IN THE FINAL BOOK YEAR

Bio Farma accounted realization of investments in 2016 amounting to Rp542.67 billion, decreased by Rp2.30 billion or 0.42% compared to that in 2015 of Rp544.97 billion and 47.46% below the budget of Rp1.03 trillion or Rp490.14 billion below the budget.

The decrease comes from

investments which settlement shifted to 2017 worth Rp677.91 billion. Of the total investment realization, there are investments in implementation worth Rp418.81 billion, such as the building for Vaccine Manufacturing and Packaging Facilities, Integrated Water Treatment Plant (WTP), Integrated Filling Line BCG and Packaging Line 1.

The details are as follows:



Realization of Investments based on the Use

(In Million Rupiah)

Investment Group	ROUTIN					
	2012	2013	2014	2015	2016	Increase/ Decrease (%)
	1	2	3	4	5	5/4
WHO & GMP ASSESSMENT						
Office Equipment	180	1,013	1,327	1,867	1,250	(33.06)
Factory Equipment	8,969	21,863	17,425	28,779	15,665	(45.57)
Others Equipment	23,564	7,142	3,133	595	-	(100.00)
Building Equipment	6,715	20,580	1,354	43,073	1,800	(95.82)
Vehicle	-	-	-	-	-	-
Intangible Assets	-	56	7,632	-	4,826	-
Land	-	-	-	-	-	-
Total	39,428	50,655	30,873	74,314	23,540	(68.32)
REPLACEMENTS						
Office Equipment	5,507	5,620	17,876	7,860	8,689	10.55
Factory Equipment	4,651	23,284	7,320	13,700	20,582	50.23
Others Equipment	6,894	13,787	3,034	983	1,817	84.72
Building Equipment	1,541	2,122	909	807	2,438	201.88
Vehicle	0	0	750	384	30	(92.17)
Intangible Assets	0	0	0	0	0	-
Land	-	-	-	-	-	-
Total	18,592	44,814	29,889	23,735	33,555	41.38
IPAL/K3/ENVIRONMENT/QUALITY CONTROL						
Office Equipment	340	728	832	738	803	8.75
Factory Equipment	1,713	479	9,277	13,706	13,021	(5.00)
Others Equipment	-	-	-	-	-	-
Building Equipment	642	424	25	378	9,884	2.513.29
Vehicle	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-
Land	-	-	-	-	-	-
Total	2,694	1,632	10,133	14,822	23,708	59.95

CAPITAL EXPENDITURES REALIZED IN
THE FINAL BOOK YEAR

Investment Group	Development					Increase/ Decrease (%)
	2012	2013	2014	2015	2016	
	1	2	3	4	5	
CAPACITY UPGRADES						
Office Equipment	258	3,589	12,115	2,879	6,464	124.49
Factory Equipment	611	8,067	482	160,586	284,970	77.46
Others Equipment	2,083	5,008	16,071	51,322	12,423	(75.79)
Building Equipment	21,952	90,904	37,561	180,371	70,321	(61.01)
Vehicle	-	-	-	-	-	-
Intangible Assets	518	6,656	2,880	3,880	4,402	13.44
Land	-	-	-	-	-	-
Total	25,423	114,224	69,109	399,039	378,580	-5.13
R&D/ BASIC RESEARCH						
Office Equipment	375	324	243	328	1,006	206.91
Factory Equipment	2,679	19,579	7,886	5,946	42,293	611.32
Others Equipment	6,023	4,787	4,855	-	112	-
Building Equipment	29	-	-	3,698	28,079	659.37
Vehicle	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-
Land	-	-	-	-	-	-
Total	9,107	24,690	12,984	9,971	71,491	616.97
PRODUK BARU						
Office Equipment	449	230	161	170	113	(33.63)
Factory Equipment	10,585	9,449	7,058	20,645	8,947	(56.66)
Others Equipment	69,820	1,233	4,925	907	-	-
Building Equipment	24	819	-	31	1,776	5.592.82
Vehicle	-	-	-	-	-	-
Intangible Assets	-	530	9,492	1,339	961	(28.24)
Land	-	-	-	-	-	-
Total	80,878	12,262	21,636	23,093	11,797	(48.92)
Total	176,122	248,276	174,623	544,974	542,671	(0.42)



Recapitulation of Realization of Investments Based on the Use

(In Million Rupiah)

Investment Group	2012	2013	2014	2015	2016	Increase/ Decrease (%)	Difference 2015-2016
	1	2	3	4	5	5/4	5-4
ROUTIN							
TOTAL WHO & GMP assessment	39,428	50,655	30,873	74,314	23,540	(68.32)	(50,774)
TOTAL Replacements	18,592	44,814	29,889	23,735	33,555	41.38	9,820
IPAL/K3/Environment/Quality Control	2,694	1,632	10,133	14,822	23,708	59.95	8,886
DEVELOPMENT							
Total Capacity Upgrades	25,423	114,224	69,109	399,039	378,580	(5.13)	(20,459)
Total R&D/ Basic Research	9,107	24,690	12,984	9,971	71,491	616.97	61,519
Total Produk Baru	80,878	12,262	21,636	23,093	11,797	(48.92)	(11,296)
Total	176,122	248,276	174,623	544,974	542,671	(0.42)	(2,303)

Realization of Investments based on the Category

(In Million Rupiah)

Investment Group	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015-2016	Difference 2015-2016
	1	2	3	4	5	6	6/4	6/5	6-4	6-5
Office Equipment	7,110	11,504	32,554	13,842	31,418	18,324	32.38	(41.68)	4,482	(13,094)
Factory Equipment	29,208	82,722	49,448	243,363	376,722	385,478	58.40	2.32	142,115	8,756
Others Equipment	108,384	31,958	32,018	53,807	26,137	14,351	(73.33)	(45.09)	(39,456)	(11,786)
Machinery	30,903	114,850	39,849	228,358	484,195	114,298	(49.95)	(76.39)	(114,061)	(369,897)
Vehicle	-	-	750	384	32	30	(92.17)	(6.13)	(354)	(2)
Intangible Assets	518	7,242	20,004	5,219	14,308	10,189	95.22	(28.79)	4,970	(4,119)
Land	0	0	0	0	100,000	0	-	(100.00)	0	(100,000)
Total	176,122	248,276	174,623	544,974	1,032,812	542,671	(0.42)	(47.46)	(2,303)	(490,141)

CAPITAL EXPENDITURES REALIZED IN
THE FINAL BOOK YEAR**Land**

In 2016 land procurement has not been realized due to constraints in licensing industrial estate and land acquisition for road access to Subang and ownership legality of Eykman Building in Bandung. The land purchase plan budget is reallocated for 2017.

Building

Realization of building inventory procurement in 2016 reached 23.61% of the budget from the building development process shift to 2017; among others are clean rooms at Vaccine Manufacturing & Packaging Facility (Building No. 43 stage 2), Filling Line BCG Vaccine Facility (Building No. 36 4th floor), QC, Engineering and Media Facility (Building No. 3) and Vaccine Manufacturing and Product in Pre-filled Syringe Packaging Facility.

Factory Equipment

Realization of factory equipment procurement in 2016 reached 102.32% of the budget due to the accelerating realization of several equipment, such as the Integrated Water Treatment Plant (WTP).

Office Equipment

Realization of office equipment procurement in 2016 reached 58.33% of the budget due to the shifted realization of for several office equipment and building to 2017.

Other Equipment

Realization of other equipment procurement in 2016 reached 54.91% of the budget due to the shifted realization of other equipment to 2017, in line with the shifting completion of buildings that include Utilities for Vaccine Manufacturing and Packaging Facility.

Motor Vehicles

Realization of vehicles in 2016 reached 95.38% for carrier motors.

Intangible Assets

Realization of intangible assets in 2016 reached 71.21% of the budget due to the shifting realization of intangible assets to 2017, including Paperless Document BPR Online.





COMPARISON BETWEEN PLANNED ACTIVITIES AND COMPANY BUDGET (PACB) AND THE REALIZATION

THE SALE ACHIEVEMENT EITEHR PER PRODUCT CATEGORY OR PER SECTOR REACHED 102.03% OF THE BUDGET, MAINLY FROM THE SALES OF VIRAL VACCINES AND MERCHANDISE AND SERVICES THAT REACHED 114.20% AND 110.21% OF THE BUDGET RESPECTIVELY.

COMPARISON BETWEEN TARGET IN BEGINNING OF THE YEAR WITH REALIZATION AND TARGET OR PROJECTION FOR ONE YEAR ON REVENUE, PROFIT AND OTHERS

LEGAL BASIS OF PACB DEVELOPMENT

Legal basis of Planned Activities and Company Budget (PACB) development 2017 includes the following instruments:

1. Law No. 19 of 2003 concerning State-owned Enterprises (State Gazette of the Republic of Indonesia of 2003 No. 70, Supplement to State Gazette of the Republic of Indonesia No. 4297)
2. Law No. 40 of 2007 concerning Limited Liability Companies (State Gazette of the Republic of Indonesia of 2007 No. 106, Supplement to State Gazette of the Republic of Indonesia No. 4756)
3. Government Regulation No. 1 of 1997 concerning Conversion of Form from Bio Farma as General Company to Company (Persero) (State Gazette of the Republic of Indonesia of 1997 No. 4)
4. Government Regulation No. 45 of 2005 concerning Establishment, Management, Supervision and Dissolution of State-Owned Enterprises (State Gazette of the Republic of Indonesia of 2005 No. 117, Supplement to State Gazette of the Republic of Indonesia No. 4556)
5. Certificate of the Establishment of PT Bio Farma (Persero) has been approved by Decree of Minister of Justice of Republic of Indonesia No. C2-1423 HT.01.01.Th.98 dated May 5, 1998, that has been announced in National News of Republic of Indonesia on July 16, 2002 No. 57 Supplement No. 6884. Company's Articles of Association has been ratified several times and the latest one is Company's Articles of Association No. 26 dated June 6, 2015 drafted by Notary Fathiah Helmi, S.H., and approved by the Minister of Law and Human Rights, based on Decree No. AHU-0104.40.20.2015 dated June 10, 2015, concerning Approval for Legal Entity Change of Limited Liability Company of PT Bio Farma (Persero) and based on Letter of Ministry of Law and Human Rights Republic of Indonesia No.: AHU-03087.40.21.2015 dated June 10, 2015, concerning Receipt of Notice for Ratification of Articles of Association of PT Bio Farma (Persero)
6. Decree of Minister of State-owned Enterprises No. KEP-100/MBU/2002 dated June 4, 2002 concerning Assessment for the Level of Company's Health of State-owned Enterprises
7. Decree of Minister of State-owned Enterprises No. KEP-101/MBU/2002 dated June 4, 2002 concerning Preparation of Planned Activities and Company Budget of State-owned Enterprises
8. Decree of Minister of State-owned Enterprises No. PER-01//MBU/2011 dated August 1, 2011 concerning Implementation of Good Corporate Governance on State-owned Enterprises (SoE) and ratified with Regulation of Minister of State-owned Enterprises No. PER-09/MBU/2012 dated July 6, 2012
9. Regulation of Minister of State-owned Enterprises No. PER-09/MBU/07/2015 dated July 3, 2015 concerning Partnership Program and Community Development Program of State-owned Enterprises
10. Letter of Minister of State-owned Enterprises S-513/MBU/08/2016 dated August 30, 2016, concerning Submission of Aspiration for Shareholders/Capital Owners for the Preparation of Planned Activities and Company Budget 2017.

COMPANY PERFORMANCE OVERVIEW 2016

The Company's performance in 2016 from sales reached Rp2.32 trillion, decreased by 1.29% compared to that in 2015 and 79.34% of the budget. Basic costs for sales and services reached Rp1.01 trillion, increased by 15.89% compared to that in 2015 and 90.16% of the budget. Company's net profit decreased by 25.28% from the realization in 2015 to Rp501.04 billion or reaching 66.08% of the budget. The Company's 2016 health rating scored 81.60 with the "HEALTHY AA" ("SEHAT AA") status, decreased in point from the previous year which was 88.50 with the same status. The Key Performance Indicator (KPI) scored 89.41 out of 100.

Company Performance in 2016

(In Million Rupiah)

Description	Realization 2015 (Audited)	PACB 2016	Realization 2016 (Audited)	Increase/Decrease (%)		Difference 2015 -2016	Difference 2016 - PACB	PACB 2017
	1	2	3	3/2	3/1	3-1	3-2	
Net Sales	2,345,918	2,918,956	2,315,759	(20.66)	(1.29)	(30,159)	(603,197)	2,940,215
Cost of Goods & Services Sold	867,488	1,115,016	1,005,294	(9.84)	15.89	137,806	(109,722)	1,262,254
Company's Expense	1,619,051	1,986,712	1,848,145	(6.97)	14.15	229,094	(138,567)	2,146,339
Investment	544,974	1,032,812	542,671	(47.46)	(0.42)	(2,303)	-	1,460,831
Profit Before Tax Expense and Income	899,274	1,029,970	684,968	(33.5)	(23.83)	(214,306)	-	1,005,963
Tax Expenses Net	2,228,681	271,743	183,927	(32.32)	(19.57)	(2,044,754)	-	-
Net Income	670,593	758,227	501,041	(33.92)	(44.85)	(169,552)	-	747,313
Total Assets/ Liabilities & Equity	5,680,663	6,764,069	5,922,454	(12.44)	4.26	241,791	-	8,292,915
Total Human Resources (Person)	1,127	1,215	1,171	(3.62)	3.90	44	-	1,219



RECAPITULATION OF COMPANY PRODUCT SALES 2016

Company product sales in 2016 reached 79.34% of the PACB 2016 and it is similar to that in 2015.

(In Million Rupiah)

Category	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015-2016	Difference 2016 - PACB 2016	PACB 2017
	1	2	3	3/1	3/2	3-1	3-2	
SALES OF PRODUCT COMPANY								
Bacterial Vaccine	305,289	435,456	532,865	74,54	22,37	227,576	97,409	269,303
Viral Vaccine	1,705,304	1,862,967	1,436,397	(15,77)	(22,9)	(268,907)	(426,569)	1,798,624
Combination Vaccine	253,405	296,100	200,695	(20,8)	(32,22)	(52,710)	(95,405)	298,351
Sera & Diagnostics	80,689	135,293	74,696	(7,43)	(44,79)	(5,993)	(60,597)	86,450
Bio Farma Clinic and Immunization	-	3,635	-	-	-	-	(3,635)	-
Partnership Product	-	-	-	-	-	-	-	210,789
Trading Partnership	-	-	-	-	-	-	-	268,099
Total	2,344,687	2,733,452	2,244,654	(4,27)	(17,88)	(100,033)	(488,798)	-
Bio Farma Clinic and Immunization	(15,063)	-	(22,339)	48,3	-	(7,276)	(22,339)	-
Total product net sales	2,329,624	2,733,452	2,222,315	(4,61)	(18,7)	(107,309)	(511,137)	-
Merchandise sales	11,922	-	88,294	640,62	-	76,372	88,294	-
Reduced: sale cuts	(486)	-	(165)	(65,97)	-	(320)	(165)	-
Total merchandise net sales	11,436	181,404	88,129	670,63	(51,42)	76,693	(93,275)	-
Service sales	4,858	4,100	5,635	16	37,44	777	1,535	-
Reduced: sale cuts	-	-	(320)	-	-	(320)	(320)	-

COMPARISON BETWEEN PLANNED ACTIVITIES AND COMPANY BUDGET (PACB) AND THE REALIZATION

Category	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015-2016	Difference 2016 - PACB 2016	PACB 2017
	1	2	3	3/1	3/2	3-1	3-2	
Total service net sales	4,858	4,100	5,315	9,41	29,64	457	1,215	8599
Subsidiaries	-	-	-	-	-	-	-	-
Total product, merchandise, and service sales	2,345,918	2,918,956	2,315,759	(1,29)	(20,66)	(30,159)	(603,197)	2,940,215

Product Net Sales per Segment (per Sector) 2016

(In Million Rupiah)

Group	2015	PACB 2016	2016	Increase/Decrease (%)		Difference 2015-2016	Difference 2016 - PACB 2016	PACB 2017
	1	2	3	3/1	3/2	3-1	3-2	
Government	570,619	751,949	681,376	19.41	(9.39)	110,757	(70,574)	795,573
Private	139,485	372,899	386,015	176.74	3.52	246,530	13,117	395,148
Export	1,635,814	1,790,473	1,248,368	(23.69)	(30.28)	(387,446)	(542,105)	1,749,494
Bio Farma Klinik & Imunisasi	-	3,635	-	-	-	-	(3,635)	-
Total Net Sales	2,345,918	2,918,956	2,315,759	(1.29)	(20.66)	(30,159)	(603,197)	2,940,215

COMPREHENSIVE PROFITS AND LOSS 2016

Net profit gain in 2016 amounted to Rp501.04 billion or 66.08% of the budget with net profit margin reaching 21.64% and compared to the realization in 2015 the net income decreased by 25.28% due to an increase in manufacturing costs as a result of declining polio bulk sales and increasing final sales of products with lower margins than polio bulk.



(In Million Rupiah)

Description	2015	PACB	2016	Increase/Decrease (%)		Difference	Difference
	1	2	3	3/1	3/2	3-1	3-2
NET SALES							
Company's Products	2,329,624	2,733,452	2,222,315	(4.61)	(18.7)	(107,309)	(511,137)
Merchandise Products	11,436	181,404	88,129	670.63	(51.42)	76,693	(93,275)
Service	4,858	4,100	5,315	9.4	29.64	457	1,215
Total Net Sales	2,345,918	2,918,956	2,315,759	(1.29)	(20.66)	(30,159)	(603,197)
COST OF GOODS SOLD							
Company's Products	852,361	978,454	931,879	9.33	(4.76)	79,518	(46,575)
Merchandise Products	11,165	133,957	68,454	513.12	(48.9)	57,289	(65,503)
Services Expenses	3,962	2,605	4,962	25.23	90.43	1,000	2,356
Total Cost of Goods and Services Sold	867,488	1,115,016	1,005,294	15.89	(9.84)	137,806	(109,722)
GROSS PROFITS (LOSS)	1,478,430	1,803,940	1,310,465	(11.36)	(27.36)	(167,966)	(493,475)
Other Income	129,064	18,110	164,728	27.63	809.58	35,664	146,617
Selling Expenses	(126,818)	(159,600)	(133,996)	5.66	(16.04)	(7,178)	25,604
General and Administrative Expenses	(421,759)	(498,274)	(402,002)	(4.68)	(19.32)	19,758	96,273
Research Developments and Survey Expenses	(93,443)	(130,896)	(114,481)	22.52	(12.54)	(21,039)	16,415
Loan interest costs	-	(125)	(9,343)	-	7374	-	(9,218)
Other Expenses	(66,201)	(3,184)	(130,403)	96.98	3995.14	(64,202)	(127,218)
Total	(579,157)	(773,970)	(625,497)	8	(19.18)	(46,340)	148,473
INCOME (LOSS) BEFORE INCOME TAX	899,274	1,029,970	684,968	(23.83)	(33.5)	(214,306)	(345,002)
INCOME TAX BENEFITS (EXPENSES)							
Current Tax	(232,893)	(275,614)	(185,425)	(20.38)	(32.72)	47,468	90,188
Deferred Tax	4,213	3,871	1,498	(64.44)	(61.29)	(2,715)	(2,373)
Total Tax Expenses	(228,681)	(271,743)	(183,927)	(19.57)	(32.32)	44,754	87,816
NET INCOME (LOSS)	670,593	758,227	501,041	(25.28)	(33.92)	(169,552)	(257,186)
OTHER COMPREHENSIVE INCOME							
Posts that Will Not be Reclassified to Profits-Loss							
Net fixed asset revaluation surplus	1,980,782	0	0	(100)	-	(1,980,782)	0
Actuarial profits (loss)	(828)	(448)	(8,313)	903.7	1756.71	(7,485)	(7,865)
Unrealized profits (loss) on available-for-sale security ownership	-	-	-	-	-	-	-
Posts that will be reclassified to profits-loss							
Total other comprehensive incomes in the current year after tax	1,979,954	(448)	(8,313)	(100.42)	1756.71	(1,988,267)	(7,865)
Total Comprehensive Incomes	2,650,546	757,779	492,728	(81.41)	(34.98)	(2,157,819)	(265,052)

COMPARISON BETWEEN PLANNED ACTIVITIES AND COMPANY BUDGET (PACB) AND THE REALIZATION

LONG-TERM COMPANY PLAN EVALUATION

The Company's position in the Long-Term Company Plan (LTCP) for 2012-2016, using "SWOT Analysis", is in a growing position where internally the company has greater strength than the weakness, and externally has greater chance than threat. Similarly, according to Industry Pullback and Business Strength Analysis, the Company is in a growing position where the vaccine industry is classified as being of average business power. In such position, company implements a strategy through horizontal integration.

In 2016, the Company increased the production capacity of final products and bulk, and continued the development of new vaccines. In addition, the Company maintains the quality management, environment and OHS system and implements the principles of good corporate governance.

Product Mapping

In 2016, the market share of company products for government sector remained to be 100%, while UNICEF's needs varies, i.e. for 10 ds measles vaccine by 25%, DTP 10 ds by 52%, Td 10 ds by 43%, TT 10 ds by 19%, and OPV by 40%. For the Polio vaccine, Bio Farma prioritizes the supply for domestic needs which is the regular polio immunization program, and also exports bulk to several vaccine manufacturers.

Realization Compared to LTCP and PACB

The achievement of net sales in 2016 is below the LTCP and PACB by 9.88% and 20.66% respectively, in terms of net income, it is realized below the LTCP of 11.61%, but compared to the PACB, it decreased by 33.92 % below the budget.

Realization of Performance 2016 Compared to LTCP 2012-2016 and PACB 2016

(In Million Rupiah)

Description	RJPP 2012-2016	PACB 2016	Realization 2016 (Audited)	Increase/Decrease		Difference 2015/2016	Difference 2016/PACB
	1	2	3	3/1	3/2	3-1	3-2
Net sales	2,569,703	2,918,956	2,315,759	(9.88)	(20.66)	253,944	(603,197)
Net sales	1,070,861	1,115,016	1,005,294	(6.12)	(9.84)	(65,567)	(109,722)
Company Expense	1,700,240	1,986,712	1,848,145	8.70	(6.97)	147,905	(138,567)
Investment	336,625	1,032,812	542,671	61.21	(47.46)	206,046	(490,141)
Profits before income tax	766,579	1,029,970	684,968	(10.65)	(33.50)	(81,611)	(345,002)
Net profits	566,844	758,227	501,041	(11.61)	(33.92)	(65,803)	(257,186)
Total Assets	4,908,798	6,764,069	5,922,454	20.65	(12.44)	1,013,656	(841,615)



Company Statistics of Ten Years

Over the past ten years, the Company's performance has increased significantly. This can be seen in the table below based on the percentage of increase with the base year of 2007 (100%).

(in %)

Description	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net sales	100	108	159	162	178	193	249	274	315	311
Basic costs for sales and services	100	92	131	137	147	159	198	213	237	274
Company expenses	100	110	140	153	166	163	204	245	277	316
Investments	100	132	144	165	230	148	209	147	459	457
Profits before income tax	100	120	181	197	238	304	454	453	525	400
Net profits	100	119	186	215	259	331	490	499	574	429
Total assets	100	124	167	209	231	272	360	405	756	788

Data Statistik Perusahaan Tahun 2006-2016 Berdasarkan Nilai Rupiah

(In Million Rupiah)

Description	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Company Statistic Data 2006-2016 Based on Rupiah	745,440	805,790	1,182,992	1,210,263	1,328,729	1,437,665	1,853,682	2,044,080	2,345,918	2,315,759
B. Pokok Penj. & Jasa	366,336	337,649	479,744	502,038	538,998	583,917	723,596	780,090	867,488	1,005,294
Beban Perusahaan	584,833	641,686	815,860	894,396	969,575	954,329	1,192,575	1,430,742	1,619,052	1,848,145
Investasi	118,666	156,690	171,186	195,846	272,887	176,122	248,276	174,623	544,974	542,671
Laba Sebelum Pajak Penghasilan	171,369	206,492	310,982	338,419	407,772	521,124	778,589	775,902	899,274	684,968
Laba Bersih	116,767	138,385	217,681	250,815	302,419	385,916	572,468	582,193	670,593	501,041
Total Aset	751,795	930,971	1,255,302	1,570,969	1,733,504	2,045,688	2,703,070	3,044,608	5,680,663	5,922,454

From the description of the table above, the company development has increased significantly. Activities have also improved following several strategic steps, such as increasing the production capacity of polio vaccine and developing new products such as DTP-HB-Hib (Pentabio) vaccine.

COMPARISON BETWEEN PLANNED ACTIVITIES AND COMPANY BUDGET (PACB) AND THE REALIZATION

TARGET OR PROJECTION IN A YEAR

COMPANY BUDGET 2017

Vaccine and Sera Sales and Trading Partnership

Net sale plan of 2017 is estimated to amount Rp2.94 trillion or 113.64% of the prognosis in 2016, with sales per product category.

Sale Plan per Product Category 2017

(In Million Rupiah)

Category	2016		PACB 2017	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference Prognosis PACB 2016	Difference PACB 2017 Prognosis 2016
	Budget	Prognosis					
	1	2	3	2/1	3/2	2-1	3-2
Bacterial Vaccines	275,506	245,091	269,303	(11.04)	9.88	(30,415)	24,212
Viral Vaccines	1,862,967	1,707,514	1,798,624	(8.34)	5.34	(155,453)	91,111
Combination Vaccines	296,100	191,774	298,351	(35.23)	55.57	(104,327)	106,577
Sera & Diagnostic	77,837	57,896	86,450	(25.62)	49.32	(19,941)	28,553
Partnership Product	217,406	264,630,11	210,789	21.72	(20.35)	47,224	(53,841)
Trading Partnership	181,404	114582,32	268,099	(36.84)	133.98	(66,822)	153,517
Service	4,100	5866,538	8,599	43.09	46.58	1,767	2,733
Subsidiary incomes	3,635	-	-	-	-	-	-
Service	2,918,956	2,587,354	2,940,215	(11.36)	13.64	(331,602)	352,862

Sales plan of 2017 is estimated to grow at 113.64% of the 2016 prognosis as almost all product categories experience an increase in sales plan, except the partnership product category declines by 20.35% due to a decrease in sales of the meningitis vaccine.

Bacterial vaccine category is estimated to grow at 109.88% of the 2016 prognosis as almost all products increase, except that Bio TT, Bio Td, Td 10 ds and DT 10 ds decreased by 9%, 65%, 13% and 18% respectively, .

Viral vaccine category is estimated at 105.34% of the 2016 prognosis mainly from bOPV, measles vaccine and measles bulk respectively planned to increase by 26.34%, 40.60% and 384.81%, and the sale of IPV from fill & finish worth Rp73.50 billion which in the 2016 prognosis remained to be trading partnership. Increased sales plan of these products is one effort to maintain sales performance considering the decreased sales of tOPV and Polio type 2 bulk as the result from the enactment of polio type 2 eradication program.



Combination vaccine category is estimated at 155.57% of the 2016 prognosis mainly from the sales of Pentabio 10 ds vaccine worth Rp116.38 billion which in 2016 prognosis cannot be realized because of contractual issue with the Unicef.

Sera and diagnostics category is estimated at 149,32% of the 2016 prognosis, mainly because all products increase.

Partnership product category is estimated at 80% of the 2016 prognosis in mainly because the sales of meningitis vaccine decreased by 49%

Trading partnership category is estimated at 233.98% of the 2016 prognosis mainly because of sale plan for varicella and MR vaccines which was unavailable in 2016 prognosis.

Service sales category is estimated at 146.58% mainly from sale plan for laboratory and immunization services respectively 164.35% and 154.86% of prognosis in 2016.

Government sector sales in 2017 is estimated at 120.04% of the 2016 prognosis mainly from the sales of IPV of IPV fill and finish worth Rp73.75 billion or 160.63% of the 2016 prognosis, and sales plan of MR vaccine trading partnership worth Rp175.00 billion.

Private sector sales in 2017 is estimated at 105.63% of the 2016 prognosis, mainly because almost all the sales for private sector product categories are planned to increase, i.e. bacterial, viral, combination vaccines, sera & diagnostics, trading partnership and service sales each 113.21%, 132.02%, 131.70%, 140.20%, 135.27% and 146.58%, excluding the partnership product category only reaching 75.02% of the 2016 prognosis.

Export sector sales in 2017 is estimated at Rp1.75 trillion or 112.83% or USD 131,540,912.50 or 113.17% of the 2016 prognosis mainly from the sales of Pentabio 10 ds vaccine worth Rp116.38 billion of which can not be realized in 2016 because Company was unable to settle the sale tender with Unicef and increased sales of bOPV, measles vaccines

Sale Plan per Sector 2017

(In Million Rupiah)

Group	2016		PACB 2017	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference Prognosis PACB 2016	Difference PACB 2017 Prognosis 2016
	Budget	Prognosis					
	1	2	3	2/1	3/2	2-1	3-2
Government	751,949	681,376	795,573	(9.39)	16.76	(70,574)	114,197
Private	372,899	386,015	395,148	3.52	2.37	13,117	9,133
Export	1,790,473	1,248,368	1,749,494	(30.28)	40.14	(542,105)	501,126
Bio Farma Clinic & Immunization	3,635	-	-	-	-	(3,635)	-
Total Net Sales	2,918,956	2,315,759	2,940,215	(20.66)	26.97	(603,197)	624,456

COMPARISON BETWEEN PLANNED ACTIVITIES AND COMPANY BUDGET (PACB) AND THE REALIZATION

and measles bulk respectively to 131.59%, 221.23 and 484.81%. Increased sales plan of these products is an effort to maintain sales performance considering the decline in sales of tOPV and Polio type 2 bulk due to the imposition of Polio type 2 eradication program.

Production Plan per Product Category in 2017

Production plan for 2017 amounts to Rp1.22 trillion, or an increase of 108.17% of the 2016 prognosis along with an increase in sales of 13.64% by product category as shown in the following table:

(In Million Rupiah)

Group	2016		PACB 2017	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference Prognosis PACB 2016	Difference PACB 2017 Prognosis 2016
	Budget	Prognosis					
	1	2	3	2/1	3/2	2-1	3-2
Bacterial Vaccine	327,334	384,694	397,553	17.52	3.34	57,360	12,859
Viral Vaccine	524,117	569,738	670,109	8.70	17.62	45,620	100,371
Combination Vaccine	159,526	132,804	106,759	(16.75)	(19.61)	(26,722)	(26,045)
Sera & Diagnostic	50,779	44,453	49,714	(12.46)	11.84	(6,326)	5,262
Total	1,061,756	1,131,688	1,224,135	6.59	8.17	69,932	92,447

Production plan for 2017 increases by 8.17% of the 2016 prognosis from increased production costs of bacterial vaccines, viral vaccines, and sera & diagnostics respectively by 3.34%, 17.62% and 11.84%. The estimation has considered the sales plan, inventory requirements, production capacity and equipment installation plans or building renovations.

Recapitulation of Comprehensive Profits-Loss Report as per December 31, 2017, 2016

Referring to the planned targets in 2017, the Company has set a net profit projection of Rp747.31 billion, with breakdown as follows:



February 2013: Bio Farma's team visit to Arabio, a vaccine manufacturing facility in Makkah Al Mukraromah city, discussing about down streaming vaccine production technology transfer that will be a collaborative effort between the two parties. Bio Farma has assigned our team at Arabio as vaccine production mentors.



(In Million Rupiah)

Kelompok	2016		PACB 2017	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference Prognosis PACB 2016	Difference PACB 2017 Prognosis 2016
	Budget	Prognosis					
	1	2	3	2/1	3/2	2-1	3-2
Net Sales	2,918,956	2,587,354	2,940,215	(11.36)	13.64	(331,602)	352,862
Basic costs for sales and services	(1,115,016)	(996,585)	(1,262,254)	(10.62)	26.66	118,431	(265,668)
GROSS PROFITS	1,803,940	1,590,769	1,677,962	(11.82)	5.48	(213,171)	87,193
Other incomes and business costs	(773,970)	(726,336)	(671,999)	(6.15)	(7.48)	47,633	54,337
PROFITS BEFORE INCOME TAX	1,029,970	864,432	1,005,963	(16.07)	16.37	(165,538)	141,531
Benefits (costs) of income tax	(271,743)	(222,848)	(258,650)	(17.99)	16.07	48,895	(35,802)
NET PROFITS	758,227	641,585	747,313	(15.38)	16.48	(116,643)	105,728

The target for net incomes in 2017 increases by 16.48% of the 2016 prognosis with net profit margin of 25.41% in line with the increased sales target by 13.64% and the efficiency of business costs.

Human Resources Improvement and Development Expenses

The budget for human resources improvement and development in 2017 amounts to Rp18.50 billion which is allocated for the following programs:

(In Million Rupiah)

Group	2016		PACB 2017	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference Prognosis PACB 2016	Difference PACB 2017 Prognosis 2016
	Anggaran	Prognosis					
	1	2	3	2/1	3/2	2-1	3-2
Trainings, seminars, and workshops	19,252	15,215	14,115	(20.97)	(7.23)	(4,037)	(1,100)
Formal educational expenses	2,800	2,200	2,150	(21.43)	(2.27)	(600)	(50)
Other human resources development expenses	2,233	2,233	2,233	0.00	0.00	-	-
Total	24,285	19,648	18,498	(19.09)	(5.85)	(4,637)	(1,150)

In order to meet the Aspirations of Shareholders in the preparation of the 2017 PACB, the budget for human resources improvement and development is projected to be equal to the 2016 prognosis without downgrading the effectiveness of human resources improvement and development programs.

COMPARISON BETWEEN PLANNED ACTIVITIES AND COMPANY BUDGET (PACB) AND THE REALIZATION

Company expenses in 2017 is estimated at Rp2.15 trillion or 109.98% of the 2016 prognosis as categorized in the following table:

(In Million Rupiah)

Group	2016		PACB 2017	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference Prognosis- PACB 2016	Difference PACB 2017 Prognosis 2016
	Budget	Prognosis					
	1	2	3	2/1	3/2	2-1	3-2
Production Expenses	1,061,756	1,149,434	1,220,036	8.26	6.14	87,677	70,602
Trading Partnership Expense	133,957	104,082	252,202	(22.30)	142.31	(29,874)	148,120
Service Expense	2,228	4,501	4,386	102.02	(2.55)	2,273	(115)
Sales Expense	159,600	129,965	138,762	(18.57)	6.77	(29,635)	8,797
General & Administration Expense	498,274	440,188	402,122	(11.66)	(8.65)	(58,086)	(38,066)
Research, Developments and Surveillance Expenses	130,896	123,382	128,830	(5.74)	4.42	(7,514)	5,448
Total	1,986,712	1,951,553	2,146,339	(1.77)	9.98	(35,157)	194,786

Recapitulation of Comprehensive Profits-Loss Report as per December 31, 2017, 2016

(In Million Rupiah)

Category	2016		PACB 2017	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference Prognosis PACB 2016	Difference PACB 2017 Prognosis 2016
	Budget	Prognosis					
	1	2	3	2/1	3/2	2-1	3-2
Net Sales	2,918,956	2,587,354	2,940,215	(11.36)	13.64	(331,602)	352,862
Cost of Goods & Services Sold	(1,115,016)	(996,585)	(1,262,254)	(10.62)	26.66	118,431	(265,668)
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The target for net incomes in 2017 increases by 16.48% of the 2016 prognosis with net profit margin of 25.41% in line with the increased sales target by 13.64% and the efficiency of business costs.



OTHER TARGETS FOR INCOMING YEAR

1. To become a world-class and globally competitive life science company

The Company's original vision, "To Become a World-Class and Globally Competitive Vaccine and Antisera Manufacturer" in the first semester of 2014 changed to "To Become a World-Class and Globally Competitive Life Science Company". The change of vision requires constantly to be in the world class company's position in all areas of its operations, and in order to achieve that, Company must interpret the vision into short-term and long-term mission, goals, strategies, policies and programs.

2. To be committed to becoming a green company

- a. The Company is also committed to becoming a green company by striving to operate in balance and to uphold the triple bottom line (people, profit, planet). Company believes that in addition to the obligation to provide added value to the shareholders, it is also important to play a positive role for stake holders' interests, both in environmental sustainability and natural sustainability, as well as in the social dimension (welfare of surrounding communities).
- b. Holding WHO, ISO and OHSAS certifications and high commitment to become a green company, the Company has the strengths to compete in the global market; moreover, the Company's policy to increase customer satisfaction results in the implementation of Customer Relationship Management (CRM) that is integrated both for domestic and foreign consumers to maintain, or even improve, the markets.

3. To conduct product research in accordance with the trend and to attempt to accelerate the research that the product time to market meets with the market needs.

To anticipate global challenge, among which, Company conducts research products that match the trend and attempts to accelerate the research that the product time to market meets with market needs. To improve the efficiency and effectiveness of new vaccine research, Company cooperates with universities and research institutes at home and abroad in order to accelerate the availability of products in the market.

4. To increase production capacity, to prepare infrastructures for new products as anticipation for Polio eradication in 2018

As the Polio eradication to be estimated by 2018, Company is anticipating it by increasing production capacity and preparing infrastructures for new products while maintaining the current Good Manufacturing Practices (cGMP), including investment plans for the construction of manufacturing facility building. The construction of the facility along with the equipment is planned for multi years until 2017.

5. The implementation of integrated IT-based Enterprise Resource Planning (ERP) and Risk Management System in order to improve efficiency and productivity as well as to manage the Company is followed by implementing GCG (Good Corporate Governance) principles, including strengthening Enterprise Risk Management (ERM) expressed in the Company's culture of PITIC (Professional, Integrity, Teamwork, Innovation, Customer Oriented), quality manual documents, guidelines and standard procedures optimally and sustainably. ERP integrates most of the Company's business processes, in accordance with the best practices/applicable standards,

COMPARISON BETWEEN PLANNED ACTIVITIES AND COMPANY BUDGET (PACB) AND THE REALIZATION

that the control, accuracy and data integration between work units improve, and the acceleration of business processes increases. The major role of integrated information systems is to assist Company in streamlining and promoting efficiency of business processes and meeting regulatory requirements, including the implementation of GCG.

6. To accomplish the Company's vision, human resources play an important role that it requires a good management. Therefore, Company manages its human resources with the "Human Capital Management" paradigm which views human resources as an asset that needs growing and improved knowledge, skills and behaviors to increase the value through an integrated development program. On the other hand, Company seeks to improve employee welfare during employment and after retirement to secure their competence, as well as loyalty and integrity.

7. To increase production capacity of final products and bulks
8. To continue the development of new vaccines

Bio Farma's Strategic Role

Bio Farma has a very strategic role in the development and production of vaccines both locally and internationally. At the local level, Bio Farma is the only manufacturer that supplies EPI vaccines for the entire regions in Indonesia through the Ministry of Health to secure national vaccine supply. PT Bio Farma (Persero) is also a member of the National Research Council which one of its duties is to accelerate the development of vaccines in Indonesia to achieve national autonomy for vaccines, as mandated in the Government program that seeks to create national empowerment in various fields including health.



Bio Farma delegates visit the Ministry of Health of the Tunisian Republic to further explore collaboration opportunities with Tunisian vaccine manufacturer, Pasteur Institute of Tunis regarding the provision of experts, technology transfer, and semi-finished products (bulk) particularly in the production of vaccines to fulfil demands of basic immunizations, such as BCG, DTP, Polio, Measles, and Hepatitis B. Collaboration with Pasteur Institute of Tunis will include research and development of new vaccines.



At the international level, Bio Farma has a strategic role as a global player in supplying world vaccine needs through WHO/UNICEF, as Bio Farma is one of the vaccine manufacturers that has passed WHO pre-qualification. Bio Farma's other recognized strategic role is as the head of the Developing Countries Vaccine Manufacturers Network (DCVMN), increasing its bargaining position in the organization. The strategic role has also increasingly recognized in the Organization of Islamic Countries (OIC), which is marked by the number of offers from Islamic countries, such as Iran and Saudi Arabia, to cooperate in the development and production of vaccines.

Company's Strategies

1. Developing product innovation and diversification to meet with market needs
2. Maintaining the current markets and expanding the market
3. Joining strategic alliance product research and development, production and marketing with various parties at home and abroad
4. Making investments for new products, increasing production capacity, maintaining the quality, and meeting applicable regulations
5. Developing globally competent human resources
6. Planning, executing, implementing, and evaluating the programs including the preparation of documents related to the quality management system, environment and OHS based on cGMP, ISO 9001, ISO 14001 and OHSAS 18001
7. Performing cost efficiency in various fields
8. Coordinating with national and international institutions, including and not limited to Indonesia's National Agency of Food and Drug Control (BPOM) and WHO for Company's operations

COMPARISON BETWEEN PLANNED ACTIVITIES AND COMPANY BUDGET (PACB) AND THE REALIZATION

9. Increasing awareness for the society and communities (agencies, educational institutions, and Company) on immunization

Company's Policies

1. Prioritizing vaccine supply to support government immunization program
2. Orienting to customer satisfaction
3. Taking research and development in line with WHO and UNICEF into great consideration
4. Implementing international-quality, efficient, and environment-friendly production
5. Making selective investments to maintain and increase the production quality and capacity and new products
6. Utilizing national products, design, and engineering
7. Applying competence-based remuneration system for the employees
8. Supporting the government in anticipating avian flu and A (H1N1) flu pandemics
9. Improving the role of information technology in Company's governance
9. Exerting consistent and integrated quality system
10. Following WHO's regulations concerning pre-qualification

With its enormous strengths ranging from research and development, extensive production and marketing and autonomy, future challenges shall be well addressed.

Bio Farma must improve product diversification and expansion to other biological products and strive to meet market needs, including fulfilling 100% of Pentabio's needs for government.

Bio Farma is planning build a new production facility equipped with formulation and filling facilities for current and new vaccines (MR Vaccine, sIPV, rotavirus, etc.), sIPV bulk manufacturing facilities, tetanus bulk, and diphtheria bulk . The facilities will be constructed with European standards in order to increase production capacity and to open opportunities for Bio Farma to supply products to the European market, and to improve efficiency because using large batch size reduces paper usage through the e-BPR (Electronic Batch Production Record).

Other plans include:

1. Maintaining good cooperation with the Ministry of Trade and the Ministry of Foreign Affairs, as well as participating in trading missions to several countries whose goal is to expand export market
2. Cooperating with international partners to locate new markets with the cooperation mechanism that benefits the two parties
3. Securing markets in India, China, and ASEAN region for marketing expansion
4. Increasing supplies for polio bulk, measles bulk, and other bulks
5. Penetrating markets for WHO's pre-qualified products (bulk, ready to fill final bulk and finished products)
6. Registering products to potential countries
7. Strengthening marketing activities for the sales in domestic private sector
8. Conducting marketing activities by seeking synergy with other SoEs



INFORMATION AND MATERIAL FACTS FOLLOWING THE REPORTING DATE

There are no significant events following the reporting date and their effects on business performance and risk in the future. Therefore, Bio Farma does not present information regarding significant events following the reporting date and their effects on business performance and risk in the future.

BUSINESS OUTLOOK

THE VALUE OF THE GLOBAL VACCINE MARKET IS FORECASTED TO REACH \$48.03 BILLION BY 2020 FROM \$32.24 BILLION IN 2016 WITH A CAGR OF 8.3%.

BUSINESS OUTLOOK IN RELATION WITH GENERAL INDUSTRY AND ECONOMIC CONDITION

PROJECTION OF GLOBAL ECONOMIC GROWTH IN 2017

The IMF revised growth forecast stated that there is negative growth in the ASEAN 5 region (including Indonesia) in 2017. The IMF's forecast is contrary with the World Bank's forecasted of growth. Private investments are the main consideration for the IMF and World Bank in their Indonesian economic outlook for 2017.

The IMF projected that global growth in 2017 is 4.9%. The projection is lower than WEO's forecast in October 2016, where growth in the ASEAN 5 region in 2017 is 5.1%. The revised forecast is caused by reduced private investments in Indonesia compared with initial projection and possibility of consumption and tourism slowdown in Thailand.

In general, the World Economic Outlook's October 2016 projected that global economic growth to be steady. At the time, gross domestic product (GDP) in 2017 is projected to grow 3.4% and rise to 3.6% in 2018.

Growth in China, United States, European Union, and Japan is predicted to improve. The global economy will enjoy significant short-term boost. Although 2017 marks the momentum of such growth, 2017 also marks widespread economic uncertainty.

A significantly more robust and accurate projection is expected to be announced in WEO April 2017, following the market and IMF's improved perception of the US economic policy under President Trump.

If the US is implemented its fiscal stimulus package promised by Trump in his campaign, the prospects of economic growth of developing countries may suffer. The IMF's projection is contrary with the World Bank's, particularly with Indonesia's GDP projection.

Increased private sector investments would increase commodity prices and in turn boost the growth of developing countries in Southeast Asia, and Indonesia, in 2017 compared with the year before.

The World Bank predicts that Indonesia's economic growth in 2017 is only 5.3% and increases to 5.5% in 2018 and 2019.



Trump's protectionist policies announced during his campaign may limit Indonesia's exports to the US. However, the US economic performance in the second semester is generally improving due to certainty of two increases of the Fed Fund Rate in 2017. It is expected that in 2017, economic growth is not only contributed by domestic consumption and government spending, but also from private investments.

On the other hand, the World Bank projects that global economic growth in 2017 to return to a moderate 2.7%. The recovery is primarily encouraged by the recovery of developed and developing economies reliant on export commodity.

On the other hand, demand of commodity imports in developed and developing countries are still solid. Following a period of disappointing economic growth, there is prospect of recovery in global economies.

Fiscal stimulus in various countries also accelerated domestic and global economic growth. Although US president-elect Trump's economic policies which may tend towards protectionism, growth of developing countries in this year should, on average, increase to 4.2% compared with last year's 3.4%.

This year is the moment to take advantage of the global economic recovery and increased investments in infrastructure and resources. The momentum is necessary to accelerate inclusive, sustainable economic growth and eradicate extreme poverty. Nonetheless, there are a number of risks and challenges for developing countries, in particular populous countries with widespread poverty. Investment growth in 2015 was 3.4%, a 10% decrease compared with 2010. It is projected that investment will decline by another 0.5% in 2016.

The slow growth of investment is caused, in part, by the recent economic crisis - a reflection of challenges faced by developing countries. Other reasons include low oil prices, reduced foreign direct investments, private debt issues, and political risks.

On the other hand, the World Bank projects that the Chinese economy to remain unchanged at 6.5% in 2017. The growth of developed countries in this year should, on average, increase to 1.8% compared with last year's 1.6%.

In its revised projection, Bank Indonesia predicts that the global economy to grow 3.4% in 2017. In its previous forecast, global growth is 3.2%. According to the Governor of Bank Indonesia, the growth may affect the exchange rate against the Indonesian Rupiah and cause inflation. Exchange rate is a cause for concern given uncertainties in global and national developments. The world still has its suspicion against the financial system. It seems that countries are waiting for concrete fiscal and trade policies proposed by President Trump and the US' policies towards China.

Another cause for concern is weakening of the Chinese Yuan. Authorities have to consider the currency's position as it has been weakening since 2016 and has since dropped by 7%. The currency's position may affect other countries. The government should also consider to oil prices. BI forecasted that oil prices in 2017 will hover at \$45 per barrel before revising its forecast to \$47 per barrel following increased oil prices due to OPEC's decision to reduce production. Despite the numerous challenges, the Company is looking forward to increases in Indonesia's key commodity prices, which has passed its downward trend since 2012. Although the situation is improving, it is expected that it will improve further in 2017.

BUSINESS OUTLOOK

**INDONESIAN ECONOMIC OUTLOOK
2017**

The Coordinating Minister for Economic Affairs, Darmin Nasution, is optimistic that Indonesia's economic growth could surpass the 2017 State Budget. He predicted the economy to grow 5.2-5.4% in this year, whereas the State Budget 2017 forecasted a baseline growth of 5.1%. The State Budget 2017 did not consider impacts of policies to be introduced in 2017.

The Government plans to introduce new policies focusing on infrastructure development, industrial downstreaming, and human resources development by training and education. The Coordinating Minister believes that the combination of the policies will encourage the baseline economic growth.

The Government also plans to formulate proposals on improving agriculture performance by allocating land clusters to the public. The end goal is to be more productive and contribute to the economy. The State Budget 2017 forecasts the economic growth of 5.1%. The target is lower than the initial forecast of 5.3% in the Revised State Budget 2017.

Minister of Finance Sri Mulyani Indrawati the growth figure is a possibility given the economy's performance despite international pressures. She expects that the positive momentum is carried well into 2017. Indeed, the government have to improve and remedy fundamental issues.



There are certain things worth noting given statistics of the Indonesian economy in 2016. The overall economy was healthy, with overall growth of 5,02 and fourth quarter growth of 4,94. On the one hand, demand and consumption was robust and even slightly above the 10-year average of 5%.

On the other hand, investment growth of less than 5% and has to be improved in 2017. The government's decision to cut second semester spending caused a decline of 0.15% compared with the previous year. In addition, the deficit in the previous year was cause for concern at 2.53%. The deficit this year is 2.46%.

In nominal terms, government spending is a factor in the second semester of 2017. Nonetheless, there needs to be a fiscal policy to maintain the trend and credibility. It should be noted that exports grew in the fourth quarter of 2016. Based on the growth, consumption in 2017 ought to be maintained at least to the 10-year average. Investments are expected to be positive this year, which necessitates the government to not be the cause of uncertainty.

World Bank Predicts Indonesian Economy to Grow 5.3% in 2017

The World Bank predicts that the Indonesian economy to grow 5.3% in 2017. The forecast is based on a number of fiscal reforms and business climate which are thought to improve the Indonesian economy. The projection is broadly similar to that released in October 2016. The World Bank predicts that the Indonesian economy to grow 5.1% in 2016 and 5.3% in 2017.

GDP growth in Q3 of 2016 was 5% compared with 5.2% in Q2 of 2016. The World Bank's forecast is outlined in its latest Indonesian Economic Quarterly. In the report, the World Bank stated that Indonesia, as with most countries, is faced with intensive risks such as global economic uncertainty and volatility.

Nonetheless, it stated that Indonesia's fiscal policy credibility has improved, in accordance with the more realistic income target outlined in the State Budget 2017. Regardless, Indonesia still has to accelerate its tax administration and policy reform if it was to meet its targeted tax income.

The State Budget 2017 has improved the quality of government spending, shifting spending priority towards infrastructure, health, and social security. It also sets realistic targets for energy subsidies and welfare programs.

It is imperative for Indonesia to complete the reform and achieve its goals. The World Bank gave two recommendations for the government to further improve its spending quality.

1. First, reallocate spending to priority sectors where public expenditure is low and additional spending can have the greatest impact on poverty and growth (such as infrastructure, health, and social assistance)
2. Second, reallocate spending within sectors (particularly in agriculture and education) to programs that have the highest impacts on sectoral goals.

It is thought that a stronger economic base and higher commodity prices are able to promote Indonesia's economic growth this year. Despite such, the World Bank saw that Indonesia's economic growth is subject to internal and external risks and challenges.

There are short-term, political, and certainty challenges. A number of external risks may cause significant downside risk in, among others, trade policy with developed economies.

BUSINESS OUTLOOK



In addition, there may be unexpected shifts in the US monetary policies. Another risk is uncertainty in European politics, primarily those concerning the British exit of the European Union and elections in the Netherlands and France.

In home affairs, a risk pertaining to Indonesian economic growth is inflation. The World Bank forecasted that the Consumer Price Index for 2017 to increase to 4.3% over 3.5% in 2016 due to the planned hike of the electricity tariff and motor vehicle tax. However, inflation in 2018 is forecasted to decrease following negation by the price hikes.

Another risk against economic growth is weakened fiscal revenue. The World Bank noted that though the tax amnesty increased overall revenue in 2016, non-tax amnesty revenue collection weakened.

Amidst the uncertainty following the election of Donald Trump as the 45th President of the United States, there is still positive news in the domestic market. AC Nielsen and Danareksa Research Institute (DRI) published their research on consumer confidence index (CCI).

According to the Nielsen survey, the CCI in Indonesia is continuously improved in 2016, reaching 122 in the third quarter compared with 166 YoY. The findings indicate that the Indonesian consumer confidence is the third best in Asia Pacific behind India and the Philippines.

There are two indicators of good consumer confidence index.

1. The first indicator is satisfactorily sound state of personal finances in the next 12 months.
2. The second indicator is high confidence in wanting to consume.



Economic Growth vs Revised State Budget 2017

In the Revised State Budget 2017, the government assumed that economic growth is 5.3%, given current dynamics and economic challenges in 2017. The Budget forecasted that Indonesia's economy in the next few months will improve and inflation to be approximately 4.0%.

In his 2017 Budget Speech, President Joko Widodo stated that spending in the Revised State Budget of 2017 is Rp2,070.5 trillion, consisting of central government spending of Rp1,310.4 trillion and regional spending of Rp760 trillion. State revenue projection is approximately Rp1,737.6 trillion. Tax is to contribute Rp1,495.9 trillion and non-tax revenue is to contribute Rp240 trillion of the total revenue.

The Company is optimistic that the country's economic growth will improve and may even reach 5.5% in 2017.

The accelerated growth is largely attributable to Indonesia's stronger and firmer economic foundation.

Several key factors:

1. National exports are on the uptrend. The product value of exports exceeds imports.
2. Increased export demands affects a country's competitiveness. Strong export demand results in strong economic growth.
3. Improved export commodity prices, something looked forward by exporters as prices in the last few years tend to fluctuate. Price wars collapses trade and directly affects demand for export commodities.
4. Recovery of the Chinese economy and increased US Federal Reserve Rate. These are the only foreign influences, yet significantly determines whether the country's economy is to grow or to collapse.
5. Success of tax amnesty and asset repatriation. Although taxpayers were initially suspicious of the programs, the sentiment shifted towards support at the end. The government recovered R97.2 trillion in unpaid taxes, consisting of Rp4.5 trillion in undeclared assets and Rp137 trillion in repatriations. .

Despite those contributing factors, the government still has to weather the complexities of the global economies and challenges domestic and abroad, such as:

1. Predicted rise in inflation;
2. Unrealized State and Regional Budget;
3. Widespread offshore asset sheltering.

BIO FARMA'S CONTRIBUTION TO THE WORLD

REVIEWS ON PHARMACEUTICAL INDUSTRY, VACCINES, AND LIFE SCIENCE

GLOBAL INDUSTRIAL MAP OF VACCINES AND PHARMACEUTICALS

Global Industrial Map of Vaccines and Pharmaceuticals

The global vaccine market is expected to reach USD48.03 billion in 2021 from USD 32.24 billion in 2016 at the Compound Annual Growth Rate (CAGR) of 8.3%. Global markets are widely classified into technology, types, disease indications, end users, and regions.

Based on technology, the vaccine market is segmented into conjugate vaccine, inactivated and subunit vaccines, live attenuated vaccines, toxoid vaccines, and recombinant vaccines.

The conjugate vaccine segment is expected to contribute as the largest share of global markets by 2016. Increased government support for vaccine development and rising corporate investments will boost the growth of this segment.

By type, the vaccine market is segmented into monovalent vaccine and multivalent vaccine.

The monovalent vaccine segment is expected to account for the largest share of this market. Large market share is associated with increased disease prevalence and government and non-government initiatives to implement research and development for vaccines.

Indications of the disease include pneumococcal, influenza, diphtheria, tetanus and pertussis (DTP), hepatitis, rotavirus, varicella, meningococcal disease, polio, measles, mumps and rubella (MMR), human papilloma virus (HPV) infection, and others. The pneumococcal disease segment is expected to account for the largest share of global markets by 2016. High incidence of pneumococcal infection and immunization needs to prevent the disease have increased the market growth of this segment.

End users segment includes vaccine market for children and adults. The vaccine for children segment is expected to account for the largest share of global markets by 2016. The increasing number of awareness programs to promote vaccination has resulted in increased use of vaccines for children.

Geographically, vaccine market is dominated by North America, followed by Europe and Asia. Growth in the North American segment is mainly driven by government initiatives for immunization against diseases such as influenza and Human Papilloma Vaccine (HPV) in the region.

Source: <http://www.marketsandmarkets.com/Market-Reports/vaccine-technologies-market->



VACCINE INDUSTRY ON DEVELOPING COUNTRIES

The development of Indonesia's health expenditure, according to data from the World Health Organization (WHO), came in at the lowest level of 3.6% of gross domestic product (GDP) in 2016. By comparison, Vietnam's health spending was 7.1% of the GDP and the Philippines was 4.7% of the GDP. For government spending, Indonesia recorded the third lowest among other countries at the same level, with a proportion of 41.4% of the national budget (APBN), far from Thailand which has reached 86%. Data from the Ministry of Industry shows that the pharmaceutical, chemical and traditional medicine industries grew by 5.46%, while according to the International Pharmaceutical Manufacturers Group (IPMG) in 2016 the pharmaceutical industry grew at around 7.49%.

Concern to contribute to the world community is motivated by the many problems and challenges faced by developing countries. There are two major challenges: first, the lack of vaccine autonomy and the inability of the industry in developing countries and Islamic countries to compete with developed countries. Not many developing countries are capable of building their own autonomy for vaccine manufacturing. Until then, they are still dependent on the vaccine industry in developed countries.

Even if developing countries and Islamic countries have vaccine industry facilities, they have not been able to meet global standards to enter and compete in the international market.

Today, the number of developing countries with vaccine industry is only 17, and 7 among Islamic countries. They produce 200 vaccine products, but only about 30 of them have WHO pre-qualification status.

With the population reaching 80% of total citizens of the world, vaccine industry in developing countries is not able to fulfil their own needs. On the contrary, almost 80% of global vaccine market share is controlled by developed countries.

Although the market size of vaccine products is only 2.3% of the total global pharmaceutical industry, the growth is quite spectacular at 10-15% per year. This

growth is higher than that of pharmaceutical which only 5-7% per year. Inevitably, this is an appealing opportunity.

These problems and challenges have led us to take the initiative on a bigger role. With world-class capability, Bio Farma is now more actively helping vaccine manufacturers in developing countries and Islamic countries to be more empowered and able to compete in global level.

As a vaccine manufacturer from a world-recognized developing country due to its quality and expertise, we are obliged to be the leader and center of excellence in vaccine industry for developing and Islamic countries.

Since 2011, more than 70% of global vaccine demands have been attained by 3 countries: China, India and Indonesia. Bio Farma as the only Indonesia's vaccine manufacturer certainly contributes to the fulfillment. According to SESRIC data, Indonesian vaccine manufacturer has a star performance although it is a complex industry and has a long rate of return on investment and a large degree of risk in product research and development. The increase in vaccine demands, however, is not in line with the growing number of vaccine manufacturers; since 1990, vaccine manufacturers decreased from 63 to 44 in 2010. Developing countries, on the other hand, are becoming the major vaccine producers compared to other countries.

THE ROLE OF VACCINE MANUFACTURER IN ISLAMIC COUNTRIES

On November 15-18, 2016, Bio Farma will host a vaccine production workshop for Islamic countries in Bandung. The meeting will be attended by participants from the Organization of Islamic Cooperation (OIC) countries which already had vaccine industry as well as countries preparing to produce their own vaccines. More than 10 countries have reserved to attend: Pakistan, Turkey, Tunisia, Malaysia, Iran, Saudi Arabia, Morocco, Senegal, Egypt, Bangladesh, and three world institutions: World Health Organization (WHO), UNICEF and Islamic Development Bank (IDB).

BIO FARMA'S CONTRIBUTION TO THE WORLD



Indonesia mendapatkan kesempatan istimewa menjadi tuan rumah ini merujuk pada hasil rapat pertemuan OKI, Konjen RI di Jeddah dan Bio Farma pada tanggal 1 September 2016. Bio Farma akan melaksanakan pelatihan vaksin yang berlangsung pada 15-18 November, sebelumnya juga akan dilaksanakan pertemuan terbatas kelompok produsen vaksin negara Islam (Vaccine Manufacturers Group) pada 14-15 November 2016. This opportunity to host the event referred to the outcome of the meeting of OIC, Indonesian General Consulate in Jeddah and Bio Farma on September 1, 2016. Bio Farma will conduct trainings on vaccine manufacturing which takes place on November 15-18 and a restricted meeting in advance of vaccine manufacturer group of Islamic countries on November 14-15, 2016.

The event is organized by synergy with representatives from Directorate General of Disease Prevention and Control (DG of DPC), Ministry of Health, Indonesia's National Agency of Food and Drug Control (BPOM), the Indonesian Technical Advisory Group on Immunization (ITAGI), and World Health Organization. In addition, at the end of the event field visit will be conducted to introduce Indonesia's potential with biodiversity, cultural richness and tourism.

This training program is in line with the point 6 of the government program of Nawacita which is to increase productivity and competitiveness in international market. Therefore, Indonesian vaccine industry can be massively expanded in the world as well as encourage the progress of the industry in Islamic countries.

With this training it is expected that ideas in transforming and encouragement for Islamic countries to produce their own vaccines will be generated. Indonesia should promote the success and share it with Asian countries, particularly Islamic countries, to support the autonomy because Indonesia through Bio Farma has been given the responsibility as the center of excellence in the field of vaccine. Bio Farma has been chosen to host as having competence and experience in manufacturing vaccines for more than 126 years and its products have been recognized by the World Health Organization (WHO).



MARKETING ASPECT

BIO FARMA IS RUNNING THE STRATEGIES BY MAINTAINING THE CURRENT MARKETS AND EXPANDING TO NEW MARKETS IN ORDER TO INCREASE THE PRODUCT MARKETING.

BIO FARMA'S MARKETING STRATEGIES

To support the achievement of sales targets, Bio Farma executes the company's strategy by maintaining the current markets and expanding to new markets to increase the marketing of well-known products and new products, fostering and building more strategic partnerships through face-to-face meetings with customers to identify customers' interests (customer oriented) and global market needs, participating in vaccine tenders organized by a country or an international organization, and selectively registering new products by evaluating the market potential in advance to the export destination countries.

The marketing strategies include:

1. Market penetration of vaccine for adults, such as influenza vaccine, Hepatitis B vaccine and others. In the domestic private sector, the Directorate of Marketing has penetrated the market through geographical marketing activities and vaccination program promotion in national government institutions and private organizations
2. Market development in international market to the OIC members and Latin American countries through Pan American Health Organization (PAHO)
3. Product development by developing branded products such as BIO Td, BIOSAT, BIOADS, BIOSAVE for domestic private sector
4. Integrated media strategy to raise customer acknowledgement to the company and its products through above the line, below the line and through the line media.

To address international and domestic sector demands higher than the available products, Bio Farma performs the following strategic steps:

1. Planning the construction of new facilities to increase production capacity as well as packaging process;
2. Accommodating customer needs by the extension of the expiration date (ED) for measles 10 ds. vaccine from 2 years to 3 years. By the extension of such ED, should a delay in immunization campaign occur in a country, the residual shelf life of the vaccine is still accepted by export destination countries; increasing batch size of polio vaccine production.

To improve performance in the domestic sales sector, business process improvements and adjustments are required by applying integrated support facilities and IT systems. Company has taken a strategic step to overcome it by investing in Customer Relationship Management (CRM) application as part of IT Masterplan and building integrated inventory stock application with domestic distributors.

To improve performance in domestic sales revenue, the Company took strategic measures to invest in the development of CRM (Customer Relationship Management) applications as part of our IT Masterplan.

Net Product Sales per Business Segment/Sector

(In Million Rupiah)

Group	2012	2013	2014	2015	PACB 2016	2016	Increase/ Decrease (%)		Difference 2015/2016	Difference 2016/PACB	PACB 2017
	1	2	3	4	5	6	6/4	6/5	6-4	6-5	
Government	515,254	548,724	547,728	570,619	751,949	681,376	19.41	(9.39)	110,757	(70,574)	795,573
Private	72,473	82,106	130,120	139,485	372,899	386,015	176.74	3.52	246,530	13,117	395,148
Export	849,914	1,222,852	1,366,232	1,635,814	1,790,473	1,248,368	(23.69)	(30.28)	(387,446)	(542,105)	1,749,494
Bio Farma Clinic & Immunization	-	-	-	-	3,635	-	-	-	-	(3,635)	-
Total Net Sales	1,437,641	1,853,682	2,044,080	2,345,918	2,918,956	2,315,759	(1.29)	(20.66)	(30,159)	(599,562)	2,940,215

Realization of Sales in Government Sector 2016

1. Compared to the PACB 2016, the realization of sales reaches 9.39% or below the budget of Rp70.57 billion mainly because the Pentabio 5 ds vaccine stock is still sufficient from the government purchases in 2015 that the purchases are reduced to 76.32% of the budget or decreased by Rp57.48 billion despite the increased sales of Td 10 ds vaccine and 10 ds measles vaccine respectively reaching 220.88% and 131.34% or increased by Rp27.20 billion and Rp20.09 billion of the budget.
2. Compared to the same period last year, there was an increase of 19.41% or Rp110.76 billion from the sales of bOPV 10 ds worth Rp53.47 billion as the result from polio type 2 eradication program from WHO starting May 1, 2016 and because of the sales of IPV worth Rp64.37 billion which was unavailable in 2015. On the other hand, the sales of Pentabio 5 ds dropped by 23.53% or decreased by Rp56.99 billion as a result of sufficient stock of Pentabio 5 ds from the government purchases in 2015 that the purchases were reduced in 2016.

Realization of Sales in Domestic Private Sector 2016

1. Compared to the PACB 2016, the sales reached 103.52% or above the budget of Rp13.12 billion mainly from the increased sales of meningitis vaccines of 218.23% or Rp118.23 billion above the budget despite the decreased sales of several products such as BIOSAT-1.5 and PPD 2 TU that only reached 75.69% and 19.00% respectively or below the budget of Rp 13.83 billion and Rp46.54 billion.
2. Compared to the realization in 2015, it increased by 176.74% or Rp246.53 billion mainly due to the increased sales of meningitis and HPV vaccines amounting to Rp218.23 billion and Rp22.80 billion respectively, in which no vaccine sales in 2015 were available.

Realization of Sales in Export Sector 2016

1. Compared to the PACB 2016, export sales in Rupiah reached 30.28% or 73.90% in USD, or worth Rp542,10 billion or USD 33.62 million below the budget. The achievement of export sales was mainly due to global switching from trivalent Oral Poliomyelitis Vaccine (tOPV) to bivalent Oral Poliomyelitis Vaccine (bOPV) as announced



by WHO starting from May 1, 2016. This global policy impacts to the sales of polio bulk and tOPV 20 ds respectively that only reached 63.31% and 73.22% or Rp430, 60 billion and Rp28.12 billion below the budget. Besides, the sales realization of measles 10 ds. vaccine only reached 55.65% or below the budget of Rp31.53 billion and unrealized sales plan of Pentabio 10 ds vaccine worth Rp15.64 billion and Rp33.36.

2. Compared to the realization in 2015, export sales in Rupiah decreased by 23.69% and by 21.70% in USD, or Rp387.45 billion and USD 26.38 million; The drop in export sales was mainly due to WHO policy, i.e. : the global switching program from tOPV to bOPV from May 1, 2016 that affected the sales polio bulk, tOPV10 ds. and tOPV 20 ds vaccine to decrease by 31.99%, 99.64% and 38.63%, respectively or worth Rp349.39 billion, Rp37.21 billion and Rp48.40 billion despite an increase in sales of bOPV 20 ds by 50.41% or Rp76.56 billion.

Recapitulation of Company Product Sales in 2016

Company's net sales in 2016 reaches 79.34% of the PACB 2016 and it is almost the same as the realization in 2015.

(In Million Rupiah)

Group	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015/2016	Difference 2016/PACB	PACB 2017
	1	2	3	3/1	3/2	3-1	3-2	
Bacterial Vaccine	305,289	435,456	532,865	74.54	22.37	227,576	97,409	269,303
Viral Vaccine	1,705,304	1,862,967	1,436,397	(15.77)	(22.9)	(268,907)	(426,569)	1,798,624
Combination Vaccine	253,405	296,100	200,695	(20.8)	(32.22)	(52,710)	(95,405)	298,351
Sera & Diagnostic	80,689	135,293	74,696	(7.43)	(44.79)	(5,993)	(60,597)	86,450
Bio Farma Clinic & Immunization	-	3,635	-	-	(100.00)	-	(3,635)	-
Product Partnership	-	-	-	-	-	-	-	210,789
Trading Partnership	-	-	-	-	-	-	-	268,099
Total	2,344,687	2,733,452	2,244,654	(4.27)	(17.88)	(100,033)	(488,798)	-
Less: Sales Discount	(15,063)	-	(22,339)	48.3	-	(7,276)	(22,339)	-
Total product net sales	2,329,624	2,733,452	2,222,315	(4.61)	(18.7)	(107,309)	(511,137)	-
Merchandise sales	11,922	-	88,294	640,57	-	76,372	88,294	-
Reduced: sale cuts	(486)	-	(165)	(65,99)	-	321	-	-

MARKETING ASPECT

Group	2015	PACB 2016	2016	Increase/ Decrease (%)	Increase/ Decrease (%)	Difference 2015/2016	Difference 2016/PACB	PACB 2017
	1	2	3	3/1	3/2	3-1	3-2	
Total merchandise net sales	11,436	181,404	88,129	670,60	(51.42)	76,693	(93,275)	-
Sales Service	4,858	4,100	5,635	15,98	37.44	777	1,535	-
Reduced: sale cuts	-	-	(320)	-	-	(320)	(320)	-
Total service net sales	4,858	4,100	5,315	9.41	29.64	457	1,215	8599,308
Subsidiaries	-	-	-	-	-	-	-	-
Total product, merchandise, and service sales	2,345,918	2,918,956	2,315,759	(1.29)	(20.66)	(30,159)	(603,197)	2,940,215

Realization of net sales compared to the PACB 2016 only reached 79.34% mainly because

1. Viral vaccine sales reached 76.56% or Rp436.59 billion below the budget from the global switching program from tOPV to bOPV or polio type 2 eradication from WHO starting on May 1, 2016 that the sales of polio bulk and tOPV 20 ds respectively only reached 63.31% and 88.89% or Rp430.59 billion and Rp16.16 billion below the budget.
2. Combination vaccine sales reached 66.19% or Rp100.11 billion below the budget due to the sufficient stock of Pentabio 5 ds from the government purchases in 2015 that the purchases for 2016 were reduced to 72.63% of the budget or decreased by Rp70.75 billion, and the unavailability of Pentabio 10 ds vaccine worth Rp33.36 billion previously allocated for UNICEF.
3. Serum and diagnostics sales reached 53.76% or Rp62.56 billion below the budget mainly from the low sales of PPD 2 TU and BIOSAT1.5 that respectively reached 19.00% and 75.71% or Rp46.54 billion and Rp13.83 billion below the budget as PPD 2 TU stock was limited and the production capacity of serum for BIOSAT-1.5 was still lower than the market demand.
4. Merchandise and services sales reached 50.37% or Rp92.06 billion below the budget mainly from the low sales of IPV of 65.68% or only Rp33.63 billion below the budget and unrealized sales of varicella vaccine worth Rp70.00 billion.
5. Bacterial vaccine sales reached 121.07% or Rp91.77 billion above the budget mainly from the sales of meningitis vaccine that reached 218.23% or Rp118.23 billion above the budget.



Realization of net sales in 2016 is similar to that in 2015 by the sale composition per category.

1. Bacterial vaccine sales increased by 72.76% or Rp222.04 billion mainly from the sales of meningitis vaccine worth Rp218.23 billion which was unavailable in 2015.
2. Merchandise and services sales increased by 473.47% or Rp77.15 billion primarily from the sale of IPV and HPV worth Rp18.38 billion and Rp22.80 billion, which were unavailable in 2015
3. Viral vaccine sales decreased by 15.80% or Rp267.64 billion due to polio type 2 eradication program from WHO starting May 1, 2016 that affected the sales of polio bulk and tOPV 10 ds each by 31.99% and 99.07% or Rp349.39 billion and Rp87.73 billion, although there was switching from tOPV to BOPV 10 ds worth Rp59.93 billion and bOPV 20 ds sales increased by 50.41% or Rp76.56 billion. Moreover, the sales of infant Hepatitis B vaccine increased by 54.46% or Rp32.96 billion.
4. Combination vaccine sales decreased by 22.34% or Rp56.36 billion mainly because Pentabio 5 ds vaccine stock is still sufficient from the government purchases in 2015 that they were reduced in 2016 by 24.96% or Rp62.44 billion .
5. Serum and diagnostics sales decreased by 6.85% or Rp5.35 billion mainly due from the low sales of ABU Serum and PPD 2 TU respectively by 21.53% and 13.03% or Rp4.97 billion and Rp1.64 billion.

MARKET SHARE

BIO FARMA PROVIDES FOR DOMESTIC AND GLOBAL MARKETS

Domestic Market

1. For government sector: serving the government's needs for basic/regular immunization program in Indonesia, namely BCG, DT, TT, Polio, Measles, Hepatitis B, Td and DTP-HB-Hib (pentaBio);
2. For national private market: serving domestic distributors to meet the needs of vaccines outside the government's regular immunization program, namely BCG, BioTd, BioTT, FluBio, Measles, Polio, Hepatitis B, PentaBio, anti sera (BioSAT, BioADS, BioSAVE, ABU II (Australia)) And PPD 2 TU;

International Market

The biggest international market includes UNICEF as well as other countries which have conducted bilateral cooperation with Company, namely vaccines with WHO pre-qualification status in the forms of finished product and bulk.

The international market is divided into two sectors:

1. Institutional export sector: supplying vaccines through UN Agencies, such as World Health Organization (WHO), UNICEF, and PAHO to support immunization programs in developing countries and Latin America.
2. General export sector: supplying vaccines and bulk through bilateral cooperation with the export destination countries in the forms of business to business, business to government or cooperation with appointed international or local partners for vaccines with WHO pre-qualification status as finished products and bulk.

MARKETING ASPECT

Vaccines with WHO pre-qualification status, both as finished products and bulks, include

OPV (in 20 dose vial), tOPV (in 10 dose vial), measles vaccine (in 10 dose vial), TT vaccines (in 10 dose vial), TT vaccines (in 20 dose vial), DT vaccines (in 10 dose vial), DTP vaccines (whole cell) (in 10 dose vial), TT vaccines (in 1 dose uniject), Hepatitis B vaccines (in 1 dose uniject), DTP vaccines (whole cell) – Hep B (5µg) (in 5 dose vial), DTP vaccines (whole cell) – HepB (10µg) (in 10 dose vial), measles vaccines (in 20 dose vial), mOPV type 1 (in 20 dose vial), bOPV type 1 & 3 (in 10 and 20 doses vial), Td vaccines (for adults) (in 10 dose vial), DTP vaccines (whole cell)-HepB-Hib (in 5 dose vial), DTP vaccines (whole cell)-HepB-Hib (in 10 dose vial).

Realization of Marketing Work Programs**Marketing work programs realized in 2016****Domestic marketing**

1. Issuing Product Selling Price (PSP) for the distributors in 2016, Net Pharmacy Price (NPP), and Highest Retail Price (HRP)
2. Settling distributorship contract in 2016
3. Publishing a letter to the distributors concerning information on replacement and withdrawal of tOPV and bOPV and the withdrawal mechanism dated March 23, 2016.
4. Signing a contract of vaccine sale agreement in 2016 with the government dated February 10, 2016
5. Making billing phase I, II, and III for regular vaccines in 2016, DPT-HB-Hib, and IPV
6. Signing a procurement contract of regular vaccines for Hepatitis B, BCG 20 ds, tOPV 20 ds, DT 10 ds, measles vaccines 10 ds, bOPV 10 ds, DPT-HB-Hib 5 ds, Td 10 ds, IPV 5 ds and 10 ds

7. Delivering vaccines and bulks for government, private, and export sectors for 1,522 delivery times, including drop-shipping samples to several countries
8. Conducting a cooperation with hospitals to supply Bio Farma's products in their formulary
9. Participating in DOT procurement for 2017 – 2018
10. Proposing request to BPJS Kesehatan for the inclusion of Hepatitis B vaccines for adults in the e-catalog system
11. Advising on pseudo-vaccines to all distributors and health facility providers (doctors, hospitals, clinics)
12. Initiating cooperation contract with other institutions.

International Marketing and Business Development

1. Registering products at primary stage and its variations
2. Conducting a renewal registration of products
3. Participating in tenders organized by UN Agencies, and Ministry of Health in export destination countries.
4. Hosting customer/export sale agent visits/face to face meeting with customer
5. Preparing and coordinating agreements
6. Delivering vaccines and bulk to export destination countries.

Regulatory Affairs and Marketing

1. Designing advertising materials for corporate and products in 12 mass media
2. Attaching Bio Farma logo in 115 media/activities
3. Distributing promotion kit to other companies, government agencies/institutions, higher education institutes, and other organizations both internal and external and to exhibitions for + 749 places/activities



4. Participating in exhibitions/symposiums/open tables for 37 times
5. Registering exports that includes new registration, re-registration, and variation registration for 30 times
6. Submitting to BPOM for imported products for 61 times and local products for 55 times
7. Analyzing potentials and market shares for products such as Ranibizumab, Flubio for children, Flubio Quadrivalent, Trastuzumab, Blood Product and EV71 vaccines
8. Conducting analysis on conjugate and MR meningitis vaccines polysaccharide meningitis vaccines and TB-PPD
9. Making packaging designs for Hepatitis B 5 ml, bOPV 10 and 20 ds, measles vaccine 10 dan 20 ds, Meningococcal Menivax, ACYW, Flubio, ViDT Typhoid Conjugate Vaccine clinical test, Td 10 ds leaflet, Bio PPD 1 ml, uniject TT vaccine, Ulinastatin (BIOSTATIN) and BIOADS 5000UI.

Clinic and Immunization

Activities in clinic and immunization as business units in 2016 include

1. Providing health services for health clinic, vaccination, clinical laboratory and industrial microbiology examinations, non-lab medical supports, and pharmacies by maintaining quality, environment, and OHS
2. Initiating spin-offs for clinic and immunization as business units into subsidiaries, a comprehensive study has been conducted including the operational, financial and legal aspects and has already been discussed with the Audit Committee, RPG Committee, Board of Commissioners and Ministry of SOEs but until the end of 2016 shareholders have not come to their conclusion.



DIVIDEND POLICY & DIVIDEND AMOUNT

POLICY OF DIVIDEND FROM NET INCOME FISCAL YEAR 2015 SET DURING THE GENERAL SHAREHOLDERS' MEETING

DIVIDEND POLICY, CASH DIVIDEND AMOUNT PER SHARE AND DIVIDEND AMOUNT ANNOUNCED OR PAID IN THE LAST 5 FISCAL YEARS

DIVIDEND DISTRIBUTION POLICY

Bio Farma has a policy of distributing cash dividend to shareholders once a year at the minimum. Based on net income in 2016 amounting to Rp501.04 billion, the management proposed income distribution as follows::

- Dividend amounting to 20% : Rp100,21 billion
- Reserves amounting to 80% : Rp400,83 billion

Reserves proposed amounting to Rp300.83 billion or 80% of net income, for financing investment plan of 2017 which is significantly large, i.e. Rp1.46 billion, and for supporting working capital in line with the increase in Research, Development and Surveillance cost. The last is for the purpose of creating new product and sustainable growth.

TOTAL DISTRIBUTED DIVIDEND AND ANNOUNCEMENT DATE, CASH DIVIDEND DISTRIBUTION FOR RESPECTIVE YEAR

Dividend liabilities from net income fiscal year 2015 which has been set during the General Shareholders' Meeting of Annual Report fiscal year 2015 on 21 March 2016 amounts to Rp234.71 billion. As for dividend of net income fiscal year 2016, it has been set during the GSM of Annual Report fiscal year 2016.

Change of Equity for Year Ended on 31 December 2016 and 2015

(In Million Rupiah)

Description	Retained Earnings				Equity Amount
	Issued Capital	Other Equity Components	Appropriated	Unappropriated	
Balance as of 1 January 2015	1,250,000	(69,976)	786,075	577,590	2,543,689
Net income of current year	-	-	-	670,593	670,593
Income distribution of 2014	-	(377)	-	-	(377)
Dividend	-	-	-	(145,015)	(145,015)
Reserves	-	-	435,059	(435,059)	-
Other Comprehensive Income	-	1,980,782	-	-	1,980,782



Description	Retained Earnings				
	Issued Capital	Other Equity Components	Appropriated	Unappropriated	Equity Amount
Recalculation of Estimated Liabilities for Employee Benefits	-	(828)	-	-	(828)
Reserves Conversion to Community Development	-	-	(4,712)	-	(4,712)
Reserves Conversion to Capital	400,000	-	(400,000)	-	-
Balance as of 31 December 2015	1,650,000	1,909,600	816,422	668,109	5,044,132
Gain (Loss) of Current Period	-	-	-	501,041	501,041
Other Comprehensive Income	-	(8,313)	-	-	(8,313)
Income distribution of 2015	-	-	-	-	-
Dividend	-	-	-	(234,707)	(234,707)
Reserves	-	-	435,886	(435,886)	-
Reserves Conversion Due to Application of PSAK 24 Year 2015	-	-	(2,484)	2,484	-
Reserves Conversion to Capital	350,000	-	(350,000)	-	-
Balance as of 31 December 2016	2,000,000	1,901,287	899,824	501,041	5,302,152

AMOUNT OF CASH DIVIDEND PER SHARE

As per 31 December 2016 Bio Farma is a non-listed State Owned Enterprise whose share ownership composition is as follows: 100% owned by the Government of the Republic of Indonesia, thus there is not any information regarding the amount of Cash Dividend per Share.

Dividend Payout Ratio (Dpr)

(In Million Rupiah)

Group	2012	2013	2014	2015	2016	Increase/ Decrease (%)
	1	2	3	4	5	5/4
Account Net Income After Tax	302,418,86	385,891,88	572,467,62	582,193,11	670,592,89	115.18
Dividend	45,362,83	77,178,38	228,987,29	145,015,00	234,707,00	161.85
DPR	15.00%	20.00%	40.00%	24.91%	35.00%	140.51

SHARE OWNERSHIP PROGRAM BY AND/OR MANAGEMENT THAT THE COMPANY ORGANIZES (ESOP/MSOP)

As per 31 December 2016 in accordance with Bio Farma's characteristic of 100% Government-owned, there is not any program of employee and or management share ownership that the company organizes (ESOP/MSOP) at Bio Farma. Therefore, Bio Farma does not present information regarding ESOP/MSOP, such as the number of ESOP/MSOP shares, the realization, period, eligibility terms of employee and/or management or the exercise price.

REALIZATION OF PUBLIC OFFERING YIELD UTILIZATION (IN CASE THE COMPANY IS REQUIRED TO DELIVER FUND UTILIZATION REALIZATION REPORT)

As per 31 December 2016, Bio Farma is a state enterprise that does not conduct share and bond offering at the stock market. This is the reason that the realization of funds resulting from public offering is not presented under Equity. As a result, Bio Farma does not present information regarding utilization of funds from public offering, such as total yield, fund utilization plan, fund utilization details, balance of fund and date of General Shareholders' Meeting/General Bondholders' Meeting for changes of fund utilization.

INFORMATION ON MATERIAL TRANSACTION WITH CONFLICT OF INTEREST OR TRANSACTION WITH AFFILIATES

As per 31 December 2016, Bio Farma does not have material transaction with conflict of interest and/or transaction with affiliates. Therefore, Bio Farma does not present information on such material transaction, including transacting parties and nature of affiliation, fairness of transaction, reason for transaction, transaction realization during the last fiscal year period, company policy related to mechanism of review over transaction and compliance to related laws and regulations.



CHANGES OF LAWS AND REGULATIONS WITH SIGNIFICANT IMPACT ON COMPANY

Throughout 2016, there was not any change of law and regulation that has significant impact on the Company. Therefore, Bio Farma does not present information on changes of laws and regulations or the (qualitative and/or quantitative) impact on the Company.



October 2013, Biofarma participated in a Conference of Minister of Health of OKI's Country, in Jakarta on October 22nd 2013. Bio Farma talked as a vaccine industry from OKI's Country that has been received PQ WHO, to persuade another OKI's members to cooperate in the making of high quality and affordable vaccine.

DESCRIPTION OF AMENDMENT OF ACCOUNTING POLICY IMPLEMENTED IN THE FINAL BOOK YEAR

STATEMENT OF COMPLIANCE

PT Bio Farma's financial statement as per 31 December, 2016 and 2015 has been prepared in accordance with Indonesian Financial Accounting Standards and has met all of its requirements.

BASIS OF FINANCIAL STATEMENT PREPARATION

The assessment basis in the preparation of financial statement is the historical cost method, except for certain accounts using other assessment basis as described in the respective accounting policies of those accounts.

Financial statement is prepared using the accrual basis, except for the statement of cash flows which is prepared using the direct method by classifying cash flows into operating, investing and financing activities.

DESCRIPTION OF AMENDMENT OF ACCOUNTING POLICY, RATIONALES FOR THE AMENDMENT & THE QUANTITATIVE IMPACTS ON PT BIO FARMA'S FINANCIAL STATEMENT

CHANGES IN THE STATEMENT OF FINANCIAL ACCOUNTING STANDARDS (SFAS) AND INTERPRETATION OF FINANCIAL ACCOUNTING STANDARDS (IFAS)

In 2015, the Financial Accounting Standards Board of the Indonesian Association of Accountants has approved the adjustments and amendments to several Statement of Financial Accounting Standards (SFAS), as well as ratified the new and relevant Interpretation of Financial Accounting Standards (IFAS) effective for the periods beginning on or after January 1, 2016, as follows:

1. Amendment of SFAS 4 "Individual Financial Statements on Equity Methods In Individual Financial Statements".
2. Amendment of SFAS 16 "Fixed Assets on Classification Methods Acceptable for Depreciation and Amortization".
3. Amendment of SFAS 19 "Intangible Assets on Methods Acceptable for Depreciation and Amortization".
4. Amendment of SFAS 24 "Employment Benefits on Definite Contributions Program: Employee Contributions".
5. SFAS 5 (Adjustment 2015) "Operation Segments".
6. SFAS 7 (Adjustment 2015) "Disclosure of Related Parties".
7. SFAS 13 (Adjustment 2015) "Properties for Investments".
8. SFAS 16 (Adjustment 2015) "Fixed Assets".
9. SFAS 19 (Adjustment 2015) "Intangible Assets".
10. SFAS 13 (Adjustment 2015) "Properties for Investments".
11. SFAS 25 (Adjustment 2015) "Accounting Policies, Accounting Estimation Changes and Errors".
12. SFAS 68 (Adjustment 2015) "Measurements for Fair Values".

The adoption of such standards does not have material effects on the amounts and disclosures in the Company's financial statements.

Amendments and adjustments to new standards and interpretations effective for periods beginning on or after January 1, 2017.

1. Amendment of SFAS 1 "Financial Statements on Disclosure Initiatives".
2. IFAS 31 Interpretation of the Scope of SFAS 13 "Properties for Investments".



3. Amendment of 65 “Consolidated Financial Statements on Investment Entities: Application of Consolidated Exclusions”
4. SFAS 69 “Agriculture” (effective per January 1, 2018)

Company is currently evaluating the application of these accounting standards and has not determined its impacts on the financial statements.

DEFINITION OF MATERIALITY LEVEL OF AN ITEM

Under the SM-S15 Financial Accounting Guidelines as an objective measure, an account is declared material and should therefore be presented separately in the financial statements if:

1. 5% of the total assets for asset accounts
2. 5% of the total obligations for obligation accounts
3. 5% of the total equity for equity accounts
4. 10% of the total incomes for benefit-loss accounts, and
5. 10% of the benefits before tax for influence of an event or a transaction such as accounting estimation changes

TRANSACTIONS AND BALANCES IN FOREIGN CURRENCIES

The reporting currency used in the preparation of the financial statement is the Indonesian Rupiah. Transactions denominated in foreign currencies are translated into Rupiah using the exchange rate at the date of the transaction.

At the end of the financial reporting period, monetary assets and liabilities denominated in foreign currencies are translated into Rupiah using the Bank Indonesia middle rates of exchange prevailing at that date, as follows:

Description	31 December 2015	31 December 2016
US Dollar (USD)	13,795	13,436.00
Euro (EUR)	15,069,67	14,161.55
Singapore Dollar (SGD)	9,751,19	9,298.92
Australian Dollar (AUD)	10,064,16	9,724.31
Japanese Yen (JPY)	114,52	115.40
British Pound (GBP)	20,451,11	16,507.51
Danish Krone (DKK)	2,019,32	1,905.09
Swiss Frank (CHF)	13,951,29	13,177.76

Profits or losses arising from the translation of foreign currency assets and liabilities are recognized in the statements of income and other comprehensive incomes in the current year..

FINANCIAL ASSETS AND LIABILITIES

Financial Assets

Financial assets are grouped into four categories, i.e.:

- (i) Financial assets are classified into four categories:
- (ii) Financial assets measured at the fair value through profit-loss statement
- (iii) Loans and receivables
- (iv) Held-to-maturity investments
- (v) Available-for-sale financial assets. This classification depends on the purpose of acquisition of the asset at the time of initial recognition.

(i). Financial Assets Measured at the Fair Value through Profit-Loss Statement

Financial assets at fair value through profit-loss statement are the assets intended for trading. Financial assets are classified as trading if they are acquired primarily for the purpose of sale or

DESCRIPTION OF AMENDMENT OF ACCOUNTING POLICY IMPLEMENTED IN THE FINAL BOOK YEAR

repurchase in the near future and there is evidence of a short-term profit taking pattern. Profits/losses arising from changes in fair value are recognized in profit-loss statement. Derivatives are classified as held for trading unless they are designated and effective as hedging instruments.

As of December 31, 2016, there are not Company's financial assets classified as financial assets at fair value through profit-loss statement.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determined payments and without quotations in the active market.

At initial recognition, loans and receivables are recognized at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method.

Allowance for doubtful accounts is provided based on the management's evaluation of the collectability of outstanding receivables. Recording of allowance for doubtful accounts is made on a quarterly basis. Accounts receivable are written off in the period in which they are determined to be non-collectible.

As of December 31, 2016, Company's financial assets classified as loans and receivables consist of Cash and Cash Equivalents, Accounts Receivable and Other Receivables.

(iii) Investment Held to Maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, whereby Company has a positive intention and ability to hold the financial assets to maturity, in addition to:

- a. Investments initially recognized as financial assets at fair value through profit-loss statement

- b. Investments defined in the available-for-sale category, and
- c. Investments that meet the definition of loans and receivables.

At 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.

As of December 31, 2016, no Company's financial assets are classified as held-to-maturity investments.

(iv) Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets designated to be held for an indefinite period, and will be sold in the context of liquidity fulfillment, or changes in interest rates, foreign exchange, or are not classified as loans and receivables, classified as held-to-maturity or financial assets measured at fair value through profit-loss statement.

At initial recognition, available-for-sale financial assets are recognized at fair value plus transaction costs, and subsequently measured at fair value.

Unrealized profits or losses arising from changes in fair value are recognized as other comprehensive incomes (expenses) and presented separately in shareholders' equity until realized, except for impairment losses under non-temporary gains and losses arising from changes in exchange rates.

As of December 31, 2016, no Company's financial assets are classified as available-for-sale financial assets.



FINANCIAL LIABILITIES

Financial liabilities are classified in the following categories:

(i) Financial liabilities measured at fair value through profit-loss statement

Financial liabilities at fair value through profit-loss statement are financial liabilities intended for trading. Financial liabilities are classified as traded if they are acquired primarily for the purpose of sale or repurchase in the near future and there is evidence of a profit-taking pattern in the short term. Derivatives are classified as trading liabilities unless designated and effective as hedging instruments.

In 2016 and 2015, Company does not have financial liabilities at fair value through profit-loss statement.

(ii) Financial liabilities measured at amortized cost

Financial liabilities not classified as financial liabilities at fair value through profit-loss statement are categorized and measured at amortized cost using the effective interest method.

In 2016 and 2015, Company has accounts payable, accrued expenses, and other current liabilities classified as financial liabilities at amortized cost.

FAIR VALUE ESTIMATION

The fair value of financial instruments traded in active markets is determined based on quoted price at the reporting date.

For non-tradable financial instruments in an active market, the fair value is determined using certain valuation techniques which include current fair market transactions, reference to fair values of other similar financial instruments and discounted cash flow analysis or other valuation models.

TERMINATION OF RECOGNITION

Termination of recognition of a financial asset is made when the contractual rights to the cash flows arising from the asset expire, or when the asset has been transferred and substantially all the risks and rewards of the asset ownership have been transferred.

If substantially all the risks and benefits are not transferred, Company evaluates to ensure that the continuing involvement of the remaining control does not prevent the termination of recognition. Financial liabilities are derecognized when released or canceled or expired.

At each reporting date, Company evaluates whether there is objective evidence that the financial assets are impaired. Financial assets are written down in value and impairment losses are recognized if, and only if, there is objective evidence that impairment occurs as a result of adverse events occurring after the initial recognition of the financial asset. Such adverse events can be estimated reliably and have a negative impact on the estimated future cash flows of the financial assets concerned.

Financial assets carried at amortized cost are measured from the difference between the carrying amount and the present value of the estimated future cash flows discounted using the effective interest rate.

TRANSACTIONS WITH RELATED PARTIES

Company carries out transactions with related parties. The definition of related parties is a person or entity associated with the entity that prepares its financial statements, in accordance with SFAS No.7 (Adjustment 2015).

The nature of relationships with related parties are as follows:

1. The Government of Republic of Indonesia represented by the Minister of SOEs as the shareholder of Company, and other SOEs having affiliation through Government Equity Participation.

DESCRIPTION OF AMENDMENT OF ACCOUNTING POLICY IMPLEMENTED IN THE FINAL BOOK YEAR

2. Company places funds or owns a loan fund at a bank owned by the Government or SOE/ROE with the terms and the normal interest rate as applicable to third party customers.
3. Having the same members of the board (commissioners and directors) as the Subsidiary.
4. Company enters into agreements in the business framework with other SOEs or SOE's Subsidiaries as well as government agencies/institutions.

INVENTORIES

1. Assessment of Inventory

The value of inventory is stated in the statements of financial position at the lower of cost and net realization value. The cost of inventory is determined by a simple moving average or average method depending on the type of inventory. The net realization value represents the estimated selling price of inventories in the ordinary course of business reduced by the estimated cost to complete and the estimated cost to make the sale.

2. Inventory Cost

Inventory cost includes purchase price, non-creditable VAT input, conversion cost, and other costs incurred until the inventory is in a present location and condition, except for the inventory of the products in process that is accounted for as a percentage of the cost of products in the process on the cost of finished products, namely:

- a. Products in process for bulk are equalized to be formulated into the final or ready-to-sale products.
- b. Products in process for the final products are carried out on the basis of the average cost of production (ACP) excluding packaging materials to the ACP of applied vaccines minus the percentage of rejected products when packaged, as stated in the Board of Directors Nos. 07841/DIR/XII/ 2010 dated Dec. 8, 2010.

3. Raw Materials, Auxiliaries, and Equipments Inventory

Raw materials, auxiliaries, and equipments inventory is determined using moving average method.

4. In-process Product Inventory

The cost of in-process product inventory is calculated quarterly based on the cost of applied production using simple average method.

In-process product inventory consists of:

- a. Production bulks that have passed the quality control with condition of ready to be formulated into final products and ready to be sold before packing
- b. The finished products are packed in a bottle/ ampule/vial/uniject blank and has passed the quality control tests before being equipped by label, leaflet, and packed them into primary and secondary packagings.

5. Finished Product Inventory

Finished product inventory consists of inventory of the company's products and merchandise inventory. The inventory cost of Company's products is determined using simple average method, while the cost of merchandise inventory is determined by the moving average method.

6. Inventory in Travel

Inventory in travel is supply of raw materials/ auxiliaries/equipment /merchandise which at the end of the reporting period, the goods have been received/arrived at the port and as per the terms of delivery have already become Company's



properties. As for goods originating from imports, temporary Imported Goods Admission Note (IGAN) is made as the basis for recording the value of "Inventory in Travel".

7. Inventory in Quarantine

Inventory in quarantine constitutes the supply of raw materials, auxiliaries, equipment and merchandise which at the end of reporting period, the goods have been received or arrived at Company, but have not fulfilled the terms of delivery because they have not passed the quality control. Inventory in quarantine is categorized into Other Current Assets.

8. Impairment of Inventory Value

Impairment of inventory value to net realization value is recognized as an expense in the period of impairment. Recovery of the inventory value after impairment is recognized as a reduction of expenses in the period of recovery.

Provision for impairment of inventory value is recognized when the carrying amount exceeds the net realization value. Provisions are determined based on the estimated use or sale of each type of inventory in the future.

FIXED ASSETS

1. Measurement of Fixed Assets Except Land
Direct-ownership fixed assets, except land, are stated at cost reduced by accumulated depreciation and impairment. Fixed assets, except land, are depreciated according to the following table:

Fixed Assets Category	Depreciation Method	Economic Benefits	Depreciation Rate
Building	Straight line	10-20 years	5% - 10%
Factory investment	Balance down	8-16 years	12.5% - 25%
Office Investment	Balance down	4-8 years	25% - 50%
Other Investments	Balance down	8-16 years	12.5% - 25%
Vehicles	Balance down	4-5 years	25% - 50%

Post-acquisition expenditures to maintain the economic benefits of fixed assets are recognized as an expense when incurred. Expenditures that can increase future economic benefits and have material value are capitalized.

2. Change in Measurement Model of Land Fixed Assets

Accounting policies for land fixed assets are based on a prospective revaluation model. The land value as of December 31, 2016 is the amount of revaluation incurred on December 31, 2015. The difference arising from the revaluation is recognized in other comprehensive income and in equity as a fixed assets revaluation surplus. The surplus will be transferred to retained earnings when the asset is derecognized.

3 Assets under Construction

Assets under construction are presented separately in fixed assets category and are stated at cost. The accumulated costs are transferred to the respective asset account when the construction is completed and ready for its intended use.

4 Unproductive Fixed Assets

Fixed assets that are no longer able to be used because they are damaged or obsolete are excluded from the category and are accounted for on the unproductive fixed assets in other non-current assets category at fair value. If the asset is to be sold in short period, it is presented in the current assets category at fair value. Profits or losses are recognized as expenses in the period in which they are incurred.

The write-off of fixed assets is carried out after obtaining shareholder approval in the GMS or the Board of Commissioners.

DESCRIPTION OF AMENDMENT OF ACCOUNTING POLICY IMPLEMENTED IN THE FINAL BOOK YEAR

INTANGIBLE ASSETS

1. Costs associated with the improvement of systems and procedures that are identifiable, controlled and provide economic benefits that exceed their costs over a period of more than one year, are recognized as intangible assets. The costs are amortized using the straight-line method over the life of four years.
2. Upstream flu vaccine development costs include those associated with research findings or knowledge of egg-based vaccine production from egg preparation, bulk manufacture, clinical tests until the registration of the product performed by external parties. The costs are recognized as intangible assets and amortized using the straight-line method over the life of eight years.

REVENUE AND EXPENSE RECOGNITION

Revenue is recognized when a transaction occurs as the delivery of goods or services to customers is completed. Expenses are recognized when incurred (accrual method).

RESEARCH, DEVELOPMENT, AND SURVEILLANCE EXPENSES

Costs are incurred from the research phase (or research stages of internal projects), clinical tests, product and environmental surveillance and monitoring of products already sold in the market.

INCOME TAX

All temporary differences between the carrying amount of assets and liabilities and the tax base are recognized as deferred tax using the liability method. Deferred tax is measured at current tax rates. Current tax is recognized on the basis of estimated taxable income for the year in accordance with applicable tax laws.

Changes to tax liabilities are recognized when Company receives tax assessment letters or, if Company files an appeal, when the result of the appeal is determined.

EMPLOYMENT BENEFITS

Company exercises benefits for employees and provides employee post-retirement benefit program in accordance with Labor Law No. 13 of 2003 concerning on Employment. Employee retirement plan is managed by PT Asuransi Jiwasraya's Financial Pension Fund. Company accounts other employment benefits for employees in accordance with the Law..

Company recognizes post-employment and other long-term service costs and liabilities in accordance with SFAS 24 (Revised 2013) "Employment Benefits".

Current service cost, past service cost, and current value of post-employment benefits and other long-term benefits are determined by an independent actuary, using the projected unit credit method.

Company recognized the defined benefit cost component as follows:

1. The cost of services and net interest over the defined-benefit liability (assets) in profit or loss; and
2. Actuarial profits and losses and return on plan assets in other comprehensive income.

In addition to employment benefits, Company also maintains a pension plan for all the qualified permanent and contract employees. This program provides employment benefits based on the basic income of employees' retirement and years of service. The pension fund is managed by PT Asuransi Jiwasraya's Financial Pension Fund. The funding is under the latest provisions set forth in the Joint Employment Agreement between Company and the Employee Association .for the period 2015-2017 section 66, i.e. 15% of basic salary with 60% composition is borne by the employer while 40% is borne by the employee.



GRANT

Since January 1, 2011, Company has applied earlier to SFAS 61 “Accounting for Government Grants and Disclosure of Government Assistance” in relation to the adoption of SFAS 6 “Revocation of SFAS 21: Accounting for Equity”, IFAS 1 “Determination of Dividend Market Price, IFAS 2 “Presentation of Capital In Balance Sheet and Receivables To Shareholders” and IFAS 3 “Accounting for Donation or Assistance”. The adoption of the SFAS is conducted retrospectively.

Asset-related grants, including non-monetary grants at fair value, are presented in the statement of financial position as deferred income or recorded as deductions on the carrying amount of the asset. Income-related grants are presented in the statements of income and other comprehensive incomes in common items such as “other income” or alternative deductions in related expenses.

Grants are recognized in profit-loss on a systematic basis over the period the entity recognizes as an expense of related costs intended to be compensated by the grants.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires Company to use estimates and assumptions that affect the reported amounts. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based on different amounts of these estimates.

Since January 1, 2011, Company has adopted SFAS 57 (Revised 2009) “Provisions, Contingent Liabilities and Contingent Assets”, effective for financial reporting periods beginning on or after January 1, 2011 and is prospectively applied.

The preparation of financial statements requires management to make estimates and assumptions that affect the total assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the amount of revenues and expenses reported during the reporting period. Significant items related to estimates and assumptions include but are not limited to, the carrying amount of fixed assets, intangible assets and allowance for receivables. Actual results may differ from those estimates.



INFORMATION ON BUSINESS CONTINUITY

BIO FARMA HAS IMPLEMENTED INTEGRATED AND IT-BASED ENTERPRISE RESOURCE PLANNING (ERP) AND RISK MANAGEMENT SYSTEMS TO INCREASE EFFICIENCY AND PRODUCTIVITY.

POTENTIAL ISSUES SIGNIFICANTLY AFFECTS COMPANY'S BUSINESS CONTINUITY IN THE FINAL BOOK YEAR

GLOBAL AND DOMESTIC ECONOMY

The world economy is currently in a complicated condition that can affect developing countries like Indonesia. Several factors may contribute to the global economic growth; one of which includes geopolitics with increasingly complex threats. Factors of concern include China's economic slowdown, world crude oil price fluctuation and unstable geopolitical security. In addition, ahead of the negotiation on British exit from the European Union (EU) or known as Brexit and the protectionist policy of US President-elect Donald Trump is believed to also impact emerging market countries.

All this leads to increasing uncertainty about the outlook for global economic growth. The world economic turmoil is not something new. However, Indonesia is considered to have a strong mentality so as not affected by the impact of global economic conditions. Global environment, the uncertainty of economic development, global geopolitics, there is nothing new under the sun. To overcome this complicated situation, we are changing it by preparing the mental and global economic environment influence to Indonesia from export-import, psychology, perception, and risk.

The risks of the world economic turmoil affecting developed and developing countries are understandable and acceptable as they are to Indonesia. With this complexity we begin to anticipate by remaining focused so as not to be overwhelmed by the world economic slowdown. Many factors may have impacts on the economy of developing countries. Indonesia must understand this complexity and focus more on the development, starting from the global, economic, social, and political environments, from exports and imports, capital flows and the risks influencing the development both as a country and as an economy.

1. The government as a captive market must be maintained considering the inclusion of other competitors, such as from China and India, that can seize the market for WHO-PQ products and the opening of ASEAN Free Trade Area (AFTA) 2016 and WTO (World Trade Organization) by 2020. Similarly, the increasing competitors with WHO-PQ will strengthen the competition and expand the market. Company must be vigilant to prevent the largest customers in the domestic sector from turning to other suppliers. It is important to strengthen the domestic market by maintaining and improving customer satisfaction, particularly in terms of delivery accuracy and completeness/ diversity of the vaccine types required. The opportunity should be captured by providing the products on the required schedule either from own manufacture or through alliance with other parties.
2. Towards the global polio eradication which is estimated in 2018 (2020?), Company has the potential to lose turnover from the sales of polio vaccines in bulk or as finished product. To anticipate this, by 2016 Company has increased its production capacity, prepared the infrastructure for new products while updated the information on the latest international regulations. Therefore, the investment plan in 2016 increased compared to previous years that included the construction of production and packaging facilities. The newly established facilities and equipment are planned for multi years scheme until 2017. With the above mentioned efforts, it is expected that the potential loss of turnover from polio vaccines can be minimized through increasing sales of current and new products.



3. Bio Farma has implemented an integrated and IT-based Enterprise Resource Planning (ERP) and Risk Management System (IT) to improve efficiency and productivity. For the company management, Bio Farma has applied the principles of Good Corporate Governance (GCG), including strengthening Enterprise Risk Management (ERM) expressed in company's culture of PITIC (Professional, Integrity, Teamwork, Innovation, Customer Oriented), quality manual documents, guidelines and standard procedures optimally and sustainably. From 2015 until now, Company has implemented ERP that integrates almost all of the business processes, in accordance with the best practices/standards applicable, to improve control, accuracy and data integration among work units and to accelerate business processes. The role of integrated information systems will greatly assist in streamlining and efficiency of business processes and in meeting regulatory requirements as well as in the implementation of GCG. Company has core competences for this.
4. To achieve the Company's vision, human resources play a crucial role and require a good management. Company views human resources with the paradigm of "Human Capital Management", as an asset who continually grows by developing their knowledge, skills, and behaviors for their growing and increasing value, through integrated development programs, such as performance management system, reward management system, talent management system and knowledge management system. It is expected that by having employees with competence and expertise, Company may be able to conduct international placement. On the other hand, Company seeks to improve employee welfare during employment and after retirement to secure their loyalty and integrity in addition to the competence.

MANAGEMENT ASSESSMENT ON THE POTENTIAL ISSUES SIGNIFICANTLY AFFECTING COMPANY BUSINESS CONTINUITY

Company's management has assessed the ability to continue the business and believes that Company has the resources to continue it in the future. In addition, the management does not see any uncertainty that could cause significant doubt on the Company's ability to continue its operations.

In evaluating the aspects that may affect business continuity, Bio Farma has Compliance and Risk Management Division, Internal Oversight Unit, and Quality Assurance Division).

DUTIES AND RESPONSIBILITIES OF COMPLIANCE & RISK MANAGEMENT DIVISION

1. Coordinating the compliance aspects of GCG, regulations with the corporate activity risks
2. Monitoring the aspects of GCG, risks, and regulations/laws
3. Evaluating the aspects of GCG, risks, and regulations/laws

DUTIES AND RESPONSIBILITIES OF INTERNAL OVERSIGHT UNIT

1. Examining and evaluating the implementation of internal oversight, risk management, and GCG in accordance with Company's policies
2. Conducting examination and assessment on the efficiency and effectivity to the operations, finance, human resources, information technology, and other activities in the company
3. Preparing and applying the Annual Evaluation of Work Program
4. Providing recommendation for improvement and objective information concerning the activities assessed by the management
5. Making auditory reports and delivering them to the President Director and Board of Commissioners
6. Supervising the implementation of the recommended improvement follow-up
7. Performing consulting duties to improve internal oversight system

INFORMATION ON BUSINESS CONTINUITY

8. Discussing the auditory reports with the auditory committee and requesting for inputs
9. Organizing special inspection if necessary

DUTIES AND RESPONSIBILITIES OF QUALITY ASSURANCE DIVISION

1. Conducting audit on Quality Management System
2. Conducting audit on Environment Management System
3. Conducting audit on Health and Work Safety Management System
4. Conducting audit on Good Manufacturing Practices
5. Conducting audit on vendors
6. Conducting audit on Customer Complaints

EVALUATION ON THE EFFECTIVENESS OF RISK MANAGEMENT SYSTEM

Evaluation on the effectiveness of risk management system uses eight elements of Key Risk Indicator:

1. Awareness; evaluating the level of awareness of internal stake holders, both on the risks in general and the implementation of current risk management
2. Reputation; evaluating viewpoint and perception of the internal stake holders on the implementation of risk management
3. Culture; evaluating how far the culture of risk awareness has been established and become the background of the implementation of risk management
4. Competence; evaluating the level of competence of the internal stake holders on risk management in order to support the implementation of risk management
5. Trust; evaluating the level of trust of the internal stake holders on the results from the implementation of risk management
6. Resources; evaluating company's current resources, particularly human resources in order to support the implementation of risk management
7. Implementation; evaluating the risk management practices in maintaining data base/information on the company's risk management supported by the IT-based automatization process

8. Process; evaluating how far the risk management practices have been conducted based on a methodology referred by the best practices of risk management.

Based on the evaluation the Risk Management System applied in Bio Farma has been practiced effectively and developed based on the roadmap of Bio Farma's Risk Management.

The results are evident in the following:

1. Awareness of the risk owners to perform self-risk assessment.
2. The culture of risk awareness has been attached to the risk owners, marked by the efforts to conduct effective risk assessment in the company's operational activities.
3. Risk Management stakeholders are considered capable to conduct risk assessments effectively such as the use of semi-quantitative risk analysis.
4. The available resources are sufficient.

There are 11,20 identified risks from all work units which are then evaluated and measured based on probability and impact, so that the risk priority is to be controlled.

RISKS FACED BY COMPANY

In 2016, six corporate risks have been identified and divided into four types from routine activities and two types from project risks. After determining the risks associated with the corporation and the strategic steps to be taken in addressing those risks, the Compliance and Risk Management (CRM) Division as the unit in charge of corporate risk will evaluate and monitor the risk handling activities carried out by each unit. Every Head of Section of risk unit becomes responsible for each risk and handling activities as a whole to measure the effectiveness of risk management implementation in Bio Farma. The details of the corporate risk are:



No	Type of Risk	Risks
1	Routine activity risk	1. National and international policy/regulation ratification
		Company exports its products to various countries for the needs of their immunization programs which are supplied, among others, through UNICEF. All products for export have met WHO pre-qualification. Therefore, the recognition of product quality by WHO plays an important role in the continuity of export sales. Company should also keep updating the changes of international policies and requirements, particularly the regulations of WHO, as well as the possible regulatory changes in the government. This risk has a considerable impact on the company's ability to make a profit as when this risk occurs. Company should immediately adjust to the new regulation/policy and prepare an anticipatory strategy for any change of policy.
		2. Foreign currency fluctuation
		In conducting its business activities, Company also encounters with financial risks of foreign currency fluctuation which may have an impact on the vulnerability to foreign exchange fluctuation. Foreign currency fluctuations, especially in US Dollar, greatly affect the cost of production. To fulfill the obligation on the purchase transaction of imported goods/materials, company will optimize the availability of foreign currency funds ready to be paid for the import transaction. The most likely risk is the difference in the value of the foreign currency between the opening value of L/C when the goods/materials are ordered with the value of the obligations to be paid when they are received.
	3. Increasing global competition	3. Increasing global competition
		In today's open market era, competition in the pharmaceutical and biological products sector has become increasingly strong as more international companies emerge. Such competition arises in many aspects, such as stronger international competitor operational capability, innovative products, changes in market demands, and limited public purchasing power. Threats to products from competitors such as from China and India, for WHO PQ (Pre-qualification) products and ASEAN single market are becoming serious issues for the company's sustainability. Similarly, the addition of global competitors with WHO-PQ will increase competition and may seize market share at home and abroad. Therefore pipeline products with the market trend becomes a serious factor for the continuity of the company. Those products must be in accordance with market needs and can be provided on time. Delays in the supply of new products will result loss of potential markets.
	4. Delay in vaccine supply	4. Delay in vaccine supply
		Bio Farma is the only vaccine manufacturer in Indonesia that supplies all vaccines needs for immunization programs in the country. In addition, the Company exports vaccines to various institutions and other countries. To fulfill the demand of vaccines for national and international markets (bilateral as well as UN Agencies) based on supply schedules as committed, some factors should be considered by Bio Farma, such as the duration of production & Quality Control processes as well as release of product (leadtime), and the limited production capacity. These factors can lead the delay in vaccine supply to bilateral and UN Agency customers. These risks arise from a number of related risks such as the sudden adjustment of forecast or product demands, followed by the adjustment of in production plans based on the changes of forecast and material supply shortages due to the limited ability of suppliers to meet product or quantity specifications. In addition, delays in signing contracts will also shorten product provisioning time so as to result in delays in adverse product fulfillment that may affect company's reputation and/or have to pay a fine.

INFORMATION ON BUSINESS CONTINUITY

No	Type of Risk	Risks
2	Project activity risk	5. Investment realization is not as scheduled Company must be able to maintain the availability of products in accordance with market needs, either through the improvement of production facilities and infrastructures, or through research and development of new products. Sufficient facilities are required to support production processes that meet the applicable requirements or regulations as well as qualified research and development to be completed on time so that the products can enter the market as needed. Delays in investment programs that support both research and production processes will lead to a loss of market opportunity; therefore, planning and implementation of investment programs must be timely and targeted. 6. Unprepared production of influenza vaccines to overcome pandemics As a precaution against the flu pandemic, the government through the Ministry of Health builds a human flu vaccine production facility. The construction has been completed and will be submitted to Company anticipatory operation of flu pandemic. Company has mastered flu vaccine production technology and has been able to produce but in limited capacity, while government project is still uncertain for the continuation that large-scale vaccine production can not processed if at any time the flu pandemic occurred.

RISK MANAGEMENT

Bio Farma is committed to comply with the applicable regulations and other requirements in conducting its activities and continues to practice the culture of compliance and to ensure the implementation of the compliance function that includes:

1. Achieving the application of culture of compliance at all levels of the organization and business activities of the company
2. Managing compliance risks
3. Ensuring that policies, requirements, procedures, and activities have been in accordance with the applicable regulations

Risk management in Bio Farma includes risk management policies, integrated risk management plan, sufficient resources, mechanism for

communication, reports on internal and external risk management implementation, and language compatibility.

ASSUMPTIONS USED BY MANAGEMENT
IN CONDUCTING ASSESSMENT

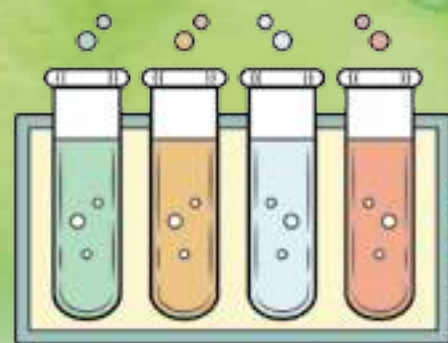
The following factors become consideration for the management in conducting their assessment on the business continuity:

1. Company's Financial Performance Report
2. Liquidity
3. Solvability
4. Internal problems
5. Inflation
6. Exchange rate
7. Company's governance indicators

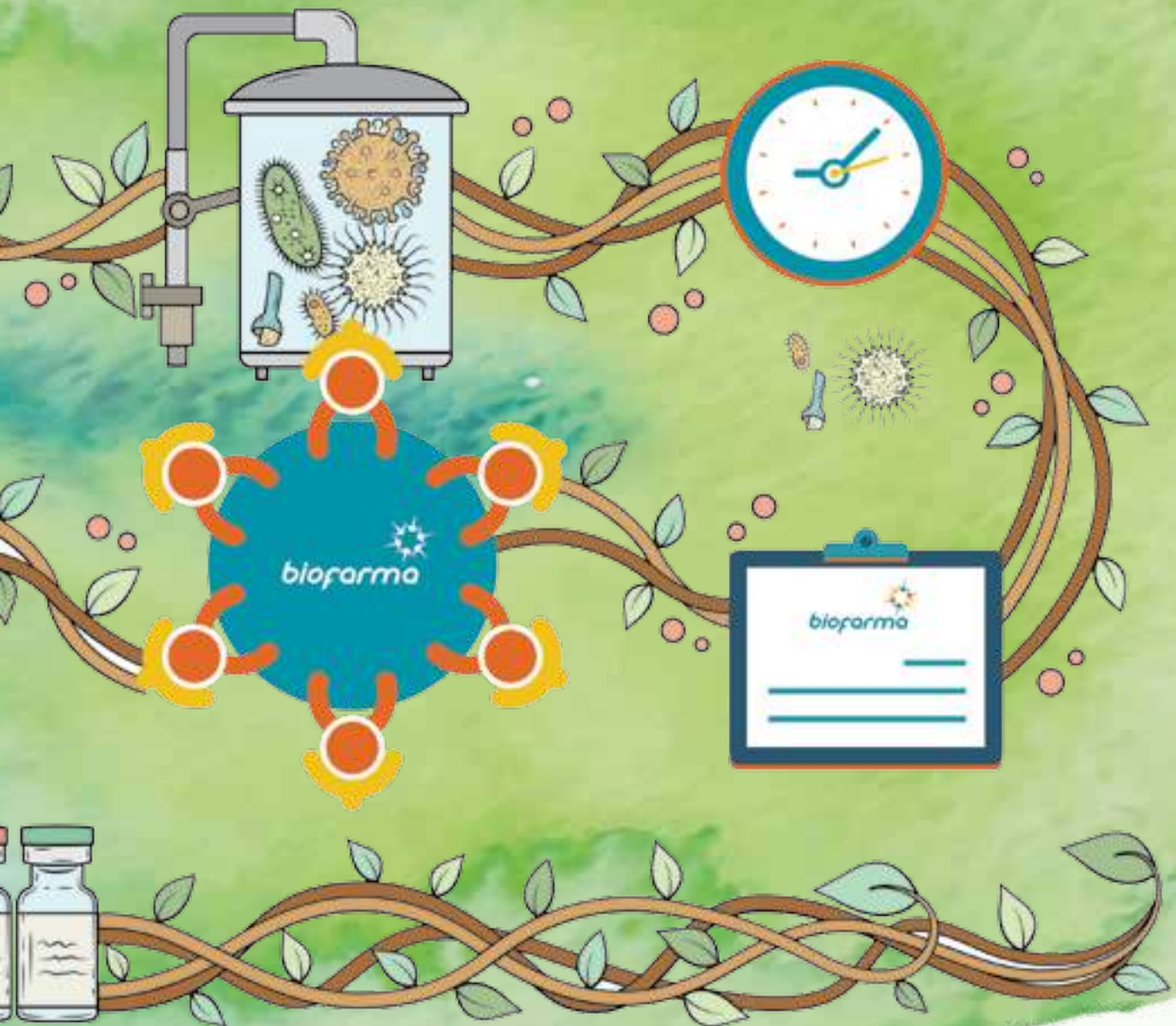


GOOD CORPORATE GOVERNANCE

The fundamental of Good Corporate Governance implementation is a strong foundation for Bio Farma to enhance its competitiveness in various aspects for local, regional, national and global levels.



CORPORATE GOVERNANCE





GOOD CORPORATE GOVERNANCE

IN ORDER TO BUILD GOOD CORPORATE GOVERNANCE, THE COMPANY SHALL HAVE A COMMITMENT, CONSISTENT, AND PERSISTENT FROM ALL RELEVANT PARTIES, I.E.: ALL MANAGEMENT LEVELS, EMPLOYEES, BOARD OF COMMISSIONERS, GOVERNMENT AND OTHER STAKEHOLDERS.

Global condition has been marked by the increasing of democratization and decentralization which focus to the importance of competition enhancement in many fields. The competition enhancement as a competitive leverage is believed as a success key in winning the competition in globalization era. The main factor of competitiveness determinant is an efficient service process with a precision quality and public policy in governance system in various sectors. Therefore, the Good Corporate Governance (GCG) principles implementation is going to be a strong foundation for Bio Farma in their endeavor to increase their competitiveness in various aspects in local, regional, national and global levels.

Board of Commissioners, Board of Commissioners Supporting Organ, Board of Directors and all employees are strongly committed to implement GCG.

GCG has turned into basic philosophy embedded in Bio Farma employees' attitude, manner, mindset and way of work. Through GCG, Bio Farma is capable to build their own image and reputation as an excellent and dignified Company with Company culture consisted of professional, integrity, teamwork and customer oriented.

The realization of GCG are enable Bio Farma to optimize Company value, to increase Company contribution in national economic and to increase conducive climate in Company environment.

This can be seen in 2016 Bio Farma Excellence Performance Assessment Criteria (KPKU) of 510.25 or 9.26% or 43.25 point increase comparing to 2015 score of 467. With such score improvement, Bio Farma category classification has been changed into Good Performance comparing to prior classification

as Early Improvement. Such score improvement conducted by Forum Ekselen BUMN (FEB) has been evident that governance in Bio Farma has been improved and effective, therefore the Company performance has been improved as well.

THE IMPORTANCE OF GOOD CORPORATE GOVERNANCE FOR PT BIO FARMA (PERSERO)

1. To improve and maximize Company value to win the global competition;
2. To avoid fraud, corruption, collusion and nepotism;
3. To encourage the efficient, transparent and consistent market with the prevailing laws and regulations based on Good Corporate Governance principles: Transparency, Accountability, Responsibility, Independency and Fairness.

The GCG implementation should be supported by interrelated three pillars consisted of nation and its infrastructure as regulator, business practice as market player and society as end user of products and services.

GOOD CORPORATE GOVERNANCE

THE BASIC PRINCIPLES SHOULD BE IMPLEMENTED

The basic principles should be implemented by each of those pillars such as nation and its infrastructure, laws and regulations which encourage the sound, efficient and transparent business climate, the consistent of law implementation and law enforcement.

1. Business practice as market player implements GCG as business practice fundamental guidelines;
2. Society as end user of products and services of such business practice and parties who were affected by the Company existence, showed their concern and conduct the objective and responsible social control.

CORPORATE GOVERNANCE STATEMENT

A Good Corporate Governance exists as a framework and guidelines for PT Bio Farma (Persero) in conducting a good and right Company management. The effective and balances GGC implementation needs a positive role and contribution from each of employees of PT Bio Farma (Persero).

PT Bio Farma (Persero) views the good GCG implementation as a strong pillar to improve Company growth. Therefore. PT Bio Farma (Persero) tries at their best to implement GCG for each of stakeholders by complying the prevailing rules and regulations.

The GCG implementation in PT Bio Farma (Persero) is intended to achieve the success of Company philosophy, vision, mission and goal based **on 5 (five) GCG basic principles** consisted of Transparency, Accountability, Responsibility, Independency and Fairness, abbreviated as TARIF.

1. **Transparency**, the openness in disclosing materials and relevant information about the Company.

Implementation Guidelines:

- a. The Company provides a punctual, adequate, clear, accurate, comparable and accessible informations for stakeholders.
- b. The disclosed informations consisted of vision, mission, business target, company strategy, financial condition, management structure and compensation, controlling shareholders, share ownership of Board of Directors and Board of Commissioners members and their families in the Company and other Companies, risk management system, internal control oversight system, GCG implementation system and level of compliance and important events which affects the Company's condition
- c. The Company information openness does not reduce the obligation to satisfy the provision of Company's secrecy in accordance with prevailing laws and regulations, position secrecy, and personal rights.

GCG becomes a basic philosophy embeded in attitude, behavior, mindset, the way of work of each of PT Bio Farma (Persero) employee. Through GCG, PT Bio Farma (Persero) is able to build an image and reputation as an excellent Company.



- d. The written Company policy is proportionally communicated to stakeholders.

2. **Accountability** the explication of function, the execution and the organ responsibility so that management of the company is done effectively.

Implementation Guidelines:

- a. The Company clearly established the detailed of job and responsibility for each of Company organ and employees in accordance with Company vision, mission, value and strategy;
- b. The Company believes that each of Company organ and employees has the capabilities for each duties, responsibilities and roles in conducting GCG;
- c. The Company ensures there is effective internal control system in Company management;
- d. The Company has consisten performance measurement for all level and reward and punishment system;
- e. e)In conducting their own duties and responsibilities, the agreed code of conduct is the guidelines for each of Company organ and employees.

3. **Responsibility** the conformance in the management of the company regarding the regulations and the principles of a healthy corporation.

The Company complies with the prevailing rules and regulations and conducting their responsibilities to society and envirotnment to maintain the business sustainability in long term and to obtain a recognition as Good Corporate Citizen.

Implementation Guidelines

- a. The Company organ complies with prudence principles and ensures the compliance with laws and regulations, Company's Article of Association and Company regulation (by laws)
- b. The Company conducts the social responsibility such as put their concern to society and environmental sustainability around the Company by making proper plan and implementation.

4. **Independency** 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.

Implementation Guidelines:

- a. Each of Company organ avoids the domination from anyone, not to be influenced by certain interest, free of conflict of interest from influence or pressure, therefore the decision can be objectively made.
- b. Each of Company organ conduct their own functions and duties in accordance with Company's Article of Association and laws and regulations, not to dominate each other or throwing responsibilities among them

5. **Fairness** namely justice and equality in fulfilling the rights of stakeholders arising based on agreement and regulations

GOOD CORPORATE GOVERNANCE

Implementation Guidelines

- a. The Company welcomes the opportunities to stakeholders to share their opinion for Company's interest and opens the information access in accordance with transpiration principles in each of their own scopes and positions.
- b. The Company equally and fairly treats the stakeholders based on the benefit and contribution they share to the Company
- c. The Company share the equal opportunities in employees' acceptance, career and professional duties without distinction of race, religion, social status, gender, and physical condition.

THE OBJECTIVE OF GCG IMPLEMENTATION

1. Optimizing the Company value in order to have strong competitive advantage both nationally and internationally, to maintain the Company's existence and sustainability to achieve Company's intention and goal.
2. Professionally, efficiently and effectively encouraging Company and empowering the function and improving the autonomy of Company's organ.
3. Encouraging the Company organ to make decision and to take action based on high moral standard and compliance to the laws and regulations and awareness of Company Social Responsibilities to Stakeholders or environmental sustainability around the Company.
4. Improving the Company contribution in environmental around the Company and in nasional economic.
5. Improving the condusive climate in environmental around the Company.

All management level of PT Bio Farma (Persero) believes that GCG implementation enables the Company to achieve its objective in business growth, profitability and long-term business sustainability. Therefore, the Company are able to provide the value added for shareholders, wealth for Company big family and optimum contribution for State.

LEGAL BASIS OF GCG IMPLEMENTATION

1. Law No. 19 Year 2003 dated 19 June 2003 on Stateowned Enterprises;
2. Law No. 40 Year 2007 on Limited Liability Companies;
3. SOE Ministerial Decree No. 117/M-MBU/2002 dated 31 July 2002 as renewed by the SOE Ministerial Decree No. PER-01/MBU/2011 dated 1 August 2011 on Implementation of Good Corporate Governance in SOEs as amended by the SOE Ministerial Decree No. PER-09/MBU/2012 on Amendment to SOE Ministerial Decree No. PER-01/MBU/2011 on Implementation of Good Corporate Governance in SOEs.
4. Secretarial Letter of the SOE Ministry No. S-168/MBU/2008 dated 27 June 2008 on indicators/parameters of assessment on Good Corporate Governance implementation as renewed by the Secretarial Letter of the SOE Ministry No. SK-16/S. MBU/2012.
5. General guidelines on Good Corporate Governance issued by the National Governance Policy Committee.



BENEFITS OF GCG IMPLEMENTATION

1. Reducing an agency cost, cost that are charged to Shareholders as a result of authority delegation to management. Such amount are loss for the management as a consequences of authority abuse or oversight cost to prevent authority abuse;
2. Reducing cost of capital, as a consequences from the good management of a Company in interest rate of fund or the borrowed resources of a Company are lesser in parallel with Company risk level;
3. Enhancing Company image to wide range of public in long-term;
4. Creating stakeholders' support in Company environment in its existence, strategy and policy taken by the Company, for they receive a collateral from all Company's action and operaion to create welfare and prosperity;
5. Producing human resources who are competent in GCG
6. The Company are able to optimize high profit and growth rate.

GCG IMPLEMENTATION FACTOR

1. **External factor**, comes from outside the Company and deeply affects the GCG implementation success, such as:
 - a. A good legal system to ensure the consistent and effective enforcement of law supremacy
 - b. The support of GCG implementation from public sector/ governmental institution which is highly expected as well to implement Good Governance and Clean Governance towards the truly Good Corporate Goverance.
 - c. There are best practices of GCG implementation which can be a effective and professional GCG implementation benchmark.

2. **Internal factor**, a success driver of GCG practice implementation in Bio Farma which comes from inside the Company, such as:

- a. A corporate culture which supports the GCG implementation in Company management mechanism and work system;
- b. Rules and policies published by the Company refers to GCG values implementation
- c. cA Company Risk Control Management based on GCG basic principles
- d. An effective audit system in the Company to avoid every possible deviation.
- e. Public information disclosure to understand every management action and steps in order to share an understading for public so they can follow the Company development and dynamic from time to tome.

GOVERNANCE STRUCTURE

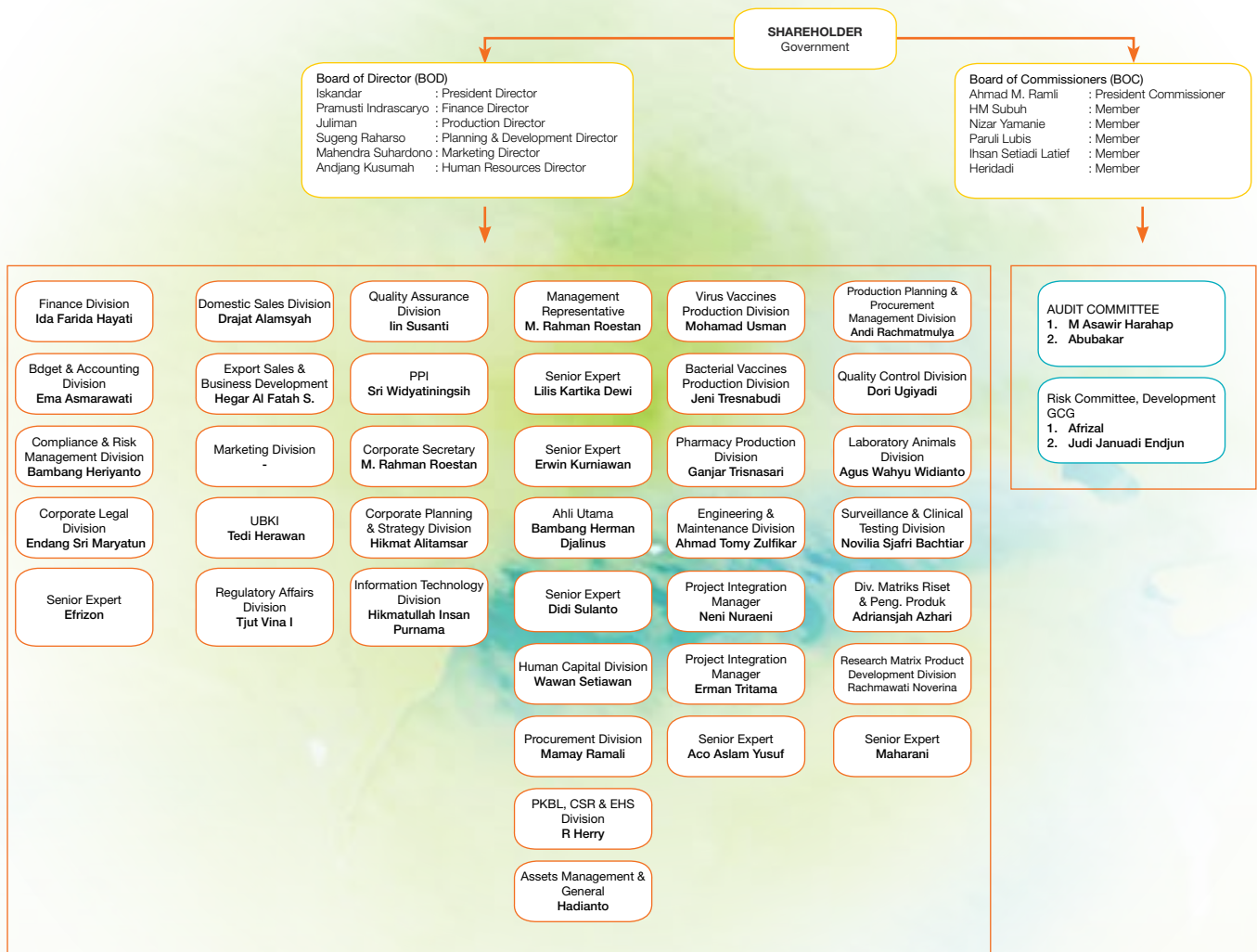
The governance structure of Bio Farma is based on Law Number 40 of 2007 of Limited Liability Companies. Each company organ consists of three elements: shareholders via the General Meeting of Shareholders (GMS) as the highest decision-making forum for the company's shareoholders, Board of Commissioners to supervise the Company's operations, and Directors to manage day-to-day operations of the Company. The Board of Commissioners and Directors' authorities and responsibilities are clearly outlined in the bylaws of the company and prevailing regulations.

GOOD CORPORATE GOVERNANCE

Regarding to Company Organ, both Board of Commissioners and Board of Directors have their clear authorities and responsibilities which are aligned with their respective functions as mandated in Company Article of Association and prevailing rules and regulations. Both Board of Commissioners and Board of Directors are responsible to maintain long

tem sustainability of Bio Farma, Therefore, Board of Commissioners and Board of Directors are required to have same perceptions about Company philosophy, vision, mission and values.

THE STRUCTURE OF BIO FARMA (PERSERO) GOVERNANCE





THE STRUCTURE OF BIO FARMA (PERSERO) GOVERNANCE

General Shareholders Meeting (GSM)

The General Shareholders Meeting (GSM) is the highest authority in the Company which can not be delegated to Board of Commissioners and Board of Directors. GSM is a tools for Shareholders to make important decision regarding to Company business and operational including remunerations for Board of Directors, Board of Commissioners, dividen payment and profit sharing, Annual Report approval, independent auditors appointment, amendment of Company's Article of Association, authorities delegation to Board of Directors to follow up issues discussed and approved by GSM based on provision in Articles of Association and Company Law.

Board of Commissioners

Board of Commissioners, collectively have duties and responsibilities to oversee and to advise Board of Directors and to ensure the Company

GCG implementation for all level. Board of Commissioners are supported by Secretary of Board of Commissioners, Audit Committee and Risk, Development and GCG Committee to empower supervisory function of Board of Commissioners, to assist Board of Commissioners in conducting their duties and obligations and formulizing Board of Commissioners policy which are aligned with their scope of duties. In conducting their duties, Board of Commissioners are directly responsible to GSM.

Board of Directors

Board of Directors are collectively responsible to manage Company for Company interest and objective as established in Company Article of Association to generate value added and to ensure the business sustainability. Management has supported organs as work unit to control, to escort and to be responsible for GCG implementation and to be work partner of Committees under Board of Commissioners.

BIO FARMA GCG FRAMEWORK

Bio Farma has GCG Framework established by Governance System as follows:



GOOD CORPORATE GOVERNANCE

THE PURPOSE AND OBJECTIVE OF GCG

1. To encourage Company sustainability through management based on transparency, accountability, responsibility, independence and fairness and equality.
2. To encourage the empowering of function and independence of each of Company Organ consisted of Board of Commissioners, Board of Directors and General Shareholders Meeting.
3. To encourage Shareholders, Members of Board of Commissioners and Board of Directors to make their decisions and to take actions based on high moral standard and compliance to rules and regulations.
4. To encourage Company social awareness and social responsibility of society and environment sustainability around the Company
5. To optimize Company value for Shareholders by consistently noticing other stakeholders
6. To improve Company competitiveness both in national and international level to improve market confidence which can encourage investment inflows and continuity of nasional economic growth.
5. Behaviour guidelines based on Company values and business ethics
6. Information disclosure infrastructure for shareholders and other stakeholders
7. Policies of improvement of various Company rules to satisfy GCG principles.

The GCG Implementation Policies in Bio Farma are as follows:

1. Directorial Decree No. 05345/DIR/VIII/2006 dated 7 August 2006 on Policy on Implementation of Good Corporate Governance (GCG) within PT Bio Farma (Persero) and renewed by the Joint Decree of the Board of Commissioners and Directors No. KEP-04/DK/BF/II/2013-01023/DIR/II/2013 dated 22 February 2013 on Implementation of Good Corporate Governance in PT Bio Farma (Persero)
2. Code of Conduct guideline as reference behaviour for the Board of Commissioners, Directors, and employees of Bio Farma in implementing Company values and conduct daily activities. Behavioural Guideline is an important element in preventing breach of ethics. The guideline is governed by the Joint Decree of the Board of Commissioners and Directors No. KEP-07/DK/BF/III/2014 and No. 011103/DIR/III/2014 dated 6 March 2014 on Amendments on Joint Decree of the Board of Commissioners and Directors No. KEP-05/DK/BF/ II/2013 and No. 01024/DIR/ II/2013.
3. Whistleblowing System (WBS) is a Company effort to detect frauds, corruptions, thefts, bribes, grafts, conflicts of interest, and violations of law and Company policy/procedures. The policy is set forth in Directorial Decree No. 01026/DIR/ II/2013 dated 22 February 2013 on Policy on Implementation of Whistleblowing System in Bio Farma.
4. Controlling grafts, which are important elements in determining standards to prevent corruption and other violations. Grafts are regulated by Directorial Decree No. 01236/DIR/III/2013 dated 4 March on Guidelines on Control of Grafts.

BIO FARMA GCG GUIDELINES AND POLICIES

As a State-owned Enterprise acting in good faith to ensure continued GCG implementation, Bio Farma has established its own guidelines and policies to implement GCG within the Company. Among the policies are:

Bio Farma GCG Implementation Guidelines

1. Company philosophy, vision, mission and values;
2. Position and functions of GSM, Board of Commissioners, Board of Directors, Board of Commissioners Committees and Internal Audit
3. Company policies of the effectiveness of functionality of each of Company organs
4. Company policies for accountability, effective internal control and reliable financial reporting



5. Board Manual of the Board of Commissioners and Directors as reference for the bodies in the discharge of their duties and functions. The Board Manual is governed by the Joint Decree of the Board of Commissioners and Directors No. KEP06/DK/BF/II/2013 and No. 01025/DIR/II/2013 on Guidelines for the Board of Commissioners and Directors (Board Manual) of PT Bio Farma (Persero). The Board Manual is prepared in accordance with prevailing laws and regulations and periodically reviewed and refined. In addition to the Board Manual, the Board of Commissioners is further guided by the Board of Commissioners Charter (BOC Charter) as stipulated in the Decree of the Board of Commissioners No. SK-06/DK/BF/XII/2011 dated 19 December 2011. The Directors is also guided by the Board of Directors Charter (BOD Charter) as stipulated in the Directorial Decree No. 07457/DIR/XII/2011 dated 23 December 2012.
6. Directorial Decree of PT Bio Farma (Persero) Number 07882/DIR/XII/2015 dated 30 September 2015 of The Manual of Conflict of Interest Solutions of PT Bio Farma (Persero)

The manual and policies related to Company GCG implementation are regularly updated aligned with current condition, the amendment of rules and regulations and Bio Farma business development dynamic. GCG implementation is expected to prevent corruption, collusion and nepotism practices and to improve supervisory function in Company management.

As a realization of GCG implementation commitment, in 26 April 2016, after the internalization and socialization of Manual of Company GCG Implementation, Code of Conduct, Whistleblowing System Implementation and Manual of Gifts of Board of Commissioners, Board of Commissioners Organ, Board of Directors and all of Bio Farma employees signed the Integrity Pact.

From 28th April to 30th June 2016, Bio Farma has performed self assessment of GCG internally by Bio Farma GCG Assessor Team. Such result is used as a basis for improving the GCG implementation in Bio Farma in accordance with GCG principles.

Until 2016, Bio Farma has improved and completed the GCG soft structure consisted of:

1. Compiling of GCG Manual as a management commitment to GCG principles implementation, consisted of:
 - a. 2013 Code of Corporate Governance
 - b. 2014 Code of Conduct as an nomenclature amendment of 2014 Code of Conduct
 - c. 2014 Internal Audit Charter
 - d. 2012 Internal Audit Charter
 - e. 2014 Risk, Development and GCG Committee Charter
 - f. 2013 Risk Management Policy
 - g. 2012 Information Technology Policy
 - h. Policy of Consumers' Right Protection as stated in 2014 Code of Conduct
 - i. Policy of 2014 Corporate Social Responsibility.
2. The improvement of Company Standard Operating Procedures referred to Company structure, work process, and organizational needs.
3. The submission of Company recent information to stakeholders through website and internal bulletin
4. Conducting the role and function of Board of Directors, Board of Commissioners and Shareholders as GCG primary organ in accordance with prevailing laws and regulations and Company Article of Association.
5. Improving the role and function of Secretary of Board of Commissioners, Audit Committee, Risk, Development and GCG Committee, Corporate Secretary, and Internal Audit as GCG supporting organ.
6. Conducting regular evaluation of GCG implementation with self assessment as part of continuing improvement process.

GOOD CORPORATE GOVERNANCE

In 2016, Bio Farma conducted GCG implementation evaluation through self assessment. Internal evaluation was conducted by Internal Assessor Team which was established with Directorial Decree Number: 00163/DIR/I/2015. Moreover, the GCG improvement endeavor were conducted as well through KPKU assessment mechanism which had been conducted on 3 to 10 December 2016 with score of 510.25.

GCG IMPLEMENTATION STAGES

1. PREPARATION STATGES

The implementation states consisted of 3 primary steps:

- a. **Awareness Building**, as a first step to build awareness of GCG importance and mutual commitment in GCG implementation. This activity can be conducted through seminar, workshop and group discussion by inviting independent experts from outside
- b. **GCG Assessment** which identifies the important aspects to have the priority to be followed up and the action steps to be taken.
- c. **GCG Manual Building**, the next step taken after the GCG assessment conducted. Based of Company readiness level mapping and implementation priority identification, the Company then could compile the manual or guidelines of GCG implementation. This manual was different with manual for Company organ or for whole Company member, consisted of:
 - Company GCG Policy
 - GCG Manual for Company Organ

- Code of Conduct
- Audit Committee Charter
- Disclosure and Transparation Policy
- Risk Management Policy and Framework
- Implementation Roadmap

2. IMPLEMENTATION STAGE

The implementation stage consisted of 3 steps as below:

- a. **Socialization** by introducing all aspects of GCG implementation especially GCG implementation manual to all of Bio Farma employees.
- b. **Implementation**, activities conducted which was aligned with existed GCG manual based on compiled roadmap. Such implementation should be Top Down Approach which involved Board of Commissioners and Board of Directors. The implementation encompassed change management effort to escort changing process as a result of GCG implementation
- c. **Internalization**, all efforts to introduce GCG and rules and regulations in all Company business process

3. EVALUATION STAGE

Evaluation stage was regularly conducted to measure the effectiveness of GCG implementation by inviting independent parties to conduct implementation audit and scoring of existed GCG practice.



Workshop Penyusunan Laporan Implementasi KPKU Tahun 2016

AWARENESS BUILDING OF THE IMPORTANCE OF GCG AND MUTUAL COMMITMENT IN GCG IMPLEMENTATION

The activity Bio Farma organized in order to build awareness of importance of GCG and mutual commitment in CGC implementation are as follows:

As a realization and commitment of GCG implementation, in 26 April 2016, all of Bio Farma employees signed the Integrity Pact after the internalization and socialization of Manual of Company GCG Implementation, Code of Conduct, Whistleblowing System Implementation and Manual of Gifts of Board of Commissioners, Board of Commissioners Organ.

GOOD CORPORATE GOVERNANCE

BIO FARMA GCG ROADMAP

In improve the quality of GCG implementation, the management has established the GCG Roadmap 2006-2018 consisting of four phases and in harmony with the five-year Long-term Company Plan (LTCP). The end result is becoming a global company whose strategies are based on Global CSR approaches aimed at Good Sustainability Citizenship.

To strengthen its commitment and improve its performance, Bio Farma has coordinated with appointed consultants to refine the following GCG Roadmap, as follows:



2006-2015

- Signing of the "Bio Farma GCG Promise" agreement between Shareholders, Board of Commissioners, Directors, and Workers Union Formation of GCG Implementation Team
- Drafting of a Code of Conduct, Board Manual, Audit Committee Charter, and Internal Audit Charter
- Signing of a conflict of interest statement by the Board of Commissioners
- Implementing GCG assessments
- Forming the Risk Committee
- Drafting Policies on GCG, Information Technology, and Corporate Social Responsibility
- Application of various integrated systems, systems, and world-class standard guidelines
- Drafting of Sustainability Reports based on Global Reporting Initiative (GRI)
- Appointing GCG as Key Performance Indicators (KPI) in Management Contracts
- Drafting Policy on Whistleblowing System (WBS) and Control on Gifts based on the 2009 Code of Conduct
- Formation of structures managing GCG and ERM
- Signing of an annual pact on integrity on GCG implementation by the Directors, Board of Commissioners, and employees
- Refining GCG Guidelines and Codes of Conduct
- Implementing programmes to strengthen the implementation of Codes of Conducts of employees
- Incorporation of materials from the Codes of Conduct in new employee orientations
- Updating LHKPN policies
- Socialization and implementation of WBS Policy and Gift Control Policy
- Changing company culture values into PITIC
- Drafting of GCG Roadmap and GRC Framework
- Establishing and implementing self-assessed GCG implementation evaluation systems



Descriptions	Good Governance Company: Developing The Good Corporate Governance System				
2015					
GRC Working Framework Implementation					
Program	Determining the GRC Working Framework as a Corporate Policy.	Implementing IT-based Risk Management	GRC Application	Compiling BCM Policy and Procedures.	
Objectives	Formalizing the GRC framework as a corporate policy.	Improving the effectiveness and efficiency of IT-based risk management.	Strengthening GCG application through a risk management and compliance approach.	Ensuring critical business function continuity during incidents that have the potential to disrupt / stop the company's business operations.	
Activities	Determining company policy related to GRC implementation within the company based on the established GRC working framework.	- Conducting a review to identify the requirements to determine the IT model to be used in the risk management system. - Determining an IT system infrastructure to support implementation of the risk management system. - Conducting ongoing development, especially for related work units, to improve understanding of IT-based risk management.	- Improving employee awareness of the GRC working framework. - Implementing GCG, risk management and compliance in an integrated manner.	- Conducting business impact analysis and risk assessment. - Determining BCM strategy and compiling BCM policy. - Compiling BCM procedure and compiling the annual BCM program.	
2016					
Strengthening and Measuring the Governance System and Process and Integraion of the GRC Framework Through the GRC (IT) Platform					
Implementing Periodic GCG Self Assessment.	Strengthening GRC Infrastructure and Soft Structures	Measuring the Whistle Blowing System (WBS) Effectiveness.	Application and Testing of BCM	Integrating the GRC Framework into the IT system (GRC Platform)	
Independently monitoring GCG implementation developments in the company.	Improving the clarity and function of the GRC management structure in the company, as well as the completeness of supporting policies and procedures related to the application of GRC in the company.	Identifying to what extent WBS can be effectively implemented in the Company, as well as identifying the weaknesses and shortcomings in the system to make further Improvements.	Applying and integrating BCM procedures into the company's business processes. Ensuring supporting BCM procedures and infrastructure run effectively.	Improving GRC application through integration of the GRC working framework into the IT system	
Conducting periodic independent mapping through measurement of GCG implementation quality within the company.	Studying the adequacy of the GRC management function and structure within the company. Reviewing policies and procedures related to GRC implementation. Refining GRC policies and procedures, as well as the adequacy of the GRC management function and structure based on Implemented studies.	Conducting reviews of the company's WBS policy and system Conducting studies to identify the adequacy or shortcomings of the system. Determining benchmarks of WBS implementation in other, more advanced, companies. Disseminating	Disseminating information and training to provide understanding of BCM. Developing BCM infrastructure requirements.	Integrating the GRC working framework into the IT system for the integrated application of GCG, Risk Management and Compliance.	
- Identifying the strengths and shortcomings of GCG implementation within the company. - Following up on recommendations made from assessment conducted in the previous period.			Testing BCM procedures and infrastructure	Identifying the weaknesses and shortcomings of the integration system.	

GOOD CORPORATE GOVERNANCE

Good Corporate Governance: Developing the Good Corporate Governance System					
Description		2015			
Indicators	- Satisfactory employee understanding of the GRC working framework. - GRC can be applied in accordance with established policies.	Increasingly efficient risk management implementation supported by an adequate IT system.	- Use of a risk and compliance approach in GCG application within the company. - The existence of a strong link between risk management and compliance with the corporate governance system.	Establishment of company BCM policies and procedures	
Results	GRC implementation policy for the company.	Implementation of effective IT-based risk management in the company.	Effective GRC implementation.	BCM policies and procedures supported by an organization structure for BCM implementation.	
		2016			
Description		Strengthening and Measuring the Governance System and Process and Integration of The GRC Framework Through The GRC (IT) Platform			
- Knowledge of the map of GCG implementation current practices in the company. - Recommendations based on assessment of the prior period have been followed up.	- Clarity of GRC management function and structure. - Complete and adequate GRC policies and procedures.	- Improved understanding of WBS procedures by company employees and stakeholders. - Smooth functioning of reporting channels for violations. - Improved employee awareness to not violate company rules marked by a reduction in the number of violations. - Improved awareness among company employees and stakeholders to report knowledge of any violations.	- Integration of BCM procedures into business processes. - Fulfilling procedures and infrastructure to support BCM.	Integrating the GRC working framework into the IT system for smooth running.	
Ongoing GCG self assessment resulting in a map of GCG implementation practices in the company from time to time	Clarity of GCG management function and structure supported by complete and adequate GRC policies and procedures.	Effective WBS implementation within the company.	Effectively run BCM procedures integrated into business processes and supported by adequate procedures and infrastructure	Adequate integration of the GRC framework within the IT system for effective GRC implementation.	



Description	Good Corporate Sustainability: Measuring GRC Maturity Level		Good Sustainability Citizenship: Achievement as an Ethical and Responsible Global Company	
	2015		2016	
	Measuring GRC Maturity Level		Determining Strategy with Global CSR Approach	
Program	Measuring GRC Maturity Level		- Measuring GRC Maturity Level Measuring KPKU-based KPIs - Obtaining GCG awards.	
Objectives	Determining maturity levels for the application of all corporate GRC components.		- Measuring company performance achievements referring to KPKU to improve the company's business growth, profits and competitiveness. - Building the company's reputation as a well-governed company. - Determining company strategy consistent with community development, as well as care for the environment, to build the company's reputation as a corporate citizen.	
Activities	- Assessing GRC Maturity Level - Gap analysis - Making recommendations to improve the maturity level		- Comprehensive understanding of KPKU-based KPI assessment - Improving Company performance achievements. - Measuring KPIs using KPKU substance as a basis. - Actively participating in GCG award events. - Holding routine GCG forums in the company. - Running business activities with high attention to social and environmental care. - Improving the Company's role in community development and environmental conservation. - Incorporating corporate social responsibility when determining the Long Term Plan. - Measuring the company's performance in achieving sustainable development objectives that involve economic, social and environmental aspects (triple bottom line), with reference to Global Reporting Initiative (GRI) criteria. - Conducting audits of the company's Sustainability Reports.	

GOOD CORPORATE GOVERNANCE

Description	Good Corporate Sustainability: Measuring GRC Maturity Level	Good Sustainability Citizenship: Achievement as an Ethical and Responsible Global Company		
	2015 Measuring GRC Maturity Level	2016 Determining Strategy with Global CSR Approach		
Indicators	- Knowledge of GRC maturity level in the company - Achieving target maturity level	Use of KPKU as a basis for KPI measurement.	- participation in various GCG award events, such as the Corporate Governance Perception Index (CGPI), Annual Report Awards (ARA), etc. - Winning GCG awards at various events	- Commitment by the company to sustainable development programs. - Real contribution by the company to economic, social and environmental aspects for the government. - Improved community welfare and health. - Improved ratings in environmental performance awards (PROPER) from Green to Gold.
Results	Maturity level report and new work program for improved maturity.	Improved company business growth, profit and competitiveness.	The Company is recognized as having good corporate governance.	The Company is recognized as an ethical and responsible global company.

REGULATORY COMPLIANCE

All of Bio Farma employees are required to comply and satisfy policies and regulations issued by the Company and national regulations.

DISCLOSURE OF INFORMATION

The Company is required to disclose vital information in its Annual Report and Financial Statements in accordance with prevailing laws punctually, accurately, clearly, and objectively as stipulated in Law Number 14 Year 2008 and SOE Ministerial Regulation No. 01 Year 2011.

The Directors report relevant information to the Shareholders and Board of Commissioners in their Management Report (Quarterly and Annually) and Annual Report.

The submission of Management Reports (Quarterly and Annually) and Annual Reports are punctual. As proof of its commitment to freedom of information, Bio Farma yet again won the Public Information Transparency Award 2016 from the Central Information Commission presented at the State Palace on 20 December 2016. The award was presented by the Vice President of the Republic of Indonesia, Jusuf Kala, to the Director of Production of Bio Farma, Juliman. Bio Farma has won the award three times since 2013. The award is a recognition to Bio Farma's consistent commitment to satisfy Law Number 14 Year 2008 on Freedom of Information (Fol), which stipulates Stateowned Enterprises (SOEs) to disclose information in the public's interests.



Bio Farma sat in the third place in the SOE category with a score of 81.27. Thanks to the public information service, the public's right to obtain information on the company, business processes, governance, financial statements, corporate social responsibilities, and other relevant information is satisfied.

"The award is an achievement for Bio Farma, for we have fulfilled our legal duties as an SOE to provide information to the public. Bio Farma is fully seized of this regulation by disclosing the Types of Public Information stated in Law Number 14 Year 2008."

PREVENTION OF CONFLICTS OF INTEREST

Every Company Official and Employee are to prevent conflicts of interest. A conflict of interest is a situation in which members of the Board of Commissioners, Directors, and Employees of the Company took advantage of their position and authorities within the Company to satisfy their personal, familial, or group interests in such a manner that they can no longer discharge their duties objectively.

Conflict of interest within Bio Farma is regulated by the Directorial Decree of PT Bio Farma (Persero) No. 07882/DIR/XII/2015 on Guidelines on Managing Conflicts of Interest:

1. Bio Farma employee must keep up their attitude, behaviour, and actions in such a way to prevent conflicts of interest.
2. Bio Farma employee who might be in a conflict or is in a conflict of interest are PROHIBITED from continuing their duties and responsibilities. The employee must disclose the conflict of interest which he or she is currently in/have knowledge of and may not participate in decision-making.
3. Dual positions which may cause conflicts of interest held by a Bio Farma employee is permitted on condition that there are Company policies and regulations on such issues.

4. Bio Farma employee who might be in a conflict or is in a conflict of interest must draft and submit a Conflict of Interest Statement detailing such conflicts to his or her immediate superior.
5. Heads of units and direct superiors are directly responsible to satisfactorily handle conflicts of interest.

GIVING AND RECEIVING GIFTS, SOUVENIR, DINING, ENTERTAINMENT, DONATION AND OTHER FACILITIES

In regard to giving donations and other facilities, Bio Farma employees and their families are:

1. Prohibited from giving/receiving gifts, souvenir, dining, entertainment, donation, and other facilities bearing relations with their position and in contravention of their duties and responsibilities, as follows:
 - a. Cash/goods/other facilities to influence the policies/decisions/treatment of Stakeholders.
 - b. Cash/goods/other facilities, regardless of value, following services rendered in relation to their duties, authorities, or responsibilities.
 - c. Cash/goods/other facilities to Bio Farma employees and their families, auditors, and guests during work travels.
 - d. Cash/goods/other facilities in the recruiting/promoting/career transfer of employees.
2. Bio Farma employees may give gifts, souvenirs, dining, and entertainment to other parties with the following conditions:
 - a. It is in the interest of the Company in social interactions, build sound working relations with other Companies and Business Partners, and accountable. It should be done within acceptable limits at respectable locations so as not to form negative press of the Company, does not cause conflicts of interest with regard to the discharge of the employees' duties or responsibilities, or affect Company decisions and operations.
 - b. It is not intended as bribe.
 - c. Budgeted by the Company.
 - d. Gifts and souvenirs must bear Bio Farma's logo.

GOOD CORPORATE GOVERNANCE

3. Expenses for Gifts, Souvenir, Dining, Entertainment, and Donation are provided if authorized by the competent Company Official.
4. Gifts, Souvenirs, Dinings, Entertainments, Donations, and Other Facilities which may be accepted without disclosure are:
 - a. Received as direct prizes/raffles, discounts/ rebate, vouchers, reward points, or souvenirs commonly given and not related with employment.
 - b. Received from academic and non-academic achievements (championship/contest/ competition) at own expense and not related with employment.
 - c. Received from profits/interest from fund placements, investments, or privately-owned shares commonly given and not related with employment.
 - d. Received as compensation from professions beyond employment, not related with the employees' primary duties and function, not in conflicts of interest and Codes of Conduct, and with written permission from their direct superior.
 - e. Received from vertical second-degree kins and/ or horizontal first-degree kins provided that it does not cause conflicts of interest with the Bio Farma employee.
 - f. Received from vertical first-degree affines and/ or horizontal first-degree affines provided that it does not cause conflicts of interest with the Bio Farma employee.
 - g. Received from parties in kinship as stated in paragraph (f) and (g) above on occasion of marriage, circumcision of children, birthdays, religious/adat/traditional festivals and not from those who might cause conflicts of interest with the Bio Farma employee.
 - h. Received from other parties on occasion of disaster or other accidents and not from those who might cause conflicts of interest with the Bio Farma employee.
 - i. Received from the conduct of official duties, such as meetings, seminars, workshops, conferences, trainings, or other activities of sort commonly given in such activities, such as seminar kits, certificates, and placards/ souvenirs.
 - j. Received from the conduct of official duties in the form of dinings/banquets of commonly given food and drink.
5. Bio Farma employees may accept honorariums and business trip expenses from the organizer of the trip wherein the the Bio Farma employee is appointed to represent the Company, provided that the employee disclosed such facts to the competent Company official (Head of Compliance & Risk Management or other appointed officials).
6. The Company allows disbursement of funds for the public in the form of donations for social/ charity purposes within accepted limits as proof of the Company's commitment and responsibility to improve the welfare and development of the public.

EQUAL OPPORTUNITIES TO EMPLOYMENT AND PROMOTION

In accordance with the Joint Decree of the Board of Commissioners and Directors of PT Bio Farma (Persero) No. KEP-05/DK/BF/II/2013, No. 01024/ DIR/II/2013 dated 22 February 2013 on the Codes of Conduct of PT Bio Farma (Persero) and amended by the Joint Decree of the Board of Commissioners and Directors of PT Bio Farma (Persero) No. KEP-07/DK/BF/III/2014, No. 01123/ DIR/III/2014 dated 06 March 2014.

The Company is committed that every employee has the same rights to rank and position promotions and their career advancements in the Company by virtue of their skills, merits, and performance. The Company highly respects equal opportunities and prohibits all forms of racial, ethnical, gender, and religious discriminations.



The Company provides equal and identical opportunities and just treatment for all Employees and does not tolerate discriminating practices for any reason whatsoever.

The Company prohibits all forms of harassment and intimidation, and is committed to maintain a working environment free from harassment and intimidation, be it against superiors, subordinates, colleague, Customers/consumers, suppliers, or Business Partners.

Such harassment and intimidation may be in the form of threats, acts of violence, and various forms of discrimination and harassment based of differences in ethnicity, religious beliefs, skin colour, gender, age, or disabilities made in comments, jokes, and/or similar acts.

The Company shall investigate every case of harassment and intimidation and shall take strong actions against the offender.

POLITICAL ACTIVITIES

In regards with political activities, every Bio Farma employee:

1. Not exploit the Company's name, assets and potential for certain political purposes.
2. Shall not use the Company name or provide contributions or donations on behalf of the Company to any political parties.
3. Shall not make agreements, associations, or statements, both directly and indirectly, which may be construed in such a manner that the Company has ties with any political parties.
4. Shall not conduct political activities, both directly and indirectly, on Company premises.
5. If an employee holds a position in the managing committee of a political party, applies as candidate of the legislative body and/or is elected member of legislative body, the employee shall submit his resignation from the Company.
6. Shall not wear attributes of political parties or politically-affiliated social organisations within the Company premises.

GOOD CORPORATE GOVERNANCE

INDECENCY, NARCOTICS, DRUGS, AND GAMBLING

1. Every Bio Farma employee is:
2. Prohibited from conducting all forms of indecent behaviours such as sexual harassments, abasements, and slander/libel.
3. Prohibited from using, distributing, possessing, and selling all forms of narcotics, illicit drugs, and alcohol.
4. Shall not distribute all forms of pornography.
5. Shall not partake in a form of gambling.
6. Shall not carry firearms, sharp weapons, or other form of weapons within the Company premises.

RECORDING AND COMPILING OF COMPANY DATA AND INTEGRITY OF FINANCIAL STATEMENTS

Every Bio Farma employee is required to manage the Company's data neatly, orderly, accurately, and punctually, as follows:

1. Record data and compile reports from valid sources whose accuracy is verified and accounted.
2. Submit correct, complete, clear, punctual, and accountable reports.
3. Documenting documents, reports, and files in accordance with Company policy.
4. Store all documents, reports, and files in accordance with Company policy.
5. Use, distribute, and destroy documents, reports, and files in accordance with Company policy.
6. Forgery of Company documents, reports, and files is prohibited.
7. Documents, reports, and files containing false information or illegal transactions must be reported.
8. Any person from his position or profession in, or having business relations with, the Company is prohibited from, using Company reports, files, or information for personal gains, or cause damage to the Company or its Stakeholders.

9. Every Bio Farma employee is responsible for the accuracy and validity of documents, reports, files, and information under his purview.
10. The Company's Financial Statements are to be compiled accurately as the data reflects the principles of integrity and business honesty. The Company's reputation depends on the accuracy of its data.

PROTECTION OF COMPANY INFORMATION

1. Every Bio Farma employee is required to maintain the secrecy of the Company's nonpublic information in accordance with prevailing regulations, company regulations, and common business practices;
2. Non-public information is that which is not disclosed by the Company or not generally accessible to the public. Such information includes discoveries, research and development processes, production processes, testing processes, product formulas, new product launches, strategic and business plans, technical specifications, price, employee data, contracts, business proposals, financial data, product costs, mergers and acquisitions, and list of customer .
3. Non-public information may only be disclosed by the competent official so as to provide relevant information to internal or external auditors during audits, or to law enforcement personnel undertaking inquiries and investigations in accordance with prevailing regulations.
4. Bio Farma employees working with data or information considered secret belonging to their employer, partner, and Business Partner are prohibited from disclosing such information to external parties without prior approval from the Directors. No employee shall disclose such information to other parties unless explicitly required by the law.



5. Bio Farma employees whose terms of employment have concluded are prohibited to disclose non-public information acquired during their employment, unless such information is required in legal inquiries and investigation in accordance with prevailing laws or when such information is no longer non-public.
6. Freedom of Information:
 - a. The Company shall disclose relevant important information pertaining with Company business to the authorities in its Annual Report, Management Reports, and the like in accordance with prevailing regulations punctually, accurately, clearly, and objectively.
 - b. The Company shall disclose information pertaining to the its activities to interested parties in accordance with its Freedom of Information Policy.

PROTECTION OF COMPANY ASSETS

With regards to Company assets, every Bio Farma employees is required to:

1. look after, maintain, secure, and save Company assets in accordance with prevailing regulations.
2. Use Company assets in accordance with its allotment, position, authority, and scope of duty.
3. Not use and make use of Company assets for personal and group interests, political activities, and other third party needs.
4. Not move illegitimately move equipment, supplies, or other Company assets.
5. Use communication facilities and equipment such as telephones, fax machines, email, and other communication media for Company needs only. Personal communication should be limited and maintained at minimum levels.
6. Maintain the accuracy of recording and reporting of Company assets in accordance with prevailing regulations.

GIVING/RECEIVING GRAFTS DEEMED BRIBERY

In accordance with the Directorial Decree of PT Bio Farma (Persero) No. 01236/DIR/III/2013 dated 4 March 2013 on Control of Grafts in PT Bio Farma (Persero), Bio Farma employees are prohibited to accept/give grafts on their own initiative or on the initiative of others which, either directly or indirectly, pertains to their positions and in contravention of their duties, such as:

1. Accepting or receiving cash/goods/other facilities to influence the policies/decisions/treatment of Stakeholders;
2. Accepting or receiving cash/goods/other facilities, regardless of value, following services rendered in relation to their duties, authorities, or responsibilities;
3. Accepting or receiving cash/goods/other facilities during their business trips;
4. Accepting or receiving cash/goods/other facilities in recruiting/promoting/career transferring of employees;
5. Accepting or receiving cash/goods/other facilities, including, but not limited to, vouchers and cheques given to Bio Farma employees as a note of gratitude by third parties in relation to procuring goods and services for the Company following the selection of or services rendered to the Company;
6. Unofficial gifts in the form of cash/goods/facilities as a note of gratitude to Bio Farma employees from third parties in relation to work propriety examinations and/or work approval processes conducted by the third party in the Company;
7. Promising, offering, or giving a gratification to third parties deviating from the stipulation in this Code and prevailing regulations;
8. Bribing or giving items in any form to third parties, including, but not limited, to officials of certain institutions with intent to affect decision-making;

GOOD CORPORATE GOVERNANCE

9. Unofficial gifts in the form of cash/goods/facilities to Bio Farma employees from third parties who are the Company's Business Partners, such as Banks, Insurance Companies, Travel Bureaus, or companies/consultants for agreements/partnerships made with the Company;
10. Accepting loans not conventionally available to the public from Banks or other financial institutions due to the employee's position and authority within Bio Farma;
11. Accepting profits such as amounts/percentage of interest or commercial discounts not conventionally available to the public due to the employee's position and authority within Bio Farma;
12. Accepting specifically prepared food, drink, or entertainment due to the employee's position or authority within Bio Farma not related with his official duties;
13. Giving entertainment, tour packages, accommodation, or other facilities in relation with the discharge of duties and responsibilities of Bio Farma employees in third party companies, without relevance or connection with such appointments;
14. Giving hampers in any form from third parties to Bio Farma employees or from Bio Farma employees to third parties in relation with certain religious festivals;
15. Third parties giving Bio Farma employees, including their members of the house, on certain occasions, including but not limited to birthdays, marriages, and graduations, goods whose material value exceeds Rp1,000,000 (one million Rupiah) from each party;
16. Giving assistance to third parties using Company properties/funds/facilities for and on their private behalf;
17. Giving items in any form to Bio Farma colleagues and/or third parties in contravention with religious procedures, decency, and stipulations of this Code;
18. Giving items in any form to Bio Farma colleagues and/or third parties which are assets/properties/facilities belonging to the Company without documentation and accountability;

19. Every Bio Farma employee and/or their members of the house are prohibited from giving Gifts to third parties, either directly or indirectly, following requests for such from the third parties.

CONSUMER PROTECTION

Bio Farma is committed to meet every agreed sales contract in order to improve customer satisfaction and their supplies. This commitment is reflected in the Company ethics:

1. Strive to deliver high quality products with affordable price.
2. Promote professional service standards to ensure customer satisfaction
3. Consider customer needs by improving work standards systems backed by cutting-edge technologies.
4. Maintain product quality, occupational safety, and innovation at each stage of development, production, and distribution.

OCCUPATIONAL HEALTH AND SAFETY (OHS)

Bio Farma fully supports the increase of OHS awareness and compliance as well as improving the participation of every party to optimize OHS culture implementation within the Company. Thus, OHS is expected to prevent or minimize occupational accidents, illnesses, and other hazards.

An effort which has been carried out in OHS implementation is OHS socialization in every aspect of the Company, including OHS monitoring and routine safety patrols. For the public, Bio Farma's emergency response team (ERT) provided direct assistance for victims of natural disasters, such as volcanic eruptions, flash floods, tsunamis, landslides, and floods.



Bio Farma's success in implementing OHS is reflected by its OHSAS 18001: 2007 Occupational, Health, and Safety Management System Certificate. In addition to the OHSAS 18001: 2007 Certificate, Bio Farma has been awarded the Zero Accident Award for three consecutive years in recognition of zero recorded accidents in its premises by the Ministry of Manpower and Transmigration of the Republic of Indonesia. By optimizing its OHS Management System and implementation, Bio Farma aims to create a safe, comfortable, and healthy workplace with zero occupational accidents and illness so as to improve its production and national productivity.

Bio Farma has formed the OHS Supervisory Committee to ensure a physically and mentally fit workforce by identifying, analyzing, assessing, and controlling hazardous potentials of equipment, materials, processes, procedures, and environment based on the application of science, technology, regulations, and OHS principles. OHS system established involves active participation of every party to reduce and prevent occupational accidents and illnesses that thus creates a safe, efficient, and productive workspace.

OHS implementation is expected to reduce lost man hours due to occupational accidents, material losses, deaths, and create an efficient and productive workspace.

DIVIDEND POLICY

Bio Farma has a policy to pay dividends to shareholders at least once a year with consideration to its financial standing and without depreciating the rights of the Company's General Meeting of Shareholders.

On March 21st, 2015, the Annual General Meeting of Shareholders, in the General Meeting of Shareholders (GMS) on Annual Report 2014, has agreed that the dividend obligation of the net profit of the 2014 financial year is Rp145,015,000.00. The dividend obligation of the net profit of the 2015 financial year shall be agreed in the GMS on Annual Report 2015.

DESCRIPTION ON THE BOARD OF COMMISSIONERS

BOARD OF COMMISSIONERS AS A COMPANY ORGAN HAS A COLLECTIVE DUTIES AND RESPONSIBILITIES TO OVERSEE AND ADVISE BOARD OF DIRECTORS, AND ENSURE GCG IMPLEMENTATION BY THE COMPANY.

Board of Commissioners shall not interfere operational decision making. President Commissioner and its members have an equal position. As primus inter pares, the President Commissioner coordinates the Board of Commissioners activities.

The effectiveness of Bio Farma Board of Commissioners duties depends on the following aspects:

1. The composition of Board of Commissioners should enable them to make effective, appropriate and prompt decision. They are also required to independently and critically act and conduct their duties both in relation among the Board of Commissioners member and the Board of Directors member;
2. The Board of Commissioners members should have a high integrity, well knowledgeable and competent to conduct their duties;
3. The oversight and supervisory duties of Board of Commissioners consists of prevention, corrective action, and temporary discharge;
4. The Board of Commissioners members are prohibited to use the Company's facility for their own and their families, their business group or other parties' interests;
5. The Board of Commissioners members should comprehend and comply with the Company Article of Association and rules and regulations related to their duties;

6. The Board of Commissioners members should comprehend and implement the GCG Manual Guidelines.

The numbers of Bio Farma Board of Commissioners are adjusted with the Company complexity by consistently considering the effectiveness of decision making.

Bio Farma has an Independent Commissioners, i.e. : a Board of Commissioners who are independent from affiliation parties. The Independent Commissioners should ensure the effectiveness of oversight mechanism and compliance to prevailing rules and regulations.

THE ASSESSMENT OF BOARD OF COMMISSIONERS CAPABILITIES AND COMPLIANCES

Each of Bio Farma Board of Commissioners member has met the criterias and requirements in fit and proper test based on Law of Limited Liability Company, Company Articles of Association, other related Good Corporate Governance and other prevailing rules and regulations. The fit and proper test result can prove that each of Board of Commissioners member has a high integrity, competent and reputable.

Each of Bio Farma Board of Commissioners member has met the criterias and requirements in fit and proper test.



Name	Position	Tenure	Executor	Representation	Pass Fit and Proper Test
Ahmad M. Ramli	President Commissioners	23 - January 2014	Ministry of SOE	State of Republic of Indonesia	Passed
Paruli Lubis	Commissioner	5 November 2012 - Now	Ministry of SOE	State of Republic of Indonesia	Passed
Nizar Yamani	Commissioner	28 May 2012 s/d Sekarang - Now	Ministry of SOE	State of Republic of Indonesia	Passed
Ihsan Setiadi Latief	Commissioner	1 May 2013 - Now	Ministry of SOE	State of Republic of Indonesia	Passed
Heridadi	Commissioner	23 January	Kementerian BUMN	Negara Republik Indonesia	Lulus
H.M. Subuh	Commissioner	22 June 2015 - Now	Ministry of SOE	State of Republic of Indonesia	Passed

The Appointment and Discharge of Board of Commissioners

The appointment and discharge of Board of Commissioners and Supervisory Board of State Owned Enterprises is performed based on professionalism and GCG principles. The appointment of Board of Commissioners is conducted with fit and proper test stage.

The Board of Commissioners are appointed and discharged by Shareholders in GSM with transparency and compliance with general and specific requirements in Company Articles of Association, Board Manual and prevailing laws. Each of Board of Commissioners members are appointed and discharged with adequate aspects of integrity, competency and reputation which are aligned with Bio Farma business necessities.

Requirements, Appointment and Discharge Mechanism of Board of Commissioners

SOE Ministerial Regulation No. PER-01/ MBU/2012 jo PER-16/MBU/2012 of Mechanism of Appointment and Discharge of Member of Board of Commissioners of State Owned Enterprises.

Requirements of Board of Commissioners

Based on the above mentioned regulation, the following requirements of Board of Commissioners members should be met:

1. Formal Requirements

- a. The formal requirements of member of Board of Commissioners are
 - Individual;
 - Legally capable;
 - Never been declared for bankruptcy in 5 (five) years prior to nomination;
 - Never been a guilty member of Board of Directors and Board of Commissioners/ Supervisory Board who caused a Company declared for bankruptcy in 5 (five) years prior to nomination; and
 - Never been sentenced for corruption or financial crime related in 5 (five) years prior to nomination.
- b. The formal requirements of member of Supervisory Board are:
 - Individual;
 - Legally capable;
 - Never been declared for bankruptcy;

DESCRIPTION ON THE BOARD OF COMMISSIONERS

- Never been a guilty member of Board of Directors and Board of Commissioners/ Supervisory Board who caused a Company declared for bankruptcy in 5 (five) years prior to nomination; and
- Never been sentenced for corruption or financial crime related in 5 (five) years prior to nomination.

2. Material Requirements

The material requirements of Board of Commissioners and Supervisory Board member consist of:

- Integrity;
- Dedication;
- Understand the Company management issues related to one of the management functions;
- Have a proper knowledge in Company/ SOE where one is nominated;
- Able to be available for his/ her duties.

3. Other requirements

The other requirements for member of Board of Commissioners and Supervisory Board are as follows:

- Not a caretaker of a Political Party and/ or legislative member candidate and/or legislative member. The legislative member candidate or legislative member consisted of candidate/ member of House of Representative, Regional Representative Council, Regional House of Representative, Province Level of Regional of House of Representative, County Level of Regional of House of Representative;
- Not a candidate for Head/ Deputy Head of District;
- Not serving as a member of Board of Commissioners/ Supervisory Board in respective SOE for 2 (two) consecutive years;
- Good health in physically and mentally to perform Supervisory Board duties. For this purpose, a certificate of health from a Medical Doctor is needed.
- For a candidate from Technical Ministry in other Governmental Institution, there should be a letter of recommendation from the respective Institution.

BACKGROUND AND MECHANISM OF DISCHARGED OF BOARD OF COMMISSIONERS/ SUPERVISORY BOARDS

Background of Discharged of Board of Commissioners/ Supervisory Boards

- Member of Board Commissioners/ Supervisory Board at anytime are able to be discharged based on Decree of Minister or GSM with respective backgrounds;
- Such discharged above is conducted if the respective Board of Commissioners/ Supervisory Board are:
 - Unable to perform his/ her duties;
 - Violating the Company Articles of Association and/ or prevailing rules and regulations;
 - Involved in action which harms SOEs and/ or State;
 - Violating Code of Conducts;
 - Indicted by the Court with fixed legal decision; or
 - Resigned.
- Besides the reasoning of discharge of Board of Commissioners/ Supervisory Board as stated in point 2 as above, the member of Board of Commissioners/ Supervisory Board can be discharged by the Minister or GSM based on other backgrounds which are considered as a proper one by the Minister or GSM for the best interest of the respective SOE, such as but not limited to:
 - Company restructuring;
 - Preparation of the retirement for Civil State Apparates or for member of Board of Commissioners/ Supervisory Board who has assignments from other Technical Minister or Governmental Institution.



Mechanism of Discharged of Board of Commissioners/ Supervisory Boards

1. Deputy of Technical coordinates with Secretary to evaluate the member of Board of Commissioners/ Supervisory Board who is going to be discharged;
2. Based on evaluation outcome as mentioned in point 1 as above, the Deputy of Technical with Secretary submit the proposal of discharge of member of Board of Commissioners/ Supervisory Board to respective Minister to have his/ her decree;
3. The submission of discharge proposal as mentioned in point 2 above, should be attached with:
 - a. The background of such discharge;
 - b. The concept of Ministerial Decree or decree to all shareholders circularly regarding to discharge, or power to attorney to attend and to decide in GSM regarding to discharge, or power to attorney to summon/ accept self-preservation in relation with discharge conducted outside GSM.
4. The concept of Ministerial Decree or decree to all shareholders circularly regarding to discharge, or power to attorney to attend and to decide in GSM regarding to discharge, or power to attorney to summon/ accept self-preservation in relation with discharge conducted outside GSM.
5. The respective Minister is able to discharge the member of Board of Commissioners/ Supervisory Board, based on respective internal Ministry other than proposed by Deputy of Technical or Secretary as mentioned in point 2 above;
6. In discharge proses as mentioned in point 4 above, the respective Minister are able to seek considerations of Deputy of Technical, Secretary and/ or Deputy;
7. The discharge plan of member of Board of Commissioners/ Supervisory Board before their tenure ends, should be be priorly informed to respective member of Board of Commissioners/ Supervisory Board both orally and in written form by the respective Minister;
8. In case the respective Ministry does not inform those matters as mentioned in point 6 above, then with this Rule, the respective Minister shares power of attorney to Deputy of Technical to inform such notification as mentioned in point 6 above;
9. The respective Minister is also able to assign Secretary and/ or Deputy based on Special Power of Attorney to inform such notification as mentioned in point 6 above;

DESCRIPTION ON THE BOARD OF COMMISSIONERS

10. The Discharge decision with background as stated in point 2 letter a, b,c,d of Background of Discharged of Board of Commissioners/ Supervisory Boards above shall be taken after hearing session with the respective member of Board of Commissioners/ Supervisory Board has been taken place;
11. In case such notification is conducted outside the GSM forum, then such self-preservation as mentioned in number 9 above shall be submitted in written form to GSM for the Company or respective Minister of SOE not later than 14 (fourteen) days since the respective member of Board of Commissioners/ Supervisory Board was informed as mentioned in point 6 above;
12. The self-preservation can be directly submitted at the same time with the notification from respective Minister/ Authority as mentioned in point 6,7,8 above;
13. In case the respective member of Board of Commissioners/ Supervisory Board who is going to be discharged has conducted his/ her self-preservation or submits his/ her objection/ acceptance of his/ her discharge by the time of such notification informed, then the provision of 14 (fourteen) days as mentioned in number 10 above are considered satisfied;
14. In case such notification and self-preservation is orally expressed by the respective member of Board of Commissioners/ Supervisory Board who is going to be discharged, then the meeting will be taken place and will be proved by minutes of meeting signed by respective member of Board of Commissioners/ Supervisory Board with respective Minister/ Authority as mentioned in point 6,7,8 above;
15. In case the respective member of Board of Commissioners/ Supervisory Board who is going to be discharged is not willing to sign the minutes of meeting as mentioned in point 13 above, then the background of such objection should be mentioned in such minutes;
16. In case such notification is expressed in GSM forum, then the self-reservation shall be expressed in such GSM in accordance with Law Number 40 of 2017 of Limited Liability Company;
17. All legal documentations related to notification and self-reservation, are prepared by the Deputy of Technical by coordinating with Echelon II Officer who is responsible in legal aspect. The whole related documentations are then submitted to Deputy to be filed and administrated;
18. The establishment of discharged of respective member of Supervisory Board is performed with a Ministerial Decree;
19. The establishment of discharged of respective member of Board of Commissioners is performed with a Ministerial Decree as GSM, and decisions of whole shareholders circularly;
20. In case the establishment of discharge of Board of Commissioners/ Supervisory Board is performed with Ministerial Decree or decision of whole shareholders circularly, then the Deputy of Technical and Secretary shall process the Ministerial Decree or decision of whole shareholders draft circularly;
21. In case the establishment of discharge of Board of Commissioners is physically performed in GSM, and if the respective Minister is absent, then he/ she shall render the Power of Attorney to Deputy of Technical to attend such GSM;
22. The respective Minister are also able to render Power of Attorney to Deputy and/ or Secretary to attend and to make decision in GSM as mentioned in point 20 above;
23. During the discharge process, then the respective member of Board of Commissioners/ Supervisory Board still has his/ her duty obligation to the respective Board;
24. The discharge of respective member of Board of Commissioners and Supervisory Board are able to be processed in parallel with the appointment process of member of Board of Commissioners and Supervisory Board of the respective SOE;
25. The discharge of respective member of Board of Commissioners/ Supervisory Board is effective since the date of establishment in Ministerial/ GSM/ whole Shareholders Decree circularly.



The Composition of Bio Farma Board of Commissioners

In 2016, there are no changes of numbers and composition of Bio Farma Board of Commissioners. As of 31 December 2016, Bio Farma Board of Commissioners are 6 (six) members, consisted of 1 (one) President Commissioner and 5 (five) Commissioners with composition and legal basis of appointment as follows:

Name	Position	Domisili	The Date of Fist Service and Effective Date	Legal Basis of Appointment
Ahmad M. Ramli	President Commissioner	Indonesia	23 January 2014	Ministrial of SOE Decree Number SK-17/MBU/2014 dated 23 January 2014
Paruli Lubis	Commissioner	Indonesia	5 November 2012	- Ministrial of SOE Decree Number SK-17/MBU/2014 dated 5 November 2012 - KEP-97/MBU/06/2015 dated 22 June 2015
Nizar Yamani	Commissioner	Indonesia	28 May 2012	Decree of Non GSM Number 2014/MBU/2012 dated 28 Mei 2012 in conjunction with Ministrial of SOE Decree Number SK-81/MBU/2013 dated 4 February 2013
Ihsan Setiadi Latief	Commissioner	Indonesia	1 Mei 2013	Ministrial of SOE Decree Number SK-235/MBU/2013 dated 1 May 2013.
Heridadi	Commissioner	Indonesia	23 Januari 2014	- Ministrial of SOE Decree Number SK-17/MBU/2014 dated 23 January 2014; - KEP-97/MBU/06/2015 dated 22 June 2015
H.M. Subuh	Commissioner	Indonesia	22 Juny 2015	Ministrial of SOE Decree Number SK-97/MBU/06/2015 dated 22 June 2015

The brief biography of each of member of Board of Commissioners can be seen in Company Data in this Annual Report.

THE RESPONSIBILITY DESCRIPTION OF BOARD OF COMMISSIONERS

THE MANUAL AND POLICY OF DETERMINED DUTIES, AUTHORITIES AND OBLIGATIONS OF BOARD OF COMMISSIONERS

As a good SOE which implements the sustainability of GCG, Bio Farma Board of Commissioners refers to the following manual and policies in establishing their duties, authorities and obligations:

1. SOE Ministerial Decree No. 117/M-MBU/2002 dated 31 July 2002 as renewed by the SOE Ministerial Decree No. PER-01/MBU/2011 dated 1 August 2011 on Implementation of Good Corporate Governance in SOEs as amended by the SOE Ministerial Decree No. PER-09/MBU/2012 on Amendment to SOE Ministerial Decree No.

PER-01/MBU/2011 on Implementation of Good Corporate Governance in SOEs;

2. The Company Articles of Association;
3. Mutual Decree of Board of Commissioners and Board of Directors of PT Bio Farma (Persero) Number KEP-06/DK/BF/II/2013, Number 01025/DIR/II/2013 regarding to Board Manual of PT Bio Farma.

THE DUTIES, AUTHORITIES AND OBLIGATIONS OF BIO FARMA BOARD OF COMMISSIONERS

THE DUTIES OF BIO FARMA BOARD OF COMMISSIONERS

1. The Board of Commissioners have their duties to supervise management policy, the management operational in general both regarding to the Company itself and its business performed by Board of Directors and to advise Board of Directors including supervising the Company

DESCRIPTION ON THE BOARD OF COMMISSIONERS

Long Term Plan implementation, Work Plan and Budget and provisions in Company Articles of Association and GSM decision, and prevailing rules and regulation for the best interest of Company and to comply with Company intention and objective.

2. In conducting their duties, the member of Board of Commissioners should:
 - a. Be obliged to the Company Articles of Association, prevailing rules and regulations, principles of professionalism, efficiency, transparency, independence, accountability, and fairness;
 - b. Be having a good intention, a prudence and a responsibility in conducting supervisory and advisory duty to Board of Commissioners for the best interest of Company and complying the Company intention and objective.

The Authority of Bio Farma Board of Commissioners

1. In conducting their duties, the Board of Commissioners have their authorities to:
 - a. check the bookkeeping, letters, and other documents, check the cash in hand and on bank for verification requirements and other securities and checking the Company assets;
 - b. visit the building and office occupied by the Company;
 - c. require Board of Directors and/or other Officers explanation related to the Company issues
 - d. understand all policies and Board of Directors program activities.
 - e. require Board of Directors and/ or other Officers under Board of Directors level with the acknowledgement of Board of Directors to attend the Board of Commissioners meeting;
 - f. appoint and discharge Secretary to Board of Commissioners, if deemed necessary;
 - g. temporarily discharge member of Board of Directors in accordance with provisions of Company Article of Association;
 - h. establish other Committees other than Audit Committee, if deemed necessary by considering the Company capacity and ability;
 - i. occupy experts for certain issues and in certain time frame with Company cost if deemed necessary;
 - j. conduct Company management in certain circumstances for certain time frame in accordance with Company Article of Association;
 - k. attend Board of Directors meeting and provide views of the relevant issues;
 - l. implement other supervisory authorities with fully compliance of prevailing rules, Company Article of Association and GSM decision.
2. Board of Commissioners has the authority to approve or disapprove in formal written the Board of Directors plan to:
 - a. Pledge the fixed asset for short-term loan.
 - b. Enter the agreement with other Entities or parties such as licensing, management contract, asset leasing, joint operation, build operate transfer, build own transfer, build transfer operate and other joint venture with the following terms and conditions:
 - Asset Leasing
The Board of Directors should obtain written approval from Board of Commissioners to lease the Company assets for more than 3 (three) to 5 (five) years with leasing interest more than 1% to 2.5% of revenue or more than 2% to 5% of equity whichever is lower.
 - Build Operate Transfer, Build Own Transfer and Build Transfer Operate
The Board of Directors should obtain a formal written approval from Board of Commissioners to perform Build Operate Transfer, Build Own Transfer and Build Transfer Operate with 10 (ten) to 20 (twenty) years period with the joint controlled asset value for more than 6% to 12.5%



of Company revenue or more than 6.5% to 13% of Company equity whichever is lower.

- Management and Other Contract Cooperation

The Board of Directors should obtain a formal written contract from Board of Commissioners to perform Management Contract or Cooperation Contract with more than 10 (ten) years with share value of asset of more than 2.5% to 5% of the revenue or more than 5% to 10% of the equity whichever is lower.

- The implementation of the above mentioned for point 1,2 and 3 should be stated as well with Integrity Pact contained of Board of Directors and/ or Board of Commissioners statement that the above actions have been carefully considered with goodwill and prudence for the best interest of the Company by complying with prevailing rules and regulations and GCG basic principles.
- c. Receive or render a middle or short term loan except for the loan (loan and receivable) occurred from business transaction and loan to subsidiaries with required provisions and reported to the Board of Commissioners;
- d. Derecognize bad-debt and obsolete inventories;
- e. Sell the moving asset with accepted useful life in general industries to 5 (five) years of useful life;
- f. Establish an organization structure one level below the Board of Directors;
- g. Appoint and to discharge a Head of Internal Audit Division;
- h. Appoint and to discharge a Corporate Secretary.

3. In 30 (thirty) days since the request or the backgrounds and documents accepted from the Board of Directors, the Board of Commissioners should submit their decision for such request as mentioned in point 2 above.

The Obligations of Bio Farma Board of Commissioners

In performing their duties, the Board of Commissioners are obliged to:

1. Provide an advisory to Board of Directors in performing Company management;
2. Research and review and sign the Company Long-Term Plan and Company Work Plan and Budget prepared by Board of Directors in accordance with Company Article of Association;
3. Advise and to share their opinion to GSM regarding to Company Long-Term Plan and Company Work Plan and Budget and to share the background regarding to Board of Commissioners approval for such plans to GSM;
4. Update themselves regarding to Company activity progress, to share the opinion and advice to GSM regarding to the critical issues of the Company management;
5. Promptly report to GSM if there is a decrease in Company performance;
6. Research and review the regular and annual report prepared by Board of Directors and to sign the annual report;
7. Provide an explanation, opinion and advice to GSM regarding to Annual Report if it is required;
8. Prepare an annual work plan and budget of Board of Commissioners which is an integral part of Company Budget and Work Plan;
9. Establish an Audit Committee;
10. Propose a Certified Public Accountants to GSM;
11. Prepare minutes of meeting of Board of Commissioners and to file its copy;

DESCRIPTION ON THE BOARD OF COMMISSIONERS

12. Report the supervisory duties performed during the previous financial year to GSM;
13. Provide the report of supervisory duties performed and to advise in accordance with the prevailing rules and regulations;
14. Perform other duties in corridor of supervisory and advice duties in accordance with the prevailing rules and regulations;
15. The Board of Commissioners should monitor that GCG has been effectively and continuously implemented;
16. Propose the Key Performance Indicator (KPI) of Board of Commissioners to GSM;
17. Prepare the quarterly report of KPI realization progress to Shareholders.

The Obligations of Bio Farma Board of Commissioners Related to Company Long Term Plan Preparation

The Board of Commissioners review and provide an opinion of Company Long Term Plan prepared by Board of Directors prior to mutual signed.

The Obligations of Bio Farma Board of Commissioners Related to Company Work Plan and Budget Preparation

1. The Board of Commissioners review and provide an opinion of the Company Work Plan and Budget Preparation prepared by Board of Directors prior to mutual signed;
2. The Board of Commissioners direct the Board of Directors for implementation of Company Policy and Plan stated in Company Work Plan and Budget Implementation as a detailed description of Company Long Tem Plan.

The Obligations of Bio Farma Board of Commissioners Related to Annual Report Preparation

1. The Board of Commissioners has reviewed the Annual Report including the audit financial statements by Certified Public Accountants;
2. The Board of Directors and Board of Commissioners mutually have signed the Annual Report to be further submitted to Shareholders by Board of Commissioners.

RISK MANAGEMENT

The Board of Commissioner are obliged to regularly supervise and advise the Board of Directors regarding to risk management effectiveness.

Internal Control System

The Board of Commissioners have obligations to supervise and advice the Board of Directors to effectively implement the internal control system.

Information Disclosure and Confidentiality

1. 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.
2. 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.
3. The Board of Commissioners is responsible to the Company to maintain the confidentiality of the Company's information.
4. 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.
5. The confidential information obtain during the tenure as Board of Commissioners should be kept confidentially in accordance with the prevailing rules and regulations



DISTRIBUTION OF DUTIES OF THE BOARD OF COMMISSIONERS

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:

Name	Area of Assignment	Detail of Assignment
Ahmad M. Ramli	President Commissioner	- 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.
Paruli Lubis	In Charge of Finance	- 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.
Ihsan S. Latief	Informasi In Charge of Marketing and Information Technology	- 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 Master plan. - Acting as the Vice Chairman of the Audit Committee with the list of duties as stipulated in the Audit Committee Charter.
Heridadi	In Charge of Research and Development	- 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.
Nizar Yamanie	In Charge of Production	- 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
HM. Subuh	In Charge of Human resource	- 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.

THE BOARD OF COMMISSIONERS' 2016 WORK PLANS

Referring to the prevailing rules and regulations, the Company Articles of Association and Good Corporate Governance, the duty, function and responsibility of Board of Commissioners are to be a supervisor and to be an adviser for Company.

DESCRIPTION ON THE BOARD OF COMMISSIONERS

The Board of Commissioners' 2016 Work Program are as follows:

1. Internal Routine Meeting

- a. The Board of Commissioners' routine meeting has been held at least once in a month. The routine meeting discussed a monthly Company performance, if deemed necessary or in occasion to study Company issues and Board of Commissioners could invite member of the Audit Committee or member of the Risk Committee as follows:

- The discussion of 2016 Action and Budget Plan of Board of Commissioners
- The discussion of 2015 financial statements year by participating the Committees under Board of Commissioners for preparation of preliminary GSM and GSM;
- The discussion of 2016 Company Quarterly Management Report by participating the Committees under Board of Commissioners in discussion with Board of Directors;
- The discussion of 2016 Company Semester Management Report by participating the Committees under Board of Commissioners in discussion with Board of Directors;
- The discussion of appointment Certified Public Accountants for performing audit for general purposes of 2016 financial statements, partnership and community development report, Company Performance and Compliance Report to prevailing rules and regulations and audit field work schedule and program by Certified Public Accountants by participating Committees under Board of Commissioners.
- The discussion of Amendment of Company Work Plan and Budget and KPI and 2017 Management Contract proposal by participating Committees under Board of Commissioners to obtain Board of Commissioners approval;

- The discussion of follow up of area of improvement of GCG assessment result;
- The implementation of special meetings related to urgent/ vital matters in the Company and monitoring the Company policy implementation;

- b. The Board of Commissioners internal meeting by participating the relevant and related Division Heads by informing Board of Directors in formal written form;
- c. The Board of Commissioners internal meeting with Certified Public Accountants.

2. The Coordination Meeting of Board of Commissioners with Board of Directors

- a. The Board of Commissioners and Board of Directors meeting has been held at least once in a month (with agreed timetable by both parties);
- b. The respective routine meeting was intended to discuss Company performance and Company management issues;
- c. The coordination meeting agenda of Board of Commissioners and Board of Directors are as follows:

- The discussion of 2016 Annual Report for preliminary GSM and GSM preparation;
- The discussion of 2016 Company Management Quarterly Report;
- The discussion of 2016 Company Management Semester I and Semester II Report with Ministry of SOE/ Shareholders;
- The discussion of appointment Certified Public Accountants for performing audit for general purposes of 2016 financial statements, partnership and community development report, Company Performance and Compliance Report to prevailing rules and regulations and audit field work schedule and program by Certified Public Accountants;
- The discussion of Amendment of Company Work Plan and Budget and KPI and 2017 Management Contract proposal for preliminary GSM and GSM preparation with Shareholders;



- The discussion of follow up of area of improvement of GCG assessment result;
- The implementation of special meetings related to urgent/ vital matters in the Company and monitoring the Company policy implementation which consisted among others;
 - » Business environment changing;
 - » Response to stakeholders;
 - » The strengthening of Company internal control system
 - » Company risk management;
 - » Information technology system;
 - » Human resources policy
 - » Accounting and financial statements preparation policy
 - » The procurement policy
 - » Board of Directors remuneration;
 - » Other vital issues to be further discussed.

3. Meetings with Ministry of SOE/ Shareholders

- a. In preparation of preliminary GSM and GSM with Ministry of SOE/ Shareholders for the approval of 2017 Company Work Plan and Budget and Management Contract/ KPI of PT Bio Farma (Persero);
- b. In preparation of preliminary GSM and GSM for the approval of 2016 Annual Report and Financial Statements;
- c. The meeting of implementation of special meetings regarding to the vital/ urgent issues in Company.

4. Development Program

It is the program to broaden insights and knowledges of Board of Commissioners and its supporting organ to escalate their capabilities in conducting their duties, functions and responsibilities.

The activities/ programs which will be executed are as follows:

- a. Internal program
- b. External program

5. Field Work Visitation Program/ Monitoring

- a. Regular domestic visit in order to:
 - Monitor and to supervise the realization of investment programs as budgeted in 2016 Company Budget and Work Plan;
 - Monitor and to supervise the production, marketing and distribution process as budgeted in 2016;
 - Coordinate with one level below of Board of Directors officer for obtaining the input regarding to the current issues;
 - Monitor the Company Budget and Work Plan implementation and achievement.
- b. Overseas visit
 - Such visit will be scheduled on urgency level based on consideration and inputs from Board of Directors or other related parties with mutual agreement and decision of Board of Commissioners.

Duties, Authorities, and Responsibilities Discharged by the Board of Commissioners in 2016

In 2016, the Board of Commissioners of Bio Farma has discharged the following duties and responsibilities in accordance with Bylaws of the Company, as follows:

1. Supervise and provide advice on:
 - a. Implementation of the 2015 RKAP and the RJPP
 - b. Strategic issues for the Company, such as WHO PQ, Vaccine Development Project, etc.
 - c. Compliance with relevant laws and regulations.
 - d. Application of GCG principles, ISO, cGMP and others.
 - e. Implementation of Enterprise Risk Management (ERM).
2. Make a decision or approve or respond to:
 - a. provide opinions/ responses/ suggestions to Shareholders on routine Management Reports, Annual Report, and Suggestions on PACB and LTCP;
 - b. company Work Plan and Budget and Partnership and Community Development Budget Work Plan;

DESCRIPTION ON THE BOARD OF COMMISSIONERS



- c. appoint a Certified Public Accountants;
 - d. approve for Disposing of fixed assets;
 - e. propose Directors' Remunerations.
3. Review the Company's monthly performance analysis and discuss its current developments in the Board of Commissioners' routine internal meetings
 4. Review the Company's monthly performance analysis and discuss its current developments in joint meetings with the Directors including dispensing advice/suggestions to them.
 5. Draft and submit Annual Work Programme and Budget Plan of the Board of Commissioners.
 6. Draft and submit Supervisory Duty Report;
 7. Supervise the follow-up on decisions/directives of shareholders and results/findings of internal and external audits.
 8. Conduct business trips and field monitoring.
 9. Conduct competence and knowledge enhancement activities.
 10. Conduct other activities unexpected and urgent in nature.

During 2016, 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 2016 include:

1. The Board of Directors were required to use Company Work Plan and Budget approved by Shareholders as a control tool for Company expenses, for all expenses in Company Work Plan and Budget were the allowed maximum limit, while the revenue were the minimum limit which had to be achieved;
2. The Board of Directors were required to notice the effectivity effort to improve the efficiencies. They were also required to improve the expenses monitoring and control primary to unrelated expenses or activities with sales realization to achieve 2016 sales target;
3. The Board of Directors were require to notice the escalation of Research and Development and Surveillance Expenses which had been exceeded from the budget plan where up until quarter III 2016 the amount was Rp 90 billions or 218.64% of the Quarter III 2016 of Company Work Plan and Budget for Rp 41.1 billion or 68.73% compared to total budet in 2016 Company Work Plan and Budget;



4. The Board of Directors were required to evaluate the increase of cost of goods sold of trading goods and services to sales up until Quarter III 2016 which was higher than their sales price for 2.36% which caused gross loss;
5. The Board of Directors were required to realize the net profit as targeted in 2016 Company Work Plan and Budget for Rp 758.2 billion where up until 30 September 2016, such profit was realized for Rp 326.4 billion or 47.52% of 2016 Quarter III of Company Work Plan and Budget and 43.05% of its targeted Company Work Plan and Budget, comparing to the same period in 2015 for Rp 338.1 billion or decreased for 3.43%.
6. Considering the investment activities were the backbone of Company long term sustainability and development, the Board of Directors were suggested to give more attention to promptly realize the investment, therefore the Company business development were not stagnant and the Company operational were expected to continue in short and long term;
7. Considering the research and development and product innovation are the Company's mission, therefore the Board of Directors were suggested to impose relevant management to analyze the causes of unrealized target as previously planned in 2016 Company Work Plan and Budget and its effect to Company's operational going concern in the future;
8. In investment program implementation process, the Board of Directors were encouraged to improve GCG element with risk management comprehensive study with relevant risk mitigations;
9. Regarding to Environmental Development allocation budget, Board of Commissioners suggested the management to prioritize Environmental Development budget allocation and to collect bad debt of their Partnership;
10. The achievement of 2016 Quarter III performance was the basis and yardstick for next quarter

performance achievement with hard work, optimization of resources and continuously improving the opportunities with constructive supervisory and motivated the employees work spirit to obtain optimum productivity and efficiency for Company, considering the challenge in the future;

11. The Board of Directors were required to strengthen a strong Good Corporate Governance in each of Company management activities aspects by noticing the GCG manual as established in SOE Ministerial Regulation Number PER-01/MBU/2012 in conjunction with PER-16/MBU/2012.

During 2016, in conformity with the authority in Company Articles of Association, the Board of Directors of Bio Farma had approved/ recommended several matters below:

1. Recommendation of the establishment proposal of PT Bio Farma (Persero) subsidiary;
2. The approval to pledge the Company fixed assets;
3. The approval to pledge the Company fixed assets regarding to the extension and the additional of Eximbank Indonesian Credit Facility Extension for period 2016-2017
4. Recommendation of Board of Commissioners for utilization of part of Company's allowance to increase paid-in, issued and fully paid Capital of PT Bio Farma (Persero).
5. The approval of PT Bio Farma (Persero) organizational structure changing;
6. The approval of Board of Directors remuneration system in conformity with GSM decision.

The Accountability of Board of Commissioners

1. The Board of Commissioners who served as supervisory function, submitted the Company accountability, supervisory and management report prepared by Board of Directors. The Supervisory Report of Board of Commissioners has an integral part of annual report submitted to GSM to obtain an approval;

DESCRIPTION ON THE BOARD OF COMMISSIONERS

2. With the approval granted to annual report and financial statements, GSM had released each of member of Board of Commissioners responsibilities reflected in annual report without reducing each of Board members' responsibility for crime act, mistakes or negligence which suffered the third parties which could not be paid by the Company's asset;
3. The Board of Commissioners accountability to GSM are an evident of supervisory accountability for Company management to implement GCG principles..

Budget Realization of Board of Commissioners

The amount of Board of Commissioners 2016 Company Work Plan and Budget was Rp 19,866,949,000 and such Company Work Plan and Budget until 31 December 2016 was Rp 12,754,355 or had been realized for 64.20% of the budget.

Board of Commissioners 2017 Work Plan

1. Internal Routine Meeting
 - a. The Board of Commissioners' internal routine meeting was held at least once a month to discuss Company's monthly performance and if deemed necessary or to have a deeper study of Company's issues, the respective Board could invite the member Audit Committee and member of Risk Committee established by Board Commissioners to discuss the following below:
 - The discussion of 2018 Activity Plan and Board of Commissioners and Committees
 - The discussion of 2016 Annual Report by participating the Committees under Board of Commissioners for preliminary GSM dan GSM preparation;
 - The discussion of 2017 Quarterly Company Management Report by participating the Committees under Board of Commissioners to discuss with with Board of Directors;
 - The discussion of the appointment of Certified Public Accountants for performing the audit for general purpose of 2017 financial statements, partnership program and community development report, Company Performance and Compliance to Prevailing Rules and Regulations Report and audit schedule and fieldwork by Certificate Public Accountant by participating the Committees under Board of Commissioners;
 - The discussion of 2018 Company Work Plan and Budget and KPI and Management Contract by participating the Committees under Board of Commissioners to obtain approval from Board of Commissioners;
 - The discussion of follow up of area of improvement of GCG assessment result;
 - The implementation of special meetings related to vital/ urgent issues in Company and Company policy implementation monitoring.
 - b. The internal meeting of Board of Commissioners by participating the relevant Division Heads with formal written information to Board of Directors;
 - c. The internal meeting of Board of Commissioners with external auditor (Certified Public Accountants)



2. The coordination Meeting of Board Of Commissioners with Board of Directors
 - a. The meeting of Board of Commissioners and Board of Directors was held at least one in a month (with agreed schedule by both Boards);
 - b. The internal meeting was intended to discuss Company performance and issues in management;
 - c. The coordination meeting of Board of Commissioners and Board of Directors encompassed:
 - The discussion of 2016 Annual Report in preparation of preliminary GSM and GSM;
 - The discussion of 2017 Quarterly Company Management
 - The discussion of 2016 Company Management Semester I and Semester II Report with Ministry of SOE/ Shareholders;
 - The discussion of appointment Certified Public Accountants for performing audit for general purposes of 2016 financial statements, partnership and community development report, Company Performance and Compliance Report to prevailing rules and regulations and audit field work schedule and program by Certified Public Accountants;
 - The discussion of follow up of area of improvement of GCG assessment result;
 - The implementation of special meetings related to vital/ urgent issues in Company and Company policy implementation monitoring.
3. The meeting with Ministry of SOE/ Shareholders
 - a. In order to preliminary GSM and GSM with Ministry of SOE/ Shareholders for endorsement of 2017 Work Plan and Budget and KPI and Management Contract of PT Bio Farma (Persero);
 - b. In order to preliminary GSM and GSM of Approval of 2016 Annual Report and endorsement of 2016 financial statements;
 - c. The implementation of special meetings related to vital/ urgent issues in Company and Company policy implementation monitoring.
4. Development program;
5. Field work visit program/ monitoring;
6. Regular domestic visit;
7. Overseas visit (if deemed necessary)

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TRAINING PROGRAMS IN ORDER TO INCREASE THE COMPETENCE OF THE BOARD OF COMMISSIONERS AND ORIENTATION PROGRAM FOR NEW COMMISSIONERS

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 2016 members of the Board of Commissioners participated in various training programs, workshops, conferences and seminars as well as the induction program for new commissioners as follows:

Name	Position	Date	Topic	Venue	Organizer	Type
Ahmad M. Ramli	President Commissioner	12-May-16	Bio Farma legal mechanism and business development in relation with Pharmaceutical State Owned Enterprise Holding	Inna Garuda Bali Hotel	Bio Farma/ SOE Minister	Sharing session
		09-Dec-16	Performance Management System	Adimulia Hotel Medan	Dunamis	Sharing session
Heridadi	Commissioners	12-May-16	Bio Farma legal mechanism and business development in relation with Pharmaceutical State Owned Enterprise Holding	Inna Garuda Bali Hotel	Bio Farma/ SOE Minister	Sharing session
		09-Dec-16	Performance Management System	Adimulia Hotel Medan	Dunamis	Sharing session
Ihsan Setiadi Latief	Commissioner	12-May-16	Bio Farma legal mechanism and business development in relation with Pharmaceutical State Owned Enterprise Holding	Inna Garuda Bali Hotel	Bio Farma/ SOE Minister	Sharing session
		09-Dec-16	Performance Management System	Adimulia Hotel Medan	Dunamis	Sharing session
Mohamad Subuh	Commissioner	12-May-16	Bio Farma legal mechanism and business development in relation with Pharmaceutical State Owned Enterprise Holding	Inna Garuda Bali Hotel	Bio Farma/ SOE Minister	Sharing session
		09-Dec-16	Performance Management System	Adimulia Hotel Medan	Dunamis	Sharing session
Nizar Yamani	Commissioner	12-May-16	Bio Farma legal mechanism and business development in relation with Pharmaceutical State Owned Enterprise Holding	Inna Garuda Bali Hotel	Bio Farma/ SOE Minister	Sharing session
		09-Dec-16	Performance Management System	Adimulia Hotel Medan	Dunamis	Sharing session
Paruli Lubis	Commissioner	12-May-16	Bio Farma legal mechanism and business development in relation with Pharmaceutical State Owned Enterprise Holding	Inna Garuda Bali Hotel	Bio Farma/ SOE Minister	Sharing session
		09-Dec-16	Performance Management System	Adimulia Hotel Medan	Dunamis	Sharing session



ORIENTATION PROGRAM FOR NEW COMMISSIONERS

The exercise of orientation program for new commissioners of Bio Farma were referred to:

1. SOE Ministerial Decree No. 117/M-MBU/2002 dated 31 July 2002 as renewed by the SOE Ministerial Decree No. PER-01/MBU/2011 dated 1 August 2011 on Implementation of Good Corporate Governance in SOEs as amended by the SOE Ministerial Decree No. PER-09/MBU/2012 on Amendment to SOE Ministerial Decree No. PER-01/MBU/2011 on Implementation of Good Corporate Governance in SOEs;
2. SK-16/S.MBU/2012 on Indicators/ Parameter of Assessment and Evaluation of Good Corporate Governance on SOE of SOE Ministry Secretary;
3. Board manual of Board of Directors and Board of Commissioners of Bio Farma established based on mutual agreement of Board of Directors and Board of Commissioners Number: KEP-06/DK/BF/II/2013 and Number 010235/DIR/II/2013 on Board Manual of Board of Commissioners and Board of Directors of PT Bio Farma (Persero).

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.

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).

During 2016, there were changes in composition and number of members of Bio Farma Board of Commissioners, therefore there were no orientation activities for new Board of Commissioners

THE PERFORMANCE ASSESSMENT AND BASIS OF ASSESSMENT OF EACH COMMITTEES UNDER BOARD OF COMMISSIONERS

In order to support and to assist Board of Commissioners in exercising their advisory, supervisory control, directive, and approval function in conformity with their authority and responsibility, the Board of Commissioners were assisted by Audit Committee, Risk, Development and GCG Committee.

In exercising their functions, the Committees had been equipped by working guidelines stated in Committee Charter and work program as reference in exercising their duties in one year. During 2016, the Board of Commissioners' had assessed the role, function and recommendation the Committee submitted with opinion that the Committee had effectively contributed to assist Board of Commissioners in exercising its supervisory and advisory duties.

In exercising their duties, such Committees had intensively organized the meeting with relevant Board of Directors, internal audit taskforce and

DESCRIPTION ON THE BOARD OF COMMISSIONERS

Compliance and Risk Management Division. The Committees' recommendations had assisted Board of Commissioners in exercising its supervisory function on policies and Company management operation and its advisory function to provide whole views and inputs on Board of Directors Performance Report on GSM. The audit committee and the risk, development and GCG committee had conducted their duties in conformity with their work plan. Based on the Committees' opinions, the Board of Directors were able to assess the control activity implementation in all work units, business units in conformity with various policies and the whole Company risk management implementation.

Audit Committee

During 2016, the Audit Committee had performed their duties to provide advise for Board of Commissioners as follows:

1. Board of Directors Report, especially financial statements;
2. The 2016 Company Work Plan and Budget;
3. Company management report and Partnership Program and Community Development Report;
4. The evaluation of subsidiary establishment plan;
5. PT Bio Farma GCG self assessment;
6. The evaluation of Poliomyelitis infection sales;
7. The assessment report evaluation of internal audit taskforce;
8. The review of independence and objectivity of Djoemarma, Wahyudin & Rekan – Certified Public Accountants;
9. To follow up and to verify the letters of employee forum of PT Bio Farma in relation with call of moratorium of PT Bio Farma employee acceptance and unproductive investments with Planning and Development Director, Human Resources Director, Production Director, Marketing Director, relevant Division Heads in relation with Employee Association of Bio Farma and Bio Farma Employee Forum Caretaker.
10. Reviewing the Draft of SFAS Year 2017

The Risk, Development and GCG Committee

During 2016, the Risk, Development and GCG Committee had performed their duties to provide advise for Board of Commissioners as follows:

1. The follow up of GCG Assessment by West Java Finance and Development Supervisory Agency, the 2015 risk management final report and 2015 Corporate Risk Register;
2. The establishment plan of clinic and immunization subsidiary (APKI);
3. The establishment plan of subsidiary, the progress/ issues of Law of Hala Product Certification, the progress of GCG assessment result recommendation follow up by the Finance and Development Supervisory Agency, etc
4. The request of Board of Directors approval of organizational structure change, the utilization of Company allowance and effect of Indonesian SFAS 24 2014, the approval of investment realization excess, and proposal of appointment of Certified Public Accountants;
5. The preparation of GCG implementation self assessment and implementation process of ERM changes from COSO to ISO 31000;
6. The Company Management Report;
7. The verification and clarification of Bio Farma Forum of Employees Letter with Research and Development Director, Human Resources Director, Finance Director, Production Director, relevant Division Heads, Bio Farma Employees Association and Employees Forum Caretaker;
8. The result of verification and clarification of Bio Farma Employee Forum Letter, the Board of Commissioners Report to President Commissioner;
9. The risk of product duplication and the mitigation of of delay risk of vaccine and risk of unable to sell to bilateral consumers;
10. The corporate risk with counterpart team of PT Bio Farma (Persero) management: foreign exchange loss risk and risk of investment realization delay;
11. The corporate risk related to policy and regulation which affected to quality: the hala product certification, corporate risk discussion: 'the unpreparation of influenza vaccine production'.



THE DISCLOSURE OF BOARD MANUAL (GUIDELINES AND WORK CODE OF CONDUCT OF BOARD OF COMMISSIONERS)

The Board of Commissioners and Board of Directors as an integral part of Company organ should be a role mode for each of Bio Farma employees. The execution of duties and functions of Board of Commissioners and Board of Directors should be executed with goodwill, full of responsibilities and high dedication for Bio Farma progress.

Board Manual are the compilation of corporate law principles, prevailing rules and regulations and Shareholders' Direction and Article of Association which stipulated Board of Commissioners and Board of Directors Code of Conduct.

Board Manual are the codification of various prevailing rules for Company and best practices of Good Corporate Governance principles.

The Objective of Board Manual of Board of Commissioners and Board of Directors

1. as a reference and/ or guidelines for Board of Commissioners and Board of Directors in implementing their main duties and functions as Company organ;
2. improving quality and effectivity and work relationship between Board of Commissioners and Board of Directors;
3. implementing GCG principles (transparency, accountability, responsibility, independence and fairness).

Board Manual is a living document which should be regularly reviewed in conformity with Company and prevailing rules and regulations requirements. The amendment of Board Manual should be based on agreement between Board of Commissioners and Board of Directors.

The Board Manual of Board of Commissioners were established based on an agreement of Board of Directors and Board of Commissioners. Board Manual were prepared based on the prevailing rules and regulations.

The Implementation Guidelines of Board Manual of Board of Commissioners

The Law of Republic of Indonesia consisted the following below:

1. The Law of Republic of Indonesia Number 11 of 2008 Concerning The Electronic Information and Transaction;
2. The Law of Republic of Indonesia Number 14 of 2008 Concerning The Disclosure of Public Informations;
3. The Law of Republic of Indonesia Number 40 of 2007 Concerning The Limited Liability Company;
4. The Law of Republic of Indonesia Number 19 of 2003 Concerning The State Owned Enterprises;
5. The Law of Republic of Indonesia Number 20 of 2001 Concerning The Amendment of The Law of Republic of Indonesia Number 31 of 1999 Concerning The Eradication of Crime of Corruption;
6. The Law of Republic of Indonesia Number 1999 Concerning The Government Executive with Clean and Free From Corruption, Collusion and Nepotism;
7. The Law of Republic of Indonesia Number 5 of 1999 Concerning The Ban on Monopolistic Practices and Unfair Business Competition.

The Government Regulations:

The Government Regulation Number 12 of 1998 Concerning Limited Liability Company (Persero) in conjunction with The Government Regulation Number 45 of 2001.

The State Ministerial of SOE Regulation, consisted of:

1. The State Ministerial of SOE Regulation Number PER-16/MBU/2012 Concerning of The Second Amendment on The State Ministerial of SOE Number PER-01/MBU/2012 Concerning on The Requirements and Mechanism of Appointment and Discharge of Member of SOE Board of Directors;

DESCRIPTION ON THE BOARD OF COMMISSIONERS

2. The State Ministerial of SOE Regulation Number PER-15/MBU/2012 Concerning on The Amendment of The State Ministerial of SOE Regulation Concerning the Procurement of Goods and Services in SOE;
3. The State Ministerial of SOE Regulation Number PER-12/MBU/2012 Concerning of The Supporting Organ of SOE Board of Commissioners/ Supervisory Board;
4. The State Ministerial of SOE Regulation Number PER-09/MBU/2012 Concerning on The State Ministerial of SOE Regulation Number PER-01/MBU/2011 Concerning of The Implementation of Good Corporate Governance in SOE;
5. The State Ministerial of SOE Regulation Number PER-07/MBU/2010 Concerning the Salary Determination of SOE Board of Directors, Board of Commissioners and Supervisory Board.

The State Ministerial of SOE Decree, are the following below:

1. The State Ministerial of SOE Decree Number KEP-104/MBU/2002 Concerning The Assessment of Candidate of State Owned Enterprises Member Board of Directors;
2. The State Ministerial of SOE Decree Number KEP-103/MBU/2002 Concerning The Establishment of State Owned Enterprises Audit Committee;
3. The State Ministerial of SOE Decree Number KEP-102/MBU/2002 Concerning the Long-Term Plan Preparation;
4. The State Ministerial of SOE Decree Number KEP-101/MBU/2002 Concerning the Company Work Plan and Budget Preparation;
5. The State Ministerial of SOE Decree Number KEP-100/MBU/2002 Concerning the Assessment of State Owned Enterprises Soundness Level;
6. The State Ministerial of SOE Decree Number KEP-09A/MBU/2002 Concerning the Fit and Proper Assessment of Member of Board of Directors of State Owned Enterprises.

The Company Policy of The Implementation Guidelines of Board Manual of Board of Commissioners

1. The Company Article of Association;
2. Board Manual of Board of Directors and Board of Commissioners were established based on a mutual agreement between Board of Directors and Board of Commissioners Number KEP-06/DK/BF/II/2013 and Number 01025/DIR/II/2013 Concerning The Guidelines of Board Manual of Board Of Directors and Board of Commissioners of PT Bio Farma (Persero);
3. Commissioners Charter established by President Commissioners Board of Directors Decree Number 12/DK/BF/XI/2014 dated 3 November 2014.

Guidelines and Code of Conduct of Board of Commissioners Stipulated in Board Manual and Board of Commissioners Charter stipulate the following aspects:

1. The orientation program for new members of Board of Commissioners;
2. The training program for members of Board of Commissioners;
3. The Board of Commissioners Decision Making;
4. The Follow Up of Board of Commissioners Meeting Results;
5. A work relationship of Board of Commissioners and Board of Directors;
6. Duties, Authorities and Obligations and Job Distribution of Board of Commissioners;
7. The Clauses of Vacant Position Duty Implementation of Board of Commissioners;
8. The Obligation of Board of Commissioners in relation with the preparation of long-term plan;
9. The Obligation of Board of Commissioners in relation of the preparation of Company Work Plan and Budget;
10. The Obligation of Board of Commissioners in relation with the preparation of annual report;
11. The Risk Management;



12. The Internal Control System
13. The Disclosure and Confidentiality of Information;
14. The Business Ethics and Anti Corruption
15. The Prohibition of Personal Interest Advantage;
16. The Board of Commissioners Supporting Organ;
17. The Board of Commissioners Meeting;
18. The Meeting between Board of Directors and Board of Commissioners;
19. The Meeting between Board of Commissioners with Board of Commissioners Counterpart;
20. The Policy of Board of Commissioners Work Plan and Budget Preparation;
21. The Policy of Information Provided by Board of Directors to Board of Commissioners;
22. The Policy of Business Environment Changes Information;
23. The Policy in Responding the Suggestion, Expectation, Issues and Complain from Stakeholders and Suggetion Settlement Submission to Board of Directors;
24. The Policy of Commissioners and Advice Providing for Company Information Technology System and Its Implementation
25. The Policy of Commissioners and Advice Providing for Policies of Human Resources Management;
26. The Policy of Commissioners and Advice Providing for Accounting and Financial Statements Preparation Policies;
27. The Policy of Commissioners and Advice Providing for Goods and Services Procurement and Its Implementation;
28. The Policy of Commissioners and Advice Providing for Quality and Service Policies and Its Implementation;
29. The Policy of Commissioners and Advice Providing for Company Compliance in Implementing The Prevailing Rules and Regulations with Third Parties;
30. The Policy of Board of Directors Compliance in Exercising The Company Management with Company Working Plan and Budget and/ or Company Long-Term Plan;
31. The Policy of Approval/ Recommendation Granting to Board of Directors Action which Needs Board of Commissioners' Approval/ Recommendation;
32. The Policy of Appointment Process of External Auditor Candidate and/ or Reappointment of External Auditor and The Submission of External Auditor Candidate Proposal to GSM;
33. The Policy of Commissioners Concerning The Effectivity of External Audit and Internal Audit Exercise and Review On Complaints received by Board of Commisiones related to SOE;
34. The Policy of Commisioners Concerning the Reporting to Shareholders if the Company Performance was declined;
35. The Policy of Commisioners and Advice Providing on Subsidiary Management Policy and Its Implementation;
36. The Policy of the Appointment of Board of Directors and Board of Commissioners of Subsidiary;
37. The Policy of Selection and Proporal of Board of Directors Candidate to Shareholders;
38. The Policy of Performance Assessment and Reporting to Shareholders;
39. The Policy and Management of Board of Directors Remuneration;
40. The Policy of Implementation of Good Corporate Goverannce Monitoring;
41. The Policy of Measurement and Assessment of Board of Commissioners Performance;
42. The Policy of Grafts Control;
43. The Policy of Whistle Blowing System.

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 international scale such as the Developing Countries Vaccine Manufacturer Networks and the Organization of Islamic Cooperation (OIC).

INFORMATION OF INDEPENDENT COMMISSIONER

THE PROMOTION AND DISCHARGE OF BOARD OF DIRECTOR MEMBERS OF STATE OWNED ENTERPRISE US CONDUCTED IN ACCORDANCE OF PROFESSIONALISM AND GOOD CORPORATE GOVERNANCE PRINCIPLES.

Independent Commissioners are an imperative to strengthen the supervisory functions of the Board of Commissioners. The imperative is even more direct since it is almost common practice to find transactions with underlying conflicts of interest overlooking the interests of public shareholders (minority shareholders) and other stakeholders, particularly in a publicly traded Indonesian company.

An Independent Commissioner is a member of Board of Commissioner/ Board of Oversight who does not have any financial, management, share ownership and/ or family relationship with other members of Board of Commissioner/ Board of Oversight, member of Board of Director and/ or controlling shareholders or relationship with Bio Farma which can affect his/ her own ability to act independently.

The Law on Limited Liability Companies, in theory, requires commissioners to have an independent attitude and to be able to discharge their duties independently in the interests of the company, without regard to those whose interests might be in conflict with others. Inarguably, Independent Commissioners as defined in the Law on Limited Liability Companies is identical with that of the members of the Board of Commissioners.

DETERMINING CRITERIA OF INDEPENDENT COMMISSIONER

In accordance of SOE Ministerial Regulation No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance in SOEs as currently amended with SOE Ministerial Regulation No. PER-09/MBU/2012 on the Amendment of Implementation of SOE Ministerial Regulation No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance in SOEs, the Independent Commissioner of Bio Farma have been met the established criteria below:

1. Have no financial or managerial or share ownership and/ or family relationship with other members of Board of Commissioners, member of Board of Directors and/ or Controlling Shareholders or relationship with relevant SOE which may affect his/ her own ability to be independent;
2. Have no position as Director in affiliated Company;
3. Does not work in Public Sector including department, institution, and military force in the last 3 (three) years;
4. Have no position in the Company and its affiliations in the last 3 (three) years;
5. Have no both directly and indirectly financial interest with the Company and the companies which provide goods and service for the Company and its affiliations;
6. Are free from interest and business activities or other relationships which may affect or intervene Board of Commissioners' ability to freely act and think in the Company.



THE COMPOSITION OF BOARD OF INDEPENDENT COMMISSIONERS

The members of Bio Farma Board of Commissioners have met numbers, compositions, criteria and independence in accordance with SOE Ministerial Regulation No. PER-01/MBU/2011 dated 1 August 2011 on the Implementation of Good Corporate Governance in SOEs as currently amended with SOE Ministerial Regulation No. PER-09/MBU/2012 on the Amendment of Implementation of SOE Ministerial Regulation No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance in SOEs which is at least 20% (twenty percent) of Board of Commissioner members are Independent Commissioners. The numbers of current Board of Commissioners member of Bio Farma are 6 (six) with 2 (two) of them or 33% of Board of Commissioner members are Independent Commissioners. Therefore, such composition has been aligned with the established regulation of Ministry of SOE regarding to Independent Commissioners..

THE APPOINTMENT AND DISCHARGE OF INDEPENDENT COMMISSIONER OF BIO FARMA

The SOE Ministerial Decree as General Meeting of Shareholders of PT Bio Farma (Persero) Number: SK-97/MBU.06/2015 regarding to The Appointment and Discharge of Board of Commissioners Member With Inauguration of Independent Commissioners of PT Bio Farma (Persero) dated 22 June 2015 are the following below:

1. Based on Minister of the SOE's Decree as General Meeting of Shareholders of PT Bio Farma (Persero) Number KEP-392/MBU/2012 dated 5 November 2012 and SK-17/MBU/2014 dated 23 January 2014, has inaugurated Paruli Lubis and Heridadi as Board of Commissioners to be Independent Commissioners;
2. The term of member of Board of Commissioner who were inaugurated as Independent Commissioners were referred to term based on Minister of SOE Decree as General Meeting of Shareholders of PT Bio Farma (Persero) Number KEP-392/MBU/2012 dated 5 November 2012 and SK-17/MBU/2014 dated 23 January 2014.

Name	Position	Date of First Service	Legal Basis of Appointment/ Discharge
End of Service			
Paruli Lubis	Independent Commissioner	22 June 2015	Ministry of State Owned Enterprise Decree Number : SK-97/MBU/06/2015 dated June 22, 2015
Heridadi	Independent Commissioner	22 June 2015	Ministry of State Owned Enterprise Decree Number: SK-97/MBU/06/2015 dated June 22, 2015

THE RESPONSIBILITY OF INDEPENDENT COMMISSIONER

Independent Commissioner has primary responsibility to encourage the implementation of GCG in the Company by empowering Board of Commissioners' function in order to effectively conduct the oversight and supervisory to Board of Directors and to improve the value added for the Company.

In order to implement their responsibility, Independent Commissioners have to be proactive to encourage the Board of Commissioners to oversight and to advise for Board of Directors regarding to but not limited to:

1. Ensure that the Company has effective business strategy, including to monitor the schedule, budget and their effectiveness;
2. Ensure that the Company has appointed the professional executives and managers;
3. Ensure that the Company has information, controlling system and audit system which has been well performed;
4. Ensure that the Company complies with prevailing rules and regulations and established values by the Company in conducting its business;
5. Ensure that risks and potential crisis are always well identified and well managed;
6. Ensure that GCG principles and practice have been well complied and well implemented.

INFORMATION OF INDEPENDENT COMMISSIONER

THE DUTY OF INDEPENDENT COMMISSIONER

1. To ensure the transpiration and disclosure of Company's financial statements'
2. To be fair with non-controlling shareholders and other stakeholders'
3. To fairly and justly disclose the conflict of interest transactions;
4. To maintain Company's compliance with prevailing rules and regulations;
5. To guarantee the Company organ's accountability.

THE AUTHORITY OF INDEPENDENT COMMISSIONER

1. Independent Commissioners chairs the Audit Committee and Risk, Development, and GCG Committee.
2. Independent Commissioners, tactfully and based on sound considerations, have the right to hold differing views from that of other members of the Board of Commissioners. Such differences must be recorded in the Minutes of Meeting of the Board of Commissioners and materially different views are required to be included in annual reports.





INDEPENDENCE STATEMENT OF INDEPENDENT COMMISSIONER

STATEMENT LETTER OF INDEPENDENT COMMISSIONER OF PT BIO FARMA (PERSERO)

The undersigned below:

Name : Paruli Lubis

Position : Independent Commissioner

Date of appointment : 22 June 2015

hereby state 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. Have no a relationship in the management, ownership and/or finances of the entire business group of the Shareholders of similar companies.
6. 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.
7. 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.
8. 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.
9. Will wholeheartedly avoid any conflict of interest that may affect the decision-making process in the Company's operations

I have made this independent statement with full responsibility.

Jakarta, 2016



Paruli Lubis

INFORMATION OF INDEPENDENT COMMISSIONER

STATEMENT LETTER OF INDEPENDENT COMMISSIONER OF
PT BIO FARMA (PERSERO)

hereby state that I:

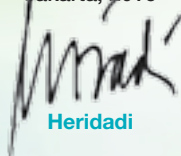
Nama : Heridadi
Position : Independent Commissioner
Date of Appointment : 22 June 2015

hereby state 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:
 - Member of Board of Directors in another SOE, Regional SOE, Private Owned Enterprises, and other positions which may cause conflict of interest;
 - 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. have no a relationship in the management, ownership and/or finances of the entire business group of the Shareholders of similar companies.
6. 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.
7. 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.
8. 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.
9. will wholeheartedly avoid any conflict of interest that may affect the decision-making process in the Company's operations

I have made this independent statement with full responsibility.

Jakarta, 2016



Heridadi



DESCRIPTION OF BOARD OF DIRECTORS

BUILDING GOOD CORPORATE GOVERNANCE REQUIRES COMMITMENT, CONSISTENCY AND EARNESTNESS OF RELATED PARTIES THAT INCLUDE COMPANY MANAGEMENT, EMPLOYEES, COMMISSIONERS, SHAREHOLDERS, GOVERNMENT, AND OTHER STAKE HOLDERS.



Board of Directors as Company's organ is collegially responsible in managing Company for its purposes and objectives, and representing Company both inside and outside the court in accordance with the provisions of the Articles of Association and applicable Legislations.

Each member of Board of Directors may perform the tasks and make decisions by referring to their respective division of duties and authority. However, the execution of duties by the members of the Board of Directors remains a collective responsibility. The position of each member of Board of Directors, including the President Director, is equivalent. The duty of the President Director as *primus inter pares* is to coordinate the Board's activities.

The implementation of Bio Farma's Board of Directors' duties is effective with the following considerations:

1. The composition of the Board should be such that it enables effective, timely and prompt decision-making, and they can act independently.
2. The Board must be professional with integrity and have the experiences and skills needed to carry out their duties.

3. The Board is responsible for managing the company in order to generate profitability and to ensure the sustainability of company's business.
4. The Board shall be responsible for its stewardship in the General Meeting of Shareholders (GMS) in accordance with prevailing laws and regulations.

The number of members of Bio Farma's Board of Directors must be adjusted to the complexity of Company with due regard to effectiveness in decision making.

All members of Bio Farma's Board of Directors must be domiciled in Indonesia, where it is possible to carry out day-to-day corporate management tasks.

FIT AND PROPER TEST FOR BOARD OF DIRECTORS

All members of Bio Farma's Board of Directors have met the criteria and requirements specified in the fit & proper test under Limited Liability Companies Law, Company's Articles of Association, good corporate governance rules, and other regulations. Each member must have integrity, competence and good reputation. This is evidenced by passing the fit and proper test.

DESCRIPTION OF BOARD OF DIRECTORS

Fit and Proper Test Results

Name	Position	Date of Appoitment	Organiser	Representative	Fit and Proper Test Result
Iskandar	President Director	July 7, 2012	Ministry of State-owned Enterprises	Republic of Indonesia	Passed
Juliman	Production Director	April 12, 2013	Ministry of State-owned Enterprises	Republic of Indonesia	Passed
Sugeng Raharso	Planning and Development Director	April 12, 2013	Ministry of State-owned Enterprises	Republic of Indonesia	Passed
Mahendra Suhardono	Marketing Director	July 7, 2012	Ministry of State-owned Enterprises	Republic of Indonesia	Passed
Pramusti Indrascaryo	Finance Director	April 12, 2013	Ministry of State-owned Enterprises	Republic of Indonesia	Passed
Andjang Kusumah	Human Resources Director	March 7, 2012	Ministry of State-owned Enterprises	Republic of Indonesia	Passed

APPOINTMENT AND DISMISSAL OF
BOARD OF DIRECTORS

The appointment and dismissal of members of Board of Directors of State-Owned Enterprises shall be based on the principles of professionalism and good corporate governance. The Board is appointed and dismissed by the shareholders through the General Meeting of Shareholders (GMS). Appointment of the Board of Directors is concluded through the fit and proper test.

BASIS FOR APPOINTMENT OF BIO FARMA'S
BOARD OF DIRECTORS

Requirements, Procedures of Appointment and Dismissal of Members of Board of Directors of State-Owned Enterprises.

Criteria/Requirements for Members of Board
of Directors Appointment

Based on the aforementioned Regulation, the criteria/requirements to become a member of Board of Directors are as follows:

1. Required Forma for Company Board of

Directors is an individual who is qualified in committing legal actions, except in five (5) years prior to the appointment has:

- Been declared bankrupt
- Become a member of Board of Directors, Commissioners, or Supervisory found guilty of causing an SOE and/or a company to be declared bankrupt
- Been convicted of committing criminal acts that are detrimental to the financial condition of a state, an SOE, a company, and/or relating to financial sector.

2. Material Requirements

Material requirements for SOE Directors include:

- Skills;
- Integrity;
- Leadership;
- Experiences;
- Honesty;
- Good attitudes; and
- Full dedication to promote and develop company

3. Other requirements

Other requirements for SOE Directors include:

- Not a member of a political party and/ or a candidate legislative member and/ or a legislative member. Candidates for legislative members or legislative members



consist of candidates/members of House of Representatives (DPR), Regional Representative Council (DPD), Regional People's Representative Assembly I (DPRD Tingkat I), and Regional People's Legislative Assembly II (DPRD Tingkat II)

- b. Not a candidate for head/deputy of a district and/or a head/deputy of a district
- c. Not serving as a member of Directors at the relevant SOE for two consecutive periods
- d. Having dedication and willingness to provide full time in carrying out the duties
- e. Physically and mentally healthy (not having an illness that may hinder services as SOE Directors) which is evidenced with a health certificate from a medical doctor.

RATIONALES AND PROCEDURES FOR DIRECTORS DISMISSAL

Rationales for Dismissal and Expiration of Term of Office

1. Members of Directors may be dismissed at any time based on the GMS or Ministerial Decision by stating the rationales
2. Rationales for dismissal include:
 - a. Not/less able to fulfil the obligations as agreed in the management contract
 - b. Unable to show a good performance
 - c. Violating the provisions in the Articles of Association and/or any regulations
 - d. Being declared as a suspect or defendant in the actions adverse to an SEO and/or state
 - e. Committing acts that violate the ethics and/or propriety as a member of SEO Directors
 - f. Being found guilty based on a court decision having a permanent legal power
 - g. Filing for resignation
 - h. Other rationales determined by the GMS or the Minister for the interests and goals of the SEO, i.e. disharmony among the members of Directors
3. In the event of any difference between the provisions of this Ministerial Regulation and the SEO Articles of Association concerning the rationales for dismissal, then the provisions of the Articles of Association apply.
4. The position as a member of Directors ends when:
 - a. The member deceases
 - b. Term of office ends
 - c. The member no longer complies with the requirements of Directors under the provisions of the Articles of Association and statutory regulations including prohibited dual office position and resignation.
5. Prohibited dual position as stated in number 4 article c includes
 - a. Member of Directors in an SOE, regional-owned enterprise, and private-owned company
 - b. Member of Commissioners/Supervisory in an SOE
 - c. Other structural and functional position in a central and/or regional government institution/agency
 - d. Other position as stated in the regulations
 - e. Political party official, legislative member and/or head/deputy of a district; and/or
 - f. Other position that may cause conflict of interests.
 - g. Candidate for legislative member or for head/deputy of a district.
 - h. Being dismissed based on GMS's physical decision, ministerial decision as GMS, or circular decision of all shareholders.
6. In addition to the dual positions referred to in number 5, members of Directors are prohibited from holding dual positions as members of Board of Commissioners in other companies, except as:
 - a. Member of Commissioners in a relevant SOE's subsidiary/joint venture company, provided that they are only entitled to the accumulation of income as a member of Commissioners in one or more subsidiaries/joint venture companies up to 30% (thirty percent) of the salary of the members of Directors in the concerned SOE, while other income/remainder shall be submitted to the relevant SOE's income.

DESCRIPTION OF BOARD OF DIRECTORS

- b. Member of Commissioners in another company as a representative/en effort for SOE's interests in so far as having a permission from the Minister.
- 7. Member of Directors having dual position as stated in number 4 whose serving period ends from the date of the dual positioning.

Procedures for Dismissal

1. Technical Deputy shall evaluate the Board of Directors before proposing the relevant dismissal to the Minister.
2. Technical Deputy in coordination with the Deputy and the Secretary submits the proposal for the dismissal of the member of Directors to the Minister to obtain the determination.
3. Submission of proposed dismissal is accompanied by:
 - a. Explanation on dismissal rationales;
 - b. Draft of ministerial decree or decision of all shareholders outside the GMS on dismissal, or a power of attorney to attend and take decisions at the GMS on dismissal, or a power of attorney to engage in a defence/acceptance of a defence in the event of dismissal shall be made outside the GMS.
4. Plan of dismissing member of Directors prior to the expiration of term of office shall be notified to the Board of Directors in verbal or in writing by the Minister.
5. In the event that the Minister does not make a notification, the Minister, under the Ministerial Regulation authorises the Technical Deputy to perform the task.
6. Minister may delegate the Deputy and/or Secretary through special power of attorney to make a notification.
7. Decision of dismissal on the grounds other than to be found guilty of a court decision having a permanent legal power and resignation, is taken after the person is given an opportunity to defend themselves.
8. Plea is submitted in writing to the GMS for limited liability company or Minister for general company within 14 (fourteen) days from the time the Board of Directors is notified.
9. The pleading note may be given directly upon notice to the notifying official.
10. If the concerned member of Directors has pleaded or objected to the dismissal plan at the time of notification, the time stipulation is deemed to have been fulfilled.
11. In the case of verbal notice and plea, it is conducted face-to-face and proven by minutes or official report signed by the relevant Board of Directors and the notifying official.
12. If the member of Directors concerned refuses to sign a minutes or official report, the reason is mentioned in the minutes or official report.
13. In the event that a notification is made in the GMS, the plea is conducted in the GMS in accordance with the provisions of Article 105 of Law No. 40 of 2007 regarding Limited Liability Company.
14. All legal documents relating to the process of notification and plea, are prepared by Technical Deputy assisted by the Second Echelon officials in charge of law, and then all relevant documents are submitted to Deputy for administration.
15. The Minister may dismiss a member of Directors based on personal evaluation in addition to that proposed by Technical Deputy.
16. In the process of dismissal, the Minister may ask for consideration from Technical Deputy and/or Secretary.
17. Determination of dismissal of a member of Directors may be concluded through::
 - a. Ministerial Decree if all the SOE's shares/ capitals are owned by the State;
 - b. GMS or circular shareholders decision if not all the shares are owned by the State.



18. In the case of determination of dismissal of a member of Directors by a Ministerial Decree or circular decision of all shareholders, the Technical Deputy and Secretary draft the Ministerial Decree or circular decision of all shareholders.
19. In the event that the determination of dismissal of a member of Directors is conducted in a GMS physically, and the Minister can not attend the GMS, the Minister may authorise Technical Deputy to represent and make the decision.
20. The Minister may authorise Deputy and/or Secretary to attend and make decision in GMS as mentioned in number 19.
21. While the dismissal is still in the process, the relevant member of Directors remains obliged to perform the duties.
22. Dismissal of a member of Directors may be processed along with the appointment of members of Directors in the concerned SOE.

BIO FARMA BOARD OF DIRECTORS STRUCTURE

Based on State Owned Enterprises Ministerial Decree Number: SK-221/MBU/2013 dated April 12, 2013 and State Owned Enterprises Ministerial Decree Number: SK-69/MBU/2013 dated February 4, 2013 on Dismissal and Appointment of Members of the Board of Directors of PT Bio Farma Company, the structure of Board of Directors shall be determined by the shareholders conducting Company's management to achieve the objectives in accordance with the vision and mission .

In 2016 there is no change in the number and composition of Bio Farma's Board of Directors. By December 31, 2016, Bio Farma's Board of Directors consists of 6 (six) persons embodying 1 (one) President Director and 5 (five) Directors with the following composition and basis of appointment:

Director's Name	Position	Domicile	Date of Appointment & Effective Date	Basis of Appointment
Iskandar	President Director	Indonesia	07 July 2012 12 April 2013	SOE Ministerial Decree Number: SK-285/MBU/2012 SOE Ministerial Decree Number: SK-221/MBU/2013
Juliman	Production Director	Indonesia	12 April 2013	SOE Ministerial Decree Number: SK-221/MBU/2013
Sugeng Raharso	Planning & Development Director	Indonesia	12 April 2013	SOE Ministerial Decree Number: SK-221/MBU/2013
Mahendra Suhardono	Marketing Director	Indonesia	07 July 2012 12 April 2013	SOE Ministerial Decree Number: SK-285/MBU/2012
Pramusti Indrascaryo	Finance Director	Indonesia	12 April 2013	SOE Ministerial Decree Number: SK-221/MBU/2013
Andjang Kusumah	Human Resources Director	Indonesia	04 February 2013	Decision of PT Bio Farma Shareholders outside GMS Number: SK-116/MBU/2012 dated March 7, 2012 Jo. SOE Ministerial Decree Number: SK-69/MBU/2013 dated February 4, 2013

A brief profile of each member of the Board of Directors can be found in the Corporate Data section of this Annual Report.

DESCRIPTION OF BOARD OF DIRECTORS

SCOPE OF DUTIES AND RESPONSIBILITY OF BOARD OF DIRECTORS

Board of Directors is a part of Company authorised and fully responsible for the implementation of Company's operations. Directors have the responsibility for achieving the short-term work plan stated in the Company's Planned Activities and Company Budget (PACB) and Long-Term Company Plan (LTCP). Board of Directors must be able to make decisions effectively, promptly, and immediately, and act independently as well as responsible for the implementation of good corporate governance and a consistent and sustainable risk management system.

Guidelines and Policies for Duties, Authorities, and Obligations of Board of Directors

As a well-operated State-Owned Enterprise implementing sustainable CGC, Bio Farma determines the duties, authorities, and obligations of Board of Directors by referring to the following guidelines and policies:

1. State-Owned Enterprise Ministerial Regulation Number: PER-01/MBU/2011 dated August 1, 2011 on the Implementation of Good Corporate Governance in SOEs as latest ratified through State-Owned Enterprise Ministerial Regulation Number: PER-09/MBU/2012 dated July 6, 2012 on the Ratification of State-Owned Enterprise Ministerial Regulation Number: PER-01/MBU/2011 on the Implementation of Good Corporate Governance in SOEs.
2. Company's Articles of Association
3. Joint Decision of the Board of Commissioners and Board of Directors of PT Bio Farma Number: KEP-06/DK/BF/II/2013, Number: 01025/DIR/II/2013 on Board Manual of PT Bio Farma.

DUTIES, AUTHORITIES, AND OBLIGATIONS OF BOARD OF DIRECTORS**BIO FARMA BOARD OF DIRECTORS DUTIES**

Duties, authorities, and obligations of Board of Directors as regulated in Joint Decision of the Board of Commissioners and Board of Directors of PT Bio Farma Number: KEP-06/DK/BF/II/2013, Number: 01025/DIR/II/2013 on Board Manual of PT Bio Farma are as follows:

1. Board of Directors shall be responsible for carrying out all actions relating to the management for the Company's interests and in accordance with the purposes and objectives and representing the Company both inside and outside the court on all matters and events with restrictions as regulated in the laws and regulations, Articles of Association, and/or GMS Decision.
2. In performing the duties, Board of Directors shall devote full energy, thought, attention and devotion to the tasks, obligations, and achievements of the Company's objectives.
3. In performing the duties, members of Directors must comply with the Company's Articles of Association and legislation, and shall implement the principles of professionalism, efficiency, transparency, independence, accountability, accountability and fairness.
4. Each member of Board of Directors shall in good faith and with full responsibility perform the duties for the Company's interests and business in compliance with applicable legislation.

Board of Directors is responsible for the achievement of short-term work plan as contained in the Planned Activities and Company Budget (PACB) and Long-Term Company Plan (LTCP)



BIO FARMA BOARD OF DIRECTORS AUTHORITIES

In performing the duties, Board of Directors has the authority to:

1. Determine Company's management policies.
2. Arrange the transfer of authority of the Board of Directors to one or several members of Directors to decide on behalf of the Board of Directors or to represent Company in and out of court.
3. Arrange the transfer of authority of the Board of Directors to one or more employees Company either individually or together or to others to represent Company in and out of court.
4. Arrange provisions on employment including decisions about salary, pension fund or pension plan and other incomes for the employees under applicable laws and regulations, with regard to salary, pension fund or pension plan and other income for employees exceeding the liabilities set out by laws and regulations, must be approved in advance from the GMS.
5. Appoint and dismiss employees based on the Company's employment provisions and applicable regulations.
6. Appoint and dismiss Corporate Secretary based on the internal mechanism with approval from Board of Commissioners.
7. Appoint and dismiss Head of Internal Supervisory Unit based on the internal mechanism with approval from Board of Commissioners.
8. Take actions and other initiatives regarding Company's management and property ownership, bind Company with other parties and/or other parties with Company, and represent Company in and out of court on all matters and events, with limitations as stated in the regulations. Articles of Association and/or GMS decisions.
9. Initiate cooperation with other businesses or parties with limited authority as follows:
 - a. Leasing assets
Board of Directors may lease Company's assets with maturities of up to 3 (three) years with rental/transaction value up to 1 % of the revenue or 2% of the Company's equity, whichever is less.
 - b. Joint Operation and Business Cooperation
Board of Directors may enter into a joint operation and business cooperation with a term of up to 5 (five) years with the value of inclusion (of Company's assets in merged) up to 2.5% of the revenue or 5% of the Company's equity, whichever is less.
 - c. Build Operate Transfer (BOT), Build Own Transfer (BowT), Build Transfer Operate (BTO).
Board of Directors may engage in a cooperation with a term of up to 10 (ten) years with the value of the Company's assets in merged up to 6% of the revenue or 6.5% of the Company's, whichever is less.
 - d. Management Contract and Other Cooperations
Board of Directors may cooperate with a term of up to 5 (five) years with an investment value of up to 2.5% of the revenue, or 5% of the Company's equity, whichever is less.
 - e. The implementation of such actions in articles a, b, c and d shall be accompanied by an Integrity Pact containing the statement of the Board of Directors that the exercise of the actions has been carefully considered and in good faith, without the influence of others and without conflict of interests, and with caution to the best interests of Company, by taking into account the applicable provisions and the principles of Good Corporate Governance (GCG).

DESCRIPTION OF BOARD OF DIRECTORS

BIO FARMA BOARD OF DIRECTORS OBLIGATIONS

In performing the duties, Board of Directors is obliged to:

1. Undertake and ensure the implementation of Company's business and activities in accordance with its purposes and objectives and business activities.
2. Prepare in due course the Long Term Company Plan, Planned Activities and Company Budget, and its amendment and submit them to Board of Commissioners and Shareholders for the approval of GMS.
3. Provide an explanation to the GMS regarding the Long Term Company Plan and Planned Activities and Company Budget.
4. Create the List of Shareholders, Special Register, GMS Minutes and Board of Directors Meeting Minutes.
5. Make the Annual Report as a form of accountability of Company's management, as well as financial documents as referred to in the law on company documents
6. Prepare Financial Statements based on the Financial Accounting Standards and submit them to the Public Accountant to be audited.
7. Submit Annual Report including Financial Statements to the GMS for approval and validation.
8. Provide an explanation to GMS on the Annual Report.
9. Submit Balance Sheet and Income Statement that have been approved by GMS to the minister in charge of law and human rights in accordance with the provisions of legislation.
10. Submit report of change in Shareholders, Board of Directors and Board of Commissioners to the minister in charge of law and human rights.
11. Maintain List of Shareholders, Special Register, GMS Minutes, Board of Commissioners Meeting Minutes, and Board of Directors Meeting Minutes, Annual Report and Company's financial documents and other Company's documents.
12. Save the following documents in the place of domicile of the Company: List of Shareholders, Special Register, GMS Minutes, Board of Commissioners Meeting Minutes, and Board of Directors Meeting Minutes, Annual Report and Company's financial documents and other Company's documents.
13. Develop accounting system by referring to the Financial Accounting Standards and based on the principles of internal control, particularly the functions of management, recording, archiving and supervision.
14. Provide periodic reports in a manner and time in accordance with applicable regulations, as well as other reports each time requested by the Board of Commissioners and/or Shareholders.
15. Prepare Company's organisational structure including the details and duties.
16. Provides an explanation of all matters asked or requested by members of Board of Commissioners and Shareholders
17. Compose and define the organisation's blue print.
18. Establish the Key Performance Indicators of Board of Directors for GMS approval.
19. Carry out other obligations in accordance with the provisions set forth in the Articles of Association and adopted by the GMS following the laws and regulations.

Division of Duties and Authorities of Each Bio Farma Member of the Board of Directors

Board of Directors is in charge of a collegial manner, but for more effective and efficient implementation, the duties and authorities of each member should be divided. The division does not eliminate the responsibility collegially in Company's management. The apportionment is described in the Company Organisational Chart determined through the approval from Board of Commissioners.



Bio Farma Board of Directors' Duties on the Preparation of Long Term Company Plan (LTCP)

1. Board of Directors must prepare the LTCP as a strategic plan containing the objectives and goals to achieve within a period of 5 (five) years.
2. LTCP must at least accommodate:
 - a. Evaluation on the previous LTCP implementation
 - b. Current Company's position
 - c. Assumptions referred to in preparing the LTCP
 - d. Establishment of missions, objectives, strategies, policies, and long-term work plan
3. Board of Commissioners reviews and provides opinions on the LTCP prepared by Board of Directors before being signed together.

Bio Farma Board of Directors' Duties on the Preparation of Planned Activities and Company Budget (PACB)

1. Board of Directors must prepare PACB as an annual translation of LTCP.
2. PACB must at least accommodate:
 - a. Missions, objectives, strategies, policies, and programs/activities
 - b. Company's budget is detailed on each program/activity budget
 - c. Financial projections of Company and its subsidiaries
 - d. Board of Commissioners' programs .
 - e. Other matters requiring GMS decisions.
3. Board of Commissioners reviews and provides opinions on PACB prepared by the Directors before being signed together.
4. The PACB draft signed by all members of Board of Directors and Board of Commissioners shall be submitted by Directors to Shareholders no later than 60 (sixty) days prior to the relevant PACB year to obtain GMS approval by taking into account the prevailing provisions.
5. The PACB draft shall be approved no later than 30 (thirty) days after the current budget year (the relevant PACB year).

6. In the event that the PACB draft has not been submitted by the Directors and/or PACB has not been approved in the period referred to in number 5, then the previous year's PACB shall be applied.
7. The PACB draft as referred to in number 4 must be made available in the Company office from the call date up to the GMS date for the Shareholders' interests.

Bio Farma Board of Directors' Obligations on the Preparation of Annual Report

1. Company's fiscal year is the calendar year, and at the end of December of each year, Company's books are closed.
2. Board of Directors must prepare Annual Report that at least accommodates:
 - a. Financial statements consisting of at least the final balance of the previous fiscal year in comparison with the preceding fiscal year, income statement of the relevant fiscal year, cash flow statement, and statement of changes in equity, and notes to the financial statements
 - b. Report on Company's activities
 - c. Report on the implementation of Corporate Social and Environmental Responsibility, if available.
 - d. Explanation on the problems during the fiscal year that affect Company's business
 - e. Report on the supervisory duties exercised by Board of Commissioners during the previous fiscal year
 - f. Names of members of Directors and Board of Commissioners
 - g. Salaries and allowances/facilities for members of Directors and honoraria and allowances/facilities for members of Commissioners for the previous fiscal year
3. The Annual Report draft includes financial statements audited by a public accountant, signed by all members of Board of Directors, submitted to Board of Commissioners for review and signature before being submitted to the Shareholders.

DESCRIPTION OF BOARD OF DIRECTORS

4. The Public Accountant as referred to in number 3 shall be determined by GMS upon the proposal from Board of Commissioners.
5. The Annual Report as referred to in number 2, signed by all members of Board of Directors and Board of Commissioners, shall be submitted by Board of Directors to the Shareholders no later than 5 (five) months after the end of fiscal year by referring to the prevailing provisions.
6. In the event that any member of Board of Directors and Board of Commissioners do not sign the annual report, the reasons should be mentioned in writing or stated by Board of Directors in a separate letter attached to the report.
7. In the event that any member of Board of Directors and Board of Commissioners do not sign the annual report referred to in number 5 and do not provide written reasons, the concerned member is believed to have approved the report.
8. Approval on the Annual Report including validation of the financial statements as referred to in number 5 shall be made by the GMS no later than the end of the sixth month after the end of fiscal year.
9. Approval on the Annual Report including financial statements ratification by the GMS shall mean giving acquittance to members of Board of Directors and Board of Commissioners for the management and supervision carried out during the preceding fiscal year, insofar as the action is found in the annual report including the financial statements and by referring to the provisions applicable.
10. Annual Report including financial statements as referred to in number 5 shall be submitted to the Company office per call date until GMS date for the Shareholders' interests.
11. In the event that the financial statements provided are false and or misleading, members of Board of Directors and Board of Commissioners are jointly responsible to the injured party, unless proven otherwise.

Bio Farma Board of Commissioners' Obligations on the Preparation of Periodic Report

1. Board of Directors must prepare periodic reports that include the implementation of PACB.
2. The periodic reports referred to in number 1 include quarterly reports and annual reports.
3. In addition to the periodic reports referred to in number 2, Board of Directors may at any time provide a special report to the Commissioners, Shareholders, and/or GMS.
4. Periodic reports and other reports as referred to in numbers 1 and 3 above shall be submitted in the form, content, and procedure of preparation in accordance with the provisions.
5. Board of Directors shall submit quarterly reports to Board of Commissioners and/or Shareholders no later than 30 (thirty) days after the end of the quarterly period.
6. Quarterly reports as referred to in number 5 shall be signed by all members of Board of Directors.
7. In the event that any member of Board of Directors do not sign the quarterly report referred to in number 6, the reasons shall be stated in writing.

Bio Farma Risk Management

1. Board of Directors in any decision-making/action shall consider business risks.
2. Board of Directors shall establish and implement an integrated corporate risk management program as part of GCG.
3. Risk management program may be implemented by:
 - a. Establishing a separate working unit under Board of Directors, or
 - b. Assigning the existing and relevant work unit to carry out the risk management function.
4. Board of Directors shall submit risk management profile report and organise it in conjunction with the Company's periodical report.

**Bio Farma Internal Audit System**

1. Board of Directors establishes an effective internal audit system to secure Company's investments and assets.
2. Internal audit system accommodates:
 - a. Internal control environment within the Company is carried out with discipline and structured consisting of:
 - Integrity, ethics, and competence of the employees
 - Management philosophy and style
 - Management procedures in exercising authority and responsibility
 - Human resources organisation and development
 - Attention and direction made by Board of Directors
 - b. Assessment of business risk management is a process for identifying, analysing, evaluating the management of relevant risks.
 - c. Control activities include actions taken in a process of supervising Company's activities, at each level and unit within the organisational structure, including authority, verification, reconciliation, performance appraisals, assignment and security of Company assets.
 - d. Information and communication system is a process of presenting the report on operational activities, financial and compliance to the provisions of laws and regulations by the Company.
 - e. Monitoring is the process of assessing the quality of the internal audit system, including the internal audit function at each level and unit within the organisational structure to be implemented optimally.

Bio Farma Information Disclosure and Confidentiality

1. Board of Directors shall provide information on the identity, principal tasks, Board of Commissioners' position in the subsidiaries/joint ventures and/or other companies, including meetings held within one fiscal year (internal meetings or joint meetings with the Board of Commissioners/Board of Supervisory), salaries, facilities and/or other benefits received from the Company and the subsidiaries/joint-ventures to be published in the Company's Annual Report.
2. Board of Directors shall report the their and/or their family's (wife/husband and children) share ownership in the Company and other companies including any changes thereof.
3. Board of Directors is responsible to maintain the confidentiality of Company's information.
4. Information, as referred to the provisions of laws and/or Company's regulations is confidential information relating to the Company as confidential, shall be kept so in accordance with the provisions of laws and/or Company's regulations.
5. Confidential information obtained while serving as Board of Directors shall be kept so in accordance with applicable laws and regulations.

Bio Farma Delegation of Authority

Board of Directors may delegate the authority to the other members and the officials whose level is under the Directors. Delegation of authority includes duties, responsibilities, and power, and is made in writing. Each delegation is exercised through an analysis of the task and the competence of the person who will receive the authority.

In 2016, twenty-two delegations were made by members of Board of Directors to the other members through a power of attorney.

DESCRIPTION OF BOARD OF DIRECTORS

SCOPE OF WORK AND RESPONSIBILITY OF EACH MEMBER OF BOARD OF DIRECTORS

Each member of Board of Directors works and decides in accordance with the division of duties and authorities. However, the execution by each member remains a joint responsibility. To facilitate the implementation, Board of Directors is assisted by a Corporate Secretary who is appointed and dismissed by the President Director with approval from Board of Commissioners/Board of Supervisory.

Board of Directors shall be held accountable for all tasks to Shareholders through GMS. They shall also perform Company's interests following its vision and mission, and represent the Company based on the Articles of Association and the prevailing laws and regulations.

No. 03807/DIR/X/2016 dated October 10, 2016, on the Organisational Structure of PT Bio Farma (Persero) in 2016:

Name	Position	Field of Work
Iskandar	President Director	- Is charge of and responsible for planning and evaluating Company's business direction as referred to in the Company's vision - Represents Company in cooperating with other parties - Determines and adjusts the organisational structure of the Company - Ensures Company's corporate social responsibility - Pays attention to the stakeholders' interests following the prevailing regulations
Juliman	Production Director	- Is charge of and responsible for assisting President Director in determining Company's business direction through planning, implementation, and evaluation of production management procedures - Establishes policies in production management, including that of national and international quality standards
Sugeng Raharso	Planning and Development Director	Is charge of and responsible for Assisting President Director in determining Company's business direction through planning and evaluation of product development procedures and promotes effectiveness and efficiency of production process, and establishes policies on product development by taking domestic and global markets into consideration
Mahendra Suhardono	Marketing Director	- Is in charge of and responsible for assisting President Director in determining Company's business direction through planning and evaluation of marketing management procedures - Establishes policies on Company's marketing management



Name	Position	Field of Work
Pramusti Indrascaryo	Direktur Keuangan	Is in charge of and responsible for - Assisting President Director in determining Company's business direction through planning and evaluation of financial management procedures - Establishes policies on financial management, develops accounting systems based on internal control principles, in particular the functions of management, recording, archiving, and supervision, and is accountable to the Company's circumstances and progress in the form of annual reports including annual accounts and management reports to General Meeting of Shareholders.
Andjang Kusumah	Human Resources Director	Is in charge of and responsible for assisting - President Director in determining Company's policy direction in human resources management, logistics development, information technology operation, and Corporate Social Responsibility (CSR) programs and Partnership & Community Development Program (PCDP) - Establishes policies on human resources that accommodate: performance & reward management system, talent management, knowledge management, and organisational development - Establishes policies on logistics development, information technology, and CSR & PCDP programs

BOARD OF DIRECTORS WORK PLAN OF 2016

Administration

1. Preparing Long-Term Company Plan (LTCP) 2017 - 2021
2. Preparing Planned Activities and Company Budget (PACB) of 2017 and its amendments and submitting it to Board of Commissioners and Shareholders for GMS approval.
3. Preparing Company's Financial Statements of 2015 based on Financial Accountants Standards and submitting it to Public Accountant to be audited.
4. Delivering Balance Sheet and Income Statement of 2015 approved by General Meeting of Shareholders to the minister in charge of law and human rights following the provisions of legislation.
5. Preparing Company's Management Reports per quarter of 2016 signed by all members of Board of Directors following the applicable regulations, as well as other reports each time requested by Board of Commissioners and/or Shareholders.
6. Preparing the Annual Report as a form of

accountability for Company's management, as well as Company's financial documents containing at least the following:

- Financial Statements, Reports on Company Activities, Reports on the Implementation of Social and Environmental Responsibility, Details of issues arising in 2015, Reports on supervisory duties exercised by Board of Commissioners in 2015, Names of Board of Directors and Board of Commissioners members, Salaries and Benefits/Facilities for members of Board of Directors and honorarium and allowances/facilities for the members of Board of Commissioners in for 2015, Annual Report draft that includes audited financial statements by public accountants, signed by all members of Board of Directors to be submitted to Board of Commissioners for review and signature before submission to Shareholders, Public Accountants determined by GMS based on the proposal from Board of Commissioners.

DESCRIPTION OF BOARD OF DIRECTORS

7. Preparing organisational structure of the Company in 2016 with complete details and duties 8. Fulfilment of Company's performance targets based on financial, operational and administrative aspects 9. Company's asset and financial management 10. Innovating and diversifying products by enhancing research and development roles. 11. Improving cost efficiency in procurement, use of raw/auxiliary materials, and work process improvement. 12. Establishing subsidiaries in clinic and immunisation 13. Improving supply chain management and costing based on information technology. 14. Improving and maintaining cGMP, integrated quality management system with environment and OHS. 15. Increasing the role of Bio Farma in international scope, particularly in developing countries, related to vaccine production 16. Preparing Key Performance Indicators for Board of Directors for GMS approval 17. Executing other obligations following the prevailing regulations stated in the Articles of Association by GMS by referring to the provisions of laws and regulations	- Company's Management Report and Annual Report and monitoring the implementation of ERM 5. Assessing business risk management by identifying, analysing, and examining relevant risk management. 6. Monitoring and disseminating new regulations or regulatory changes related to Company's activities 7. Conducting consultations on the implementation of GCG, ERM, GRC IT applications and PPEC (Prime Performance Evaluation Criteria) 8. Reviewing, updating and disseminating policies on corporate governance and risk management following the applicable rules 9. Accompanying the implementation of GCG assessment, and making improvements from the recommendations. 10. Implementing GRC IT application 11. Preparing training needs in law, good corporate governance, and risk management in the CRM Division. 12. Applying good corporate governance in an optimum and sustainable manner, including company risk management 13. Reviewing the risk analysis of each process related to quality, environment, and OHS.

Risk Management/Implementation of Good Corporate Governance (GCG)

1. Engaging in both domestic and international cooperation with Integrity Pact containing statement from Board of Directors that the implementation of such action has been carefully considered and in good faith, without any influence from other parties and without conflict of interest, and with great care for the Company's best interests following the provisions of regulations and the principles of Good Corporate Governance (GCG).
2. Considering business risks in every decision making/action
3. Establishing and implementing enterprise risk management (ERM)-integrated program as part of GCG
4. Preparing ERM report and the treatments with

Internal Control

1. Developing accounting system following the Financial Accounting Standards and based on the principles of internal control, particularly the functions of handling, recording, archiving, and supervision
2. Establishing an effective internal audit system to secure Company's investment and assets
3. Conducting control on Company's activities at all levels and work units, including power, authority, verification, reconciliation, performance appraisal, assignment and security of Company assets.
4. Monitoring the assessment of internal audit



system quality, including the internal audit function at each work unit in the Company to be implemented optimally.

5. Conducting internal audits/examination in accordance with the Annual Monitoring Program (ANP) of 2016
6. Conducting regular checks of financial activities, marketing and procurement
7. Monitoring the follow-up of the audit object on the Audit Finding Report (AFR) from internal and external audits
8. Conducting Company's quarterly cash opname and physical opname of finished goods and raw materials inventory by the end of 2016.
9. Being counterpart examiner/external auditor as in Public Accounting Firm (PAF), Supreme Audit Board (SAB/BPK) and Finance and Development Supervisory Board (FDSB/BPKP).

Communication

1. Engaging in domestic and international cooperations
2. Making Minutes of GMS and Board of Directors Meeting
3. Submitting Annual Report including financial Statements to GMS for approval and validation
4. Presenting reports on operational and financial activities, and compliance to the provisions of laws and regulations by the Company
5. Internal regular meetings
6. Coordinating Meeting of Board of Commissioners and Board of Directors
7. Internal meetings of Board of Directors involving Heads of Division or relevant Unit
8. Work visit program/monitoring
 - a. Regular visits (domestic)
 - b. Other visits when necessary (abroad)

Social Responsibility

1. Monitoring and evaluating the implementation of environmental management system and OSH
2. Conducting environmental management in accordance with Program for Pollution Control, Evaluation and Rating (PROPER)
3. Creating green open spaces and improving cleanliness around the Company

4. Performing 3R (Reuse, Recycle, Recovery) in waste handling in cooperation with targeted partners
5. Developing Partnership and Community Development Program of 2016
6. Facilitating capital loan assistance of 2016 planned to be distributed to 200 small business units and cooperatives and for the SOE synergy to one institution
7. Continuing the implementation of Partnership Program, particularly the channeling of capital loan assistance
8. Distributing Partnership Program of 2016 by region and business sector
9. Distributing Community Development Program of 2016 by region and type of assistance
10. Providing assistance for education, training, marketing and promotion of targeted partners allocated from the Community Assistance fund

ACTUAL IMPLEMENTATION OF DUTIES, AUTHORITIES, AND OBLIGATIONS OF BOARD OF DIRECTORS IN 2016

In 2016, the Bio Farma Board of Directors has performed its duties and responsibilities in accordance with Company's Articles of Association as follows:

Administration

1. Preparing Long-Term Company Plan (LTCP) 2017-2021
2. Preparing Corporate Budget Plan of 2017
3. Company performance in 2016 from sales reaches Rp2.32 trillion decreased by 1.30% compared to the realisation in 2015 and 79.34% of the budget.
4. Sales and services costs amounts to Rp1 trillion, increased 15.89% compared to the realisation in 2015 and 90.16% of the budget.
5. Company's net profit decreases by 25.28% from the realisation in 2015 to Rp501.04 billion or 66.08% of its budget.
6. Company's health rating of 2016 scores 81.60 with the criteria of "HEALTHY AA", while the previous

DESCRIPTION OF BOARD OF DIRECTORS

- year was 88.50 with the criteria of “HEALTHY AA”.
7. Key Performance Indicator (KPI) scores 89.41 out of 100.
 8. Sales achievement in 2016 both per product category and per sector reaches 79.34% of the budget.
 9. Realisation of production costs in 2016 to produce finished and processed products amounts to Rp1.12 trillion or 105.95% of the budget, increased by 16.86% from that in 2015.
 10. Vaccine research and development, surveillance, and product evaluation.

Risk Management/Implementation of Good Corporate Governance (GCG)

The following activities have been conducted in 2016:

1. Benchmarking for the implementation of GCG, CRM, Culture and Corsec
2. Distribution of GCG Self Assessment Questionnaires for BOC, DECO and BOD.
3. Preparation of Monitoring Report of Good Corporate Governance
4. Annual Report of 2015 on the Corporate Governance Chapter for the Annual General Meeting of Shareholders (GMS).
5. Distribution of GCG Self Assessment Questionnaires for Heads of Division, Heads of Unit, Heads of Section, Staff, Junior Staff, and Executives.
6. Tabulation of GCG Self Assessment Questionnaire
7. Finalisation of GCG Self Assessment Scorecard
8. Finalisation of Self Assessment Result Report of PT Bio Farma (Persero)
9. Memorandum of Understanding (MoU) between PT Bio Farma (Persero) with Representative from West Java FDSB.
10. ERM Application Program Discussion
11. Corporate Mitigation & Action Plan Risk Coordination (a follow-up from Corporate Risk Management)
12. Dissemination of GCG Guidelines and Integrity Pact

13. Submission of ERM Unit Report and Follow-up Plan for Unit Risk Management
14. Preparation of Sustainability Report on Corporate Governance and Product Responsibility Chapters
15. Coordinating ERM application program: Sso, schema, & source code conversion.
16. GCG Assessment Documents List of 2015/2016
17. Preparation of PPEC Implementation Report of 2016
18. Discussion of Corporate Risk Register - The risk of investment realisation is not on schedule
19. Revision of Good Corporate Governance and Code of Conduct guidelines in PT Bio Farma as per recommendation of GCG assessment by West Java FDSB
20. Preparation of presentation materials for Induction Training of new employees for Bio Farma GCG

Internal Control

Realisation of internal control in 2016 are as follows:

1. Develop an accounting system in accordance with the Financial Accounting Standards in 2015
Developing an accounting system in accordance with the Financial Accounting Standards in 2015
2. Conducting examination/internal audit at several levels in Bio Farma following the Annual Supervisory Program (ASP) of 2016 and publishing the Audit Finding Report (AFR)
3. Conducting examination outside the ASP: regular examination on the financial/marketing activities and procurement
4. Conducting supervision on the follow-up of AFR object and external AFR
5. Conducting company cash opname per Quarter in 2016 and physical opname of finished goods and raw materials inventory by the end of 2016
6. Being counterpart examiner/external auditor as in PAF, SAB, and PDSB



Communication

Realisation of communication in 2016 are as follows:

1. Engaging in cooperation both at home and abroad by considering the Company's risk management
2. Making Minutes of GMS and Board of Directors Meeting
3. Submitting Annual Report including Financial Statements to GMS for approval and validation
4. Presenting reports on operational and financial activities, and compliance to the provisions of laws and regulations by the Company in 2015
5. Internal regular meetings
6. Coordinating Meeting of Board of Commissioners and Board of Directors
7. Internal meetings of Board of Directors involving Heads of Division or relevant Unit
8. Work visit program/monitoring both at home and abroad

Social Responsibility

1. Distribution of Partnership Program for the period of January - December 2016 amounting to Rp5.73 billion, distributed to 240 partners consisting of Small Business Units and Cooperatives
2. Reallocating the Community Development Program Fund from the Development of Infrastructure and/or Public Facilities for Rp 450 million, Religious Centre Facilities for Rp200 million, and Nature Conservation for Rp 100 million
3. Disbursement of Community Development Program Fund of 2016 amounting to Rp13,438,109,093 distributed in the form of assistance as follows:
 - a. Facilities and infrastructure improvements for public purposes such as Community Association (RW) office development, waste wheel, uniform for waste officers, construction of latrines, roadblock, and clean water facilities for the public
 - b. Improvement of public health including flubio vaccination and free medical assistance, medical equipments for polyclinic support, facilities and equipments for Integrated Health Unit (Posyandu) and construction of emergency unit building at Public Health Unit (Puskesmas)
 - c. improvement of places of worship and equipments for houses of worship
 - d. Education and/or training in the forms of equipments for sports activities, facilities for educational activities in Islamic boarding schools and early education centres, and scholarships.
 - e. Social community in the forms of equipments and business supports for micro-scale business located around and outside the Company and business supports for the Family Welfare (PKK) group
 - f. Nature conservation in the forms of bamboo tree seedlings in Bogor Regency, colourful tree planting in Sukabumi Geopark and tree planting in Kab. Pangandaran and adoption of primate animal preservation in Cikananga Wildlife Centre, Sukabumi
 - g. Relief of tornadoes, floods in Bandung Regency, and landslide disaster in Andir Lembang
 - h. Education and training, marketing, and promotion of Targeted Partners channeled in the form of entrepreneurship training and Partnership Meetings to establish cooperation and business synergies among the Targeted Partners
4. Disbursement of Community Development Program Fund for the period of 2016 for January to December based on types of assistance and regions.

Board of Directors Budget Realisation

The total budget of Directors Expenses in 2016 amounts to Rp43.97 billion and the realisation by December 31, 2016 reaches Rp29.61 billion or 67.34% of the budget.

DESCRIPTION OF BOARD OF DIRECTORS

Board of Directors Accountability

1. Board of Directors shall prepare the accountability of the Company's management in the form of Annual Report which includes, among other things, Company's financial statements, reports of activities, and GCG implementation.
2. Annual report is subject to GMS approval, and is specific to the financial statements for GMS approval.
3. With the approval for annual report and ratification of financial statements, GMS has granted acquittance and settlement of liability to each member of Board of Directors as far as such matters are reflected in the annual report, without prejudice to the responsibilities of each member in the event of offences or errors and/or omissions that incur losses for third parties that can not be met by corporate assets.
4. The responsibility of Board of Directors to GMS is the realisation of corporate management accountability in the context of implementing GCG principles.
- f. Bio Farma product counterfeit
- g. Negative news about the Company in mainstream media
- h. MRP is not implemented as targeted
4. Targets, Strategies, and Policies in 2017
 - a. Company's targets
 - b. Company's strategies
 - c. Company's policies
5. Work Plan per Section
 - a. Marketing
 - b. Production
 - c. Research and Development
 - d. Organisation
 - e. Human Resources
 - f. Finance and Procurement
 - g. Cooperation Plan in 2017
6. Company Performance Target in PACB 2017 compared to the LTCP 2017
7. Company Budget
 - a. Sales
 - b. Production
 - c. Human resources development
 - d. Purchases
 - e. Company expenses
 - f. Sale costs
 - g. Investments and funding sources

Board of Directors Work Plan in 2017

1. General Description
 - a. Internal Analysis
 - b. External Analysis
 - c. Bio Farma's Strategic Roles
2. Assumptions for PACB Preparation of Fiscal Year 2017
3. Company Risks
 - a. National/international changes in policies and regulations
 - b. Gedung Delays in building construction projects
 - c. Resignation/official transfer of talented and highly potential personnels
 - d. Product inventory is not fully equipped
 - e. Management and employee performance fail to reach KPI target
8. Financial projections in 2017
 - a. Balance sheet
 - b. Comprehensive income report
 - c. Changes in equity
 - d. Cash flow
 - e. Financial ratio
 - f. Company's health level
 - g. Key Performance Indicators (KPI)
9. Partnership and Community Development Program



TRAINING PROGRAMS TO IMPROVE BOARD OF DIRECTORS' COMPETENCIES AND ORIENTATION PROGRAMS FOR NEW DIRECTORS

Directors Training and Development Competency Program

Training and self-development programs for members of Board of Directors should be conducted on an ongoing basis to enhance knowledge and competence and to support the implementation of the Directors' duties. During 2015, Board of Directors has attended the following training, seminar, workshop, dissemination or workshop programs:

No.	Name	Topic	Date	Organiser	Training Location
1	Andjang Kusumah	Legal mechanism and business development strategy of Bio Farma related to SOE pharmaceutical holding plan	May 12, 2016	Bio Farma/MSOE	Inna Garuda Bali
		Performance Management System	December 9, 2016	Dunamis	Adimulia Hotel Medan
2	Iskandar	Legal mechanism and business development strategy of Bio Farma related to SOE pharmaceutical holding plan	May 12, 2016	Bio Farma/MSOE	Inna Garuda Bali
		Performance Management System	December 9, 2016	Dunamis	Adimulia Hotel Medan
3	Juliman Fuad	Legal mechanism and business development strategy of Bio Farma related to SOE pharmaceutical holding plan	May 12, 2016	Bio Farma/MSOE	Inna Garuda Bali
		Performance Management System	December 9, 2016	Dunamis	Adimulia Hotel Medan
4	Mahendra Suhardono	Legal mechanism and business development strategy of Bio Farma related to SOE pharmaceutical holding plan	May 12, 2016	Bio Farma/MSOE	Inna Garuda Bali
		Performance Management System	December 9, 2016	Dunamis	Adimulia Hotel Medan
5	Pramusti Indrascaryo	Legal mechanism and business development strategy of Bio Farma related to SOE pharmaceutical holding plan	May 12, 2016	Bio Farma/MSOE	Inna Garuda Bali
		Performance Management System	December 9, 2016	Dunamis	Adimulia Hotel Medan
6	Sugeng Raharso	Performance Management System	December 9, 2016	Dunamis	Adimulia Hotel Medan

ORIENTATION PROGRAM FOR NEW DIRECTORS

Guidelines for Orientation Program for New Directors

Bio Farma Orientation Program for New Directors refers to

1. SOE Ministerial Regulation Number: PER-01/MBU/2011 dated August 1, 2011 on the Implementation of Good Corporate Governance on State-Owned Enterprise as amended in the latest by SOE Ministerial Regulation Number PER-09/MBU/2012 dated July 6, 2012 concerning Amendment to SOE Ministerial Regulation No. PER-01 / MBU / 2011 on the Implementation of Good Corporate Governance in State-Owned Enterprises
2. SK-16/S.MBU/2012 on the Indicators/ Parameters for Assessment and Evaluation on the Implementation of Good Corporate Governance In Ministry of SOEs
3. Bio Farma's Board Manual for Board of Directors and Board of Commissioners stipulated by mutual agreement between Board of Directors and Board of Commissioners Number: KEP-06 / DK / BF / II / 2013 and Number: 01025 / DIR / II / 2013 on Board Manual for PT Bio Farma (Persero) Board of Directors and Board of Commissioners

In the event of competency development and specialised company introduction for Board of Directors, Bio Farma owns and runs an introduction program for new board members aimed at providing an overview of the business activities, strategies, long-term company plans, and duties and responsibilities of Board of Directors.

The orientation program for the new Board of Directors members is prepared by the Corporate Secretary in cooperation with the HR Division and other related divisions, delivered in the form of presentations, annual report documentation, company profile, corporate history book, GCG related documents, product knowledge and a visit to the vaccine production area.

The new directors are also actively participating in forums organised by the Company in national scale such as the Vaccine Research Forum and in international scale such as Developing Countries Vaccine Manufacturing Networks and the Organisation of Islamic Cooperation (OIC).

In 2016 there is no change of members of Bio Farma Board of Directors so Orientation Program for New Board of Directors was not held.





ASSESSMENT FOR PERFORMANCE OF EACH COMMITTEE UNDER BOARD OF DIRECTORS AND BASIS OF ASSESSMENT

As of December 31, 2016, Bio Farma does not have Committees under Board of Directors. Thus, the Company does not provide information on the assessment for performance of each of committees under Board of Directors and its basis of assessment.

EXPLANATION ON BOARD MANUAL FOR BOARD OF DIRECTORS

In order to perform the roles and functions of company management and to organise relationship with Board of Commissioners, Board of Directors shall be guided by guidelines contained in Board Manual of Board of Commissioners and Board of Directors.

Manual Board is a living document that requires periodical application according to the Company's needs and the prevailing laws and regulations.

Purposes of Board Manual for Directors

1. As a guide for Board of Commissioners and Board of Directors in performing their duties professionally and responsibly.
2. Improving the quality and effectiveness and working relationship between Board of Commissioners and Board of Directors.
3. Describing the professional relationship between Board of Commissioners and Board of Directors in performing their duties in order to create professional company management and in accordance with the principles of Good Corporate Governance.

Guidelines for Board Manual for Board of Directors

1. Laws of Republic of Indonesia, among others are:

- a. Law of Republic of Indonesia Number of 2008 on Information and Electronic Transactions
- b. Law of Republic of Indonesia Number 14 of 2008 on Public Information Disclosure

- c. 3. Law of Republic of Indonesia Number 40 of 2007 on Limited Liability Companies
- d. Law of Republic of Indonesia Number 19 of 2003 on State-Owned Enterprises
- e. Law of Republic of Indonesia Number 20 of 2001 on Ratification of Law No. 31 of 1999 on the Eradication of Corruption
- f. Law of Republic of Indonesia Number 28 of 1999 on Implementation of State Clean and Free from Corruption, Collusion, and Nepotism
- g. Law Number 5 of 1999 on the Prohibition of Monopoly Practices and Business Competition

2. Government Regulations, among others is:

Government Regulation Number 12 on 1998 tentang Companies (Persero), jo. Government Regulation Number 45 of 2001.

3. SOE Ministerial Regulations, among others are:

- a. SOE Ministerial Regulation Number: PER-16/MBU/2012 on the Second Ratification of SOE Ministerial Regulation Number: PER-01/MBU/2012 on Requirements and Procedures for Appointment and Dismissal of Members of SOE Directors
- b. SOE Ministerial Regulation Number PER-15/MBU/2012 on the Ratification of SOE Ministerial Regulation Number: PER-05/MBU/2008 on Procurement of Goods and Services in SOE
- c. SOE Ministerial Regulation Number: PER-12/MBU/2012 on the Supporting Organs for SOE Board of Commissioners/Board of Supervisory
- d. SOE Ministerial Regulation Number: PER-09/MBU/2012 on the Ratification of SOE Ministerial Regulation Number: PER-01/MBU/2011 on the Implementation of Good Corporate Governance (GCG) in SOE

DESCRIPTION OF BOARD OF DIRECTORS

- e. SOE Ministerial Regulation Number: PER-07/MBU/2010 on the Guidelines for Incomes of SOE Board of Directors, Board of Commissioners, and Board of Supervisory

4. SOE Ministerial Decree, among others are: .

- a. State-Owned Enterprise Ministerial Decree No. Kep-104/MBU/2002 on the Assessment for Candidates for Members of State-Owned Enterprise Board of Directors
- b. State-Owned Enterprise Ministerial Decree No. Kep-103/MBU/2002 on the Establishment for Auditory Committee for State-Owned Enterprises
- c. State-Owned Enterprise Ministerial Decree No. Kep-102/MBU/2002 on the Preparation of Long-Term Plan (LTP)
- d. State-Owned Enterprise Ministerial Decree No. Kep-101/MBU/2002 on the Preparation of Planned Activities and Company Budget (PACB)
- e. State-Owned Enterprise Ministerial Decree No. Kep-100/MBU/2002 on the Assessment for SOE's Level of Company's Health
- f. State-Owned Enterprise Ministerial Decree No. Kep-09A/MBU/2002 on Fit and Proper test for Candidates for Members of SOE Board of Directors.

Company Policy on Board Manual for Board of Directors

- 1. Company's Articles of Association
- 2. Board Manual for Bio Farma Board of Directors and Board of Commissioners stipulated based on mutual agreement between Directors and Commissioners Number: KEP-06/DK/BF/II/2013 and Number: 01025/DIR/II/2013 on the Board Manual for Board of Commissioners and Board of Directors of PT Bio Farma (Persero)
- 3. Commissioners Charter stipulated by President Commissioner Decree Number: 17/DK/BF/XI/2014 dated November 3, 2014.

Board Manual for Board of Directors includes the following aspects:

- 1. Orientation program for new members of Directors
- 2. Training program members of Directors
- 3. Professional relationship between Board of Commissioners and Board of Directors
- 4. Duties, authorities, and obligations and division of tasks for Directors
- 5. Terms for duties of vacant Director position
- 6. Conflict of interests
- 7. Obligations on the preparation of long-term plan
- 8. Obligations on the preparation of planned activities and company budget
- 9. Obligations on the preparation of Annual Report
- 10. Risk Management Program
- 11. Internal audit system
- 12. Information Disclosure and Confidentiality
- 13. Business ethics and anti-corruption
- 14. Prohibition of taking personal advantage
- 15. Board of Directors Meetings
- 16. Coordinating meetings between Board of Commissioners and Board of Directors

Professional Relationship between Board of Commissioners and Board of Directors

Board of Commissioners and Board of Directors shall have the duties and authorities in accordance with their respective functions as stated in the Company's Articles of Association and the prevailing laws and regulations. Both Boards are jointly responsible for maintaining the company's long-term sustainability.

Board of Commissioners is the Company's organ which is tasked and collectively responsible for supervising and advising the Directors and ensuring that the Company consistently implements GCG. Board of Commissioners, however, is not allowed to intervene in the Company's operational decision making.



Board of Directors as the Company's organ collegially tasked and responsible for managing the Company shall be held accountable at the GMS.

To synchronise the perspectives and to decide on an important issue regarding business sustainability and strategic decisions of the Company, Board of Commissioners and Board of Directors as the 2 most important corporate organs are scheduled to meet regularly. Coordination between the Boards shall be conducted through a Commissioners meeting by inviting the Directors. This meeting is regularly held by the Commissioners, among other things to discuss the Company's performance in the previous month, Board of Directors' plan for proceeding month to seize the opportunities and strategic issues requiring the approval of Board of Commissioners.

The relationship between Board of Commissioners and Board of Directors may include but is not limited to the following:

1. Approving Directors proposals on:
 - a. LTCP
 - b. Company Development Plan
 - c. PACB
 - d. Other plans related to the Company's business and activities
 - e. Appointment and Dismissal of Head of Internal audit system
 - f. Appointment and Dismissal of Corporate Secretary
 - g. Unless otherwise stipulated by applicable rules and regulations, several matters require the written approval from Board of Commissioners as set forth in the Company's Articles of Association.
2. Together with Board of Directors to review Company's Vision and Mission
3. Where necessary, Board of Commissioners shall be assisted by Board of Directors in:
 - a. Appointing candidates of external auditors following the provisions of goods/services procurement
 - b. Appointing independent assessor in the assessment of GCG implementation in the Company.
4. Board of Directors is responsible for ensuring that:
 - a. Board of Commissioners receives information on the Company in a timely and complete manner
 - b. Board of Commissioners receives periodic reports on the implementation of internal control functions and information technology governance.
 - c. Board of Commissioners receives reports on the members of Board of Directors and Board of Commissioners of the Company's subsidiaries and/or joint ventures stipulated in the GMS of the subsidiaries and/or joint ventures.
 - d. Board of Commissioners or the Supporting Committee of the Commissioners shall receive an explanation of all inquired matters.
 - e. Board of Commissioners receives Minutes of Board of Directors meetings.
5. Other matters as stated in the Company's Articles of Association, Board Manual for Board of Commissioners & Board of Directors and applicable laws and regulations.

DESCRIPTION OF BOARD OF DIRECTORS

ASSESSMENT FOR GCG
IMPLEMENTATION

Assessment for GCG implementation in Bio Farma refers to:

1. Articles 44 of SOE Ministerial Regulation Number: PER-01/MBU/2011 dated August 1, 2011 on the Implementation of Good Corporate Governance at SOE Chapter XII on the Measurement of GCG Implementation that requires SOE to measure the implementation of GCG in the form of assessment, which is a program to identify the CGC implementation at SOE conducted biannually, and to perform review, which is a program to describe the follow-up of the GCG implementation at SOE conducted in the proceeding year after the assessment that includes evaluation on the assessment results and follow-up of the improvement recommendation
2. Ministry of SOE through Secretary of Ministry of SOE issued Ministerial Decree Number: SK-16/S. MBU/2012 dated June 6, 2012 on the Indicators/Parameters for Assessment and Evaluation for the Implementation of Good Corporate Governance in SOE. The Decree states that in the effort to develop and improve the quality of GCG implementation, SOEs must make measurements on the implementation, should shortcomings occur, SOEs can immediately establish the necessary action plan.

ASSESSMENT CRITERIA

1. **Assessment** a program to identify the CGC implementation through measurement on the application and implementation of GCG at SOE which is conducted biannually.
2. **Review**, a program to describe the follow-up of the GCG implementation at SOE conducted in the proceeding year after the assessment that includes evaluation on the assessment results and follow-up of the improvement recommendation.

The objectives of assessment and review on the GCG implementation are:

- a. To measure the quality of GCG implementation in SOEs through the assessment and review on the level of criteria fulfilment with actual conditions applied in the company by scoring/rating the GCG implementation and its application quality category.
- b. To identify the strengths and weaknesses of GCG implementation in SOEs, and to propose improvement recommendations to minimise the gap between the criteria and the implementation of GCG in the relevant BUMN.
- c. To monitor the consistency of GCG implementation in SOEs and to acquire inputs for improvement and development of corporate governance policy.

THE ASSESSOR

The CGC assessment is conducted by a competent government institution through The Finance and Development Supervision Body (FDSB) Representative Office of West Java which has regularly assessed the GCG for five periods. In 2016, the Representative Office of West Java, however, was absent in the assessment as the year was the period of self assessment for the GCG implementation in 2015. Self assessment was taken since April 28, 2016 until June 30, 2016. The results scored 87,0028 which was in the category of "Excellence/Sangat Baik".



ASSESSMENT SCORE FOR EACH CRITERION

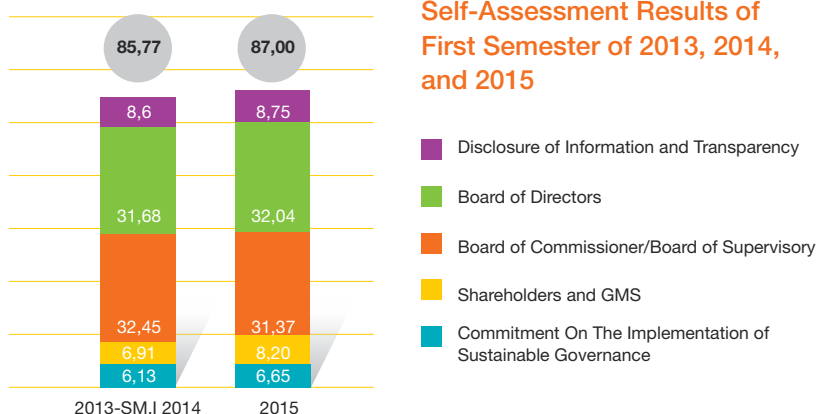
Self Assessment Results of GCG Implementation on Bio Farma in 2015

Assessment Aspect/Indicator/Parameter	Weight	Achievement of 2015		Description
		Score	% Achievement	
I Commitment towards sustainable good corporate governance implementation	7,000	6,6453	94.93	Excellent
II Duties and responsibilities of shareholders/GMS	9,000	8,1967	91.07	Excellent
III Board of Commissioners/ Board of Supervisory	35,000	31,3720	89.63	Excellent
IV Board of Directors	35,000	32,0419	91.55	Excellent
V Information disclosure and transparency	9,000	8,7471	97.19	Excellent
VI Other aspects	0,000	0		
Total Score		87,0028		Excellent

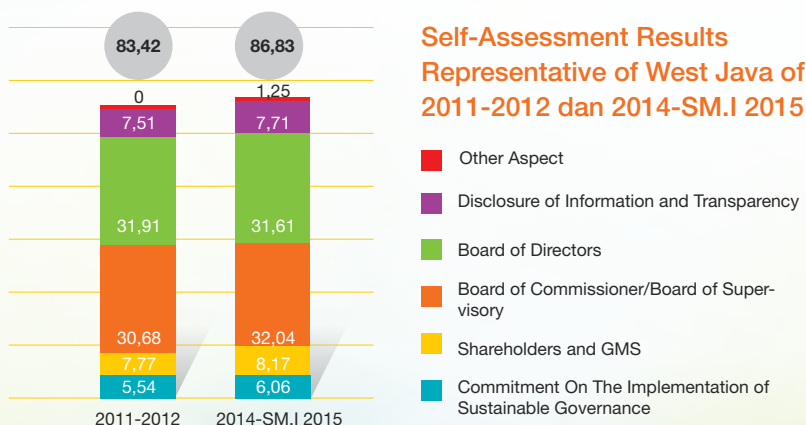
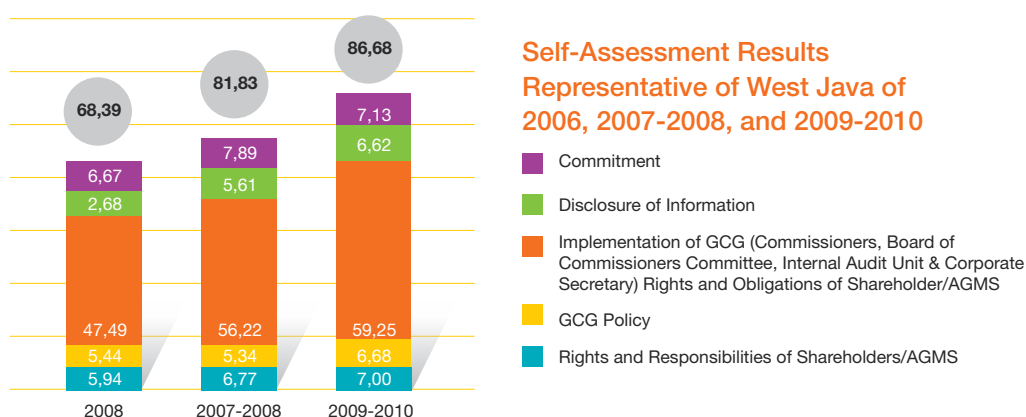
Assessment results of GCG implementation of 2006, 2007-2008 dan 2009-2010 are presented again in the following:

Aspects	Weight	Score			% Achievement			Description		
		2006	2007-2008	2009-2010	2006	2007-2008	2009-2010	2006	2007-2008	2009-2010
Duties and responsibilities of shareholders/GMS	9.00	5.94	6.77	7.00	66.00%	75.22%	77.78%	Fair	Good	Good
Good Corporate Governance (GCG) Policy	8.00	5.44	5.34	6.68	68.00%	66.75%	83.50%	Fair	Fair	Good
Good Corporate Governance (GCG) Implementation										
a. Board of Commissioners	27.72	18.62	23.38	24.11	68.96%	86.59%	89.30%	Fair	Excellent	Excellent
	5.28	4.25	4.97	5.31	70.83%	82.83%	88.50%	Fair	Good	Excellent
b. Commissioners Committee	27	19.04	22.55	24.62	70.52%	83.52%	91.19%	Fair	Good	Excellent
	3	2.87	2.34	2.35	95.67%	78.00%	78.33%	Excellent	Good	Baik
c. Board of Directors	3	2.73	3	2.87	91.00%	100.00%	95.67%	Excellent	Excellent	Excellent
d. Internal Control Unit (ICU)										
e. Corporate Secretary										
Disclosure	7.00	2.86	5.61	6.62	40.86%	80.14%	94.57%	Poor	Good	Excellent
Commitment	10.00	6.67	7.89	7.13	66.7%	78.9%	71.3%	Fair	Good	Fair
Total	100.00	68.39	81.83	86.68	68.39%	81.83%	86.68%	Fair	Good	Excellent

DESCRIPTION OF BOARD OF DIRECTORS



Assessment Results of GCG Implementation of 2006, 2007-2008, 2009-2010, 2011-2012, and 2014 by the FDSB West Java Representative Office are presented again in the following:





RECOMMENDATIONS FROM GCG ASSESSMENT RESULTS BY FDSB REPRESENTATIVE OFFICE OF WEST JAVA

1. Commitment for the Sustainable Implementation of Governance

- a. Guidelines for Good Corporate Governance (GCG) Implementation have not been updated by accommodating the company's main organs in implementing GCG.
- b. Code of Conduct has not yet been updated by containing Respect for Intellectual Property and Financial Statement Integrity.
- c. Company has not documented any updating process of the Good Corporate Governance (GCG) Guidelines and Code of Conduct.

2. Shareholders and GMS/Capital Owners

- a. Shareholders have not formally requested from SOE Department of Technical Affairs for candidate members of Board of Commissioners.
- b. Shareholders/GMS have not given approval for/decision on corporate actions in a timely manner.
- c. Shareholders have not set guidelines for Board of Directors' self assessment, and have not provided an assessment of the performance of Board of Directors individually set forth in the minutes of GMS.
- d. Shareholders have not set guidelines for the Board of Commissioners assessment.
- e. Shareholders have not set the amount of honorarium/reward for external auditors of company's financial report in appointing the external auditors as outlined in the Minutes of GMS.

3. Board of Commissioners/Board of Supervisory

- a. Board of Commissioners has not prepared a report on the results of training undertaken by members of Board of Commissioners.
- b. Board of Commissioners has not responded to the LTCP draft within the stipulated time in the policy.
- c. Commissioners Committee has not been included in the review process conducted by

Board of Commissioners on important matters concerning changes in the business expected to have a major impact on the company's business and performance.

- d. Commissioners Committee has not been involved in the deliberation on the suggestions, issues or complaints from stakeholders (customers, suppliers, creditors, and employees) conducted by Board of Commissioners.
- e. Board of Commissioners has not exercised supervision and advice on the policy and implementation of information technology systems.
- f. Board of Commissioners has not provided direction on procurement policies.
- g. Board of Commissioners has not included a plan regarding the supervisory duties and advice on the quality and service policies and the implementation in BoC's Planned Activities and Budget, and has not discussed the quality and service policies and their implementation.
- h. Board of Commissioners has not submitted any directives to Board of Directors on improving the effectiveness of external audits.
- i. Board of Commissioners has not given the approval/authorisation/recommendation of Board of Commissioners on the Board of Directors' actions which require the recommendation/approval of Commissioners in a timely manner.
- j. Board of Commissioners has not listed the amount of honorarium of the external auditor in proposing the appointment of an external auditor.
- k. Board of Commissioners has not conducted a performance assessment of Board of Directors based on the reviews of the criteria, targets and key performance indicators covered by individual Directors' Management Contracts by taking into account the realisation of the respective Director achievements.
- l. Board of Commissioners has not proposed *tantiem* /performance incentives by considering the results of Board of Directors' KPI assessment and the achievement of company's health level and not yet involved the Commissioners Committee in the review process.

DESCRIPTION OF BOARD OF DIRECTORS

- m. Board of Commissioners has not yet documented the performance of Board of Commissioners (Self Assessment).
- n. Board of Commissioners has not written a power of attorney for members of the Commissioners who are unable to attend the Commissioners Meeting to represent their votes in the meeting.
- o. Minutes of the Commissioners Meetings have not included an evaluation of the previous meeting's decision.
- p. Board of Commissioners has not included Audit Committee and Risk, Development and GCG Committee on the Committee's self assessment plan.

4. Board of Directors

- a. Board of Directors has not set job descriptions for each position in the organisational structure/organisational chart.
- b. Board of Directors has not submitted an assessment result of the officials of one level of position under Board of Directors to Board of Commissioners to provide opportunities for promotion and official transfer plan.
- c. Board of Directors has not assigned employees at any level of office within the organisation.
- d. Board of Directors' actions on needs (procurement/lease) of Jasinga Land have not yet been supported by Jasinga Land Procurement Business Plan as part of Grand Design towards strategic development to become Life Science and bio medical technology industry welcoming the Bio economy era 2030.
- e. Board of Directors has not completed the process of reviewing the Performance Management System (PMS) guidelines and standard procedures that complement as a system/guidance on the measurement and assessment for unit and position performance within the organisation, including the application.
- f. Board of Directors has not set performance contracts for each position within the organisational structure.
- g. Board of Directors has not documented the analysis and evaluation of performance achievements for the position/unit under Board of Directors in stages.
- h. Board of Directors has not documented and reported the Directors' individual performance targets to Board of Commissioners.
- i. E-procurement application in the goods/ services procurement process is still in the corporate management development.
- j. Board of Directors has not optimised the IT application following the master plan and accompanied by a careful IT planning covering human resources, organisational management structure and level of service provided by IT.
- k. Board of Directors has not made effective the implementation of human resources development program in order to achieve the target of success indicators for the program.
- l. Board of Directors has not set individual KPIs that include individual performance indicators and performance targets of each employee.
- m. Standard Qualification Procedures and Partnership Evaluation have not included supplier's assessment criteria from the aspects of provided service and cost.
- n. Board of Directors has not conducted a supplier satisfaction survey that contains aspects of fairness in the system implementation and procurement procedures.
- o. Board of Directors has not set any regulation regarding the measurement of employee satisfaction in Company's Human Capital policy.
- p. Board of Directors has not documented the results of employee satisfaction survey and followed up the results.
- q. Board of Directors has not enclosed the Integrity Pact in any of the Directors' actions that require the approval of the Commissioners.
- r. Board of Directors has not included the reason for the absence in the Board of Directors and Commissioners Meeting.



- s. Board of Directors has not accelerated the Internal Audit Charter updating process by including an explanation of the Internal Audit Function scope and taking into account the Internal Audit Professional Standards.
- t. Board of Directors has not improved the quality of internal auditors by participating in proper professional certification (CIA / QIA).
- u. Board of Directors has not implemented a quality assurance program and Internal Audit Function improvement, and assessed the program.
- v. Minutes of Board of Directors Meeting have not included meeting dynamics and dissenting comments.

5. Information Disclosure and Transparency

- a. Company has not published the account and analysis of the reported financial information that contains extraordinary and infrequent events in the Annual Report.
- b. Company has not discussed the impact of price changes on the company's sales or net income and operating profits for 2 (two) years.

Follow-up of GCG Recommendations

No	Recommendation	Responsible for Follow-up Actions			Follow-up	
		Shareholders/ GMS	Commissioners	Directors	On Process	Finished
1	Formally requesting feedbacks from the SOE Department of Technical Affairs for the Candidates for Members of Commissioners	√			√	
2	Validating GMS and PACB in a timely manner	√				√
3	Giving approval/decision on the Directors' actions that require Shareholders' approval in a timely manner (maximum seven days for asset disposal after the proposal documents and explanations are fully received)	√			√	
4	Providing individual Directors Performance Assessment and set forth in the GMS	√			√	
5	Establishing the guidelines for Board of Commissioners Assessment	√			√	
6	Providing Board of Commissioners Assessment in accordance with the Commissioners' Work Plan	√				√
7	Including the amount of honorarium/ reward for an external auditor in approving the appointment of auditor	√			√	
8	GMS conducts a follow-up on the area of improvement resulting from the Good Corporate Governance assessment in the company	√			√	
9	Preparing a report on the results of training for the members of Board of Commissioners		√		√	

DESCRIPTION OF BOARD OF DIRECTORS

No	Recommendation	Responsible for Follow-up Actions			Follow-up	
		Shareholders/ GMS	Commissioners	Directors	On Process	Finished
10	Board of Commissioners responds to the LTCP draft covering all strategic aspects of plan		√			√
11	Including the policy/criteria regarding business information and the issues expected to impact the company's business and performance including the mechanism		√			√
12	Documenting the review/discussion of the company's vision and mission with changing business environment		√			√
13	Providing guidance on strengthening company's internal audit system based on review of policy /design and the implementation of internal audit system, evaluation result on effectiveness of internal control at entity level, and internal control report		√		√	
14	Documenting direction related to appointment of the Head of Internal Audit		√		√	
15	Improving the provision of guidance and advice on the goods/services procurement policies and the implementation		√		√	
16	Providing approval / authorisation / recommendation of the Commissioners on the actions by the Directors that require recommendation / approval from the Commissioners in a timely manner		√			√
17	Including the amount of honorarium for an external audit in proposing the appointment of an external auditor		√		√	
18	Conducting assessment on Directors' performance based on the review of criteria, targets and key performance indicators covered by individual Board of Directors Management Contracts by taking into account the achievements of each member		√		√	
19	Conducting research on candidates for Directors proposed by Board of Directors before being submitted to Shareholders		√			√
20	Documenting the results of monitoring the GCG implementation and the achievement of Board of Commissioners (Self-Assessment)		√		√	√



No	Recommendation	Responsible for Follow-up Actions			Follow-up	
		Shareholders/ GMS	Commissioners	Directors	On Process	Finished
21	Finalising the PT Bio Farma (Persero) Board of Commissioners Decree Number KEP-17 / DK / BF / XI / 2014 on the Rules of Procedure for Board of Commissioners' Internal Meeting dated November 3, 2014, following the SOE Ministerial Decree Number SK-16 / S-MBU / 2012 dated June 6, 2012 concerning the meeting disciplinary order		√			√
22	Including explanation on the absence of members of the Commissioners in the Meeting on the Minutes		√			√
23	Including evaluation on the execution of the previous meeting's decision in the Minutes		√			√
24	Issuing a power of attorney for members of the Commissioners who are unable to attend the meeting to represent their vote in the meeting		√			√
25	Incorporating in the Annual Work Program of the Audit Committee and Risk, Development and GCG Committee the self assessment plan of the committees		√		√	
26	Organising regular meetings of Audit Committee and Risk, Development & GCG Committee in accordance with the work program		√			√
27	Archiving minutes of Commissioners Committee meetings at the Secretary of Board of Commissioners		√		√	
28	Preparing Annual Report for Audit Committee and Risk, Development, and CGC Committee individually		√			√
29	Updating the Guidelines for the GCG Implementation at Bio Farma by including company's main organs in the implementation			√	√	
30	Updating the Code of Conduct by including Respect for Intellectual Rights and Integrity in the financial statements			√	√	
31	Documenting every updating process for the Guidelines for GCG Implementation and Code of Conduct			√	√	
32	Adding the Code of Conduct materials in the Orientation Program for new members			√		√
33	Describing every examination aspect of the GCG assessment results in the Company's Annual Report			√		√

DESCRIPTION OF BOARD OF DIRECTORS

No	Recommendation	Responsible for Follow-up Actions			Follow-up	
		Shareholders/ GMS	Commissioners	Directors	On Process	Finished
34	Encouraging all the employees to submit their State Official's Wealth Report (SOWR/LHKPN) and report it to the Corruption Eradication Committee (CEC/KPK) in a timely manner following the prevailing regulations			√		√
35	Giving a warning / sanction to the subject of SOWR who have not submitted in accordance with laws and regulations			√		√
36	Including gratification management planning in the HR Division Work Plan as a Gratification Control Executive Unit			√		√
37	Including information on gratification control policy/mechanism in the Annual Report			√		√
38	Organising dissemination of whistle blowing system to Stakeholders through face-to-face approach and publication in magazines or other media.			√		√
39	Establishing job description of Board of Directors and each position in the Organisational Structure / Company Organisational Chart formally in the Board of Directors' decisions			√		√
40	Including level of immediacy to communicate to the organisational levels below the Board of Directors regarding decision, maximum of seven days from being authorised / signed into Board Manual			√		√
41	Documenting the dissemination of PACB meeting in levels to the Heads of Section, Unit, and Staff in each Division			√		√
42	Documenting the promotion and transfer plan of one level of positions under the Board of Directors in the Directors Meeting and submitted to the Commissioners / Supervisory for the opportunity to provide direction for the plan			√		√
43	Using BIOSIS application for each employee as a means of career management communication in PT Bio Farma (Persero).			√		√
44	Preparing a list of grade that is accessible to the employees for the transparency in the placement of each official level of office			√		√



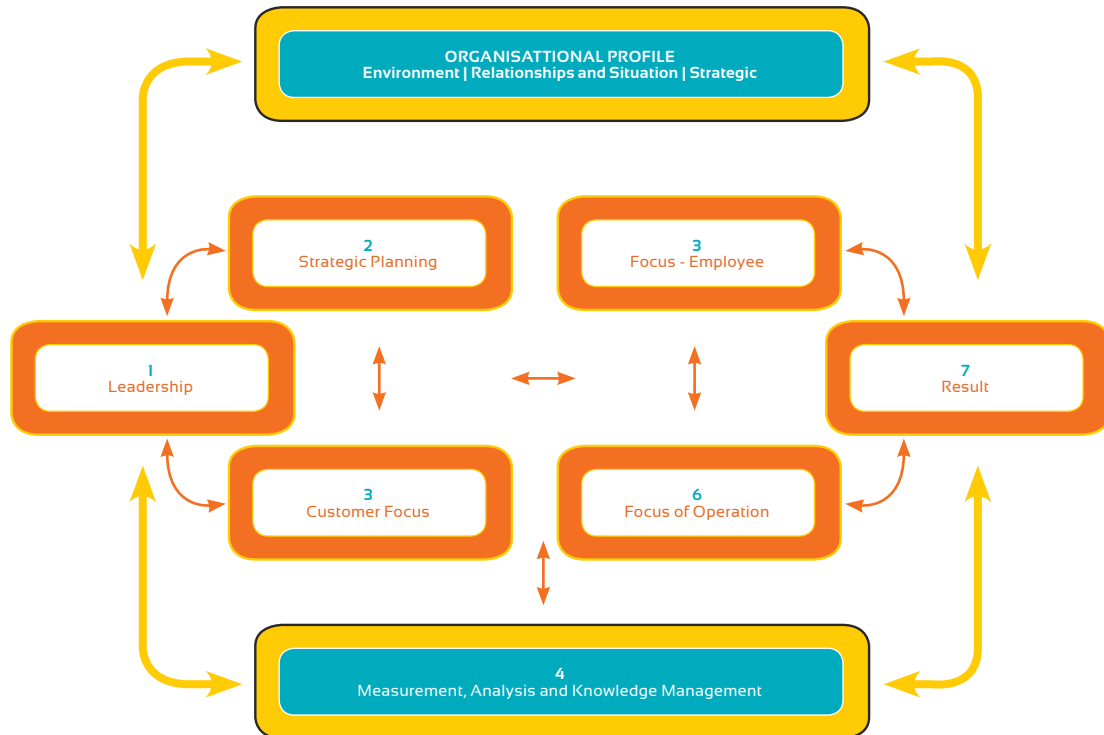
No	Recommendation	Responsible for Follow-up Actions			Follow-up	
		Shareholders/ GMS	Commissioners	Directors	On Process	Finished
45	Accelerating the process of preparing Jasinga Land Business Plan (Procurement / Lease) as part of Grand Design towards strategic development to become Life Science and bio medical technology industry welcoming the Bioeconomy 2030 era.			√		√
46	Accelerating Performance Management System(PMS) as a system / guidance of measurement and assessment for unit and position performance within the organisation including the application			√	√	
47	Establishing performance contracts for each position within the organisational structure			√	√	
48	Documenting the analysis and evaluation of performance achievements for positions/units under the Board of Directors in stages			√	√	
49	Documenting and reporting the achievement of individual Directors performance targets to the Commissioners			√	√	
50	Accelerating the process of e-procurement application in the process of goods/services procurement			√	√	
51	Assigning individual KPIs that include personal performance indicators and targets for each employee			√	√	
52	Establishing a job tender policy for assuming positions of one level below the Directors as a means of equal opportunity to all employees to occupy positions following the specified requirements and specifications			√		√
53	Implementing an evaluation / assessment of the internal control effectiveness of internal at the entity level and including results in the evaluation report on the effectiveness of internal control structure (Internal Control Report).			√		√
54	Documenting the person in charge of the follow-up action plan of the market survey and reporting it on the implementation			√		√
55	Updating Standard Procedures for supplier assessment and selection (doc #: 102K-PPSp-03 rev 4 on 03/01/2012) by adding supplier assessment criteria from the aspects of service and cost			√		√

DESCRIPTION OF BOARD OF DIRECTORS

No	Recommendation	Responsible for Follow-up Actions			Follow-up	
		Shareholders/ GMS	Commissioners	Directors	On Process	Finished
56	Preparing Standard Procedures for Measurement of Supplier Satisfaction which contains aspects of fairness and transparency of implementation and procurement procedure			√		√
57	Including setting on the measurement of employee satisfaction in the Company's Human Capital policy			√	√	
58	Attaching an Integrity Pact in every act of the Directors that requires written approval from Board of Commissioners			√		√
59	Including reasons for absenteeism in the Board of Directors and Commissioners Meetings			√		√
60	Including evaluation (progress monitoring) on the execution of the previous meeting result on the Board of Directors Meeting Minutes			√		√
61	Updating the content of Internal Audit Charter by describing the scope of Internal Audit Function and taking into account the Internal Audit Professional Standard			√		√
62	Enriching internal auditor staff's knowledge and expertise			√	√	
63	Developing Quality Assurance Manual for internal review of internal audit function			√		√
64	Presenting the results of internal audit to Board of Commissioners			√		√
65	Developing guidelines for monitoring recommendation follow-up from external control			√		√
66	Ensure that the dynamics of meetings, dissenting comments, and evaluations (progress monitoring) on the previous meeting decisions are set forth in the Minutes of Meeting			√	√	
67	Documenting the evaluation of task performance of Corporate Secretary			√		√
68	Publishing the Board Manual, Internal Audit Charter, and MR policy on the Company's website			√		√
69	Refining the Annual Report for the following year following the applicable provisions			√		√



Prime Performance Evaluation Criteria (PPEC) Framework



11 CORE VALUE



DESCRIPTION OF BOARD OF DIRECTORS

**BENEFIT OF PERFORMANCE EXCELLENCE**

1. The Company always gives values to the customers and stakeholders
2. while increasing effectiveness and capability of all of its aspects.
3. A company that keeps learning and improving
4. its employees grow and develop constantly.

OBJECTIVE OF EXCELLENT PERFORMANCE CRITERIA ASSESSMENT

1. To see the level of the Company's performance
2. To give feedback the Company
3. To reward good-performing Company

Guidelines of Bio Farma Excellent Performance Criteria Assessment

1. Letter of Republic of Indonesia Ministry of State Owned Enterprise Number S-08/S. MBU/2013 date January 16, 2013 concerning Key Performance Indicators (KPI) Setting Guidelines and Excellent Performance Criteria Assessment (KPKU) at State Owned Enterprises (SOE).
2. Letter of Deputy of Business Infrastructure of SOE Ministry date October 14, 2016 Number S-445/D7.MBU/10/2016 concerning Implementation of SOE Excellent Performance Criteria Assessment of 2016.

Implementation of Bio Farma's Excellent Performance Criteria Assessment took place from December 3 to December 10, 2016 under Lead Assessor of Suyanto from PT Telkom (Persero), Tbk and member Fauzan Nurmansyah from PT Krakatau Bandar Samudera (Persero), Rini Listyaningsih from PT. BNI (Persero), Tbk, Yuni Arfah from PT. Jasa Marga (Persero), Tbk, and Aah Ahadiat from PT. Telkom (Persero), Tbk.

The objective of the assessment is synchronization and consistency in streamlining the performance management system at Bio Farma. The Board of Directors has set the KPKU score as the Board of Director's KPI (the Company) that reflects the quality of performance management system that is expected from Bio Farma. Using the KPKU in setting the KPI, Bio Farma would hopefully increase its performance effectiveness, able to optimize the available capitalization potentials and able to accelerate its growth.

Implementation of SOE Excellent Performance Criteria Assessment

December 4 - 10, 2016

Bio Farma's KPKU Scores in 2013-2016

No	Years				%	Difference
	2013	2014	2015	2016		
	1	2	3	4		
KPKU Scores	315	422,75	467	510,25	43,25	9,26%



DESCRIPTION OF REMUNERATION POLICY OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

APPLYING GCG IS NOT AS EASY AS PIE. IT REQUIRES COMMITMENT, CONSISTENCY AND SERIOUSNESS OF ALL THE CONCERNED PARTIES, NAMELY THE COMPANY'S MANAGEMENT, EMPLOYEE, BOARD OF COMMISSIONERS, SHAREHOLDERS, THE GOVERNMENT AND OTHER STAKEHOLDERS

DESCRIPTION OF REMUNERATION POLICY OF BOARD OF COMMISSIONERS

Basis of Remuneration

Remuneration for Board of Commissioners members is one of the authorities of the Shareholders and is set in the General Shareholders' Meeting. The formulation refers to:

1. Regulation of State Owned Enterprise Minister Number PER-04/MBU/2014 date March 10, 2014 concerning Guidelines of Remuneration Determination for the Board of Commissioner, Director and Supervisory State Owned Enterprise
2. Decree of PT Bio Farma (Persero) Board of Commissioners Number KEP-08/DK/BF/07/2016 date July 27, 2016 concerning Determination of Salary/Honorarium, Allowance and Facility for Board of Commissioners and Directors of PT Bio Farma (Persero) Year 2016
3. Decree of Shareholders acting as General Shareholders' Meeting of the Company of PT Bio Farma Number RIS-01/RUPS/BF/VI/2016 date June 10, 2016 concerning Legitimation of PT Bio Farma Annual Report and Partnership and Community Stewardship Program (PKBL) Financial Year 2015.

DISCLOSURE OF PROCEDURE OF PROPOSAL THROUGH TO DETERMINATION OF BOARD OF COMMISSIONERS REMUNERATION

The Company proposed and finally determine the remuneration for Board of Commissioners by referring to the provisions of the State Owned Enterprise Ministry regulation. According to the regulation, the amount of Board of Commissioners income is determined in the General Shareholders' Meeting.

Procedure of Proposal Through to Determination of Board of Commissioners Remuneration

1. The Board of Commissioners assigned the Audit Committee to conduct study of Board of Commissioners remuneration.
2. The latter coordinates with the Human Capital Division and related work units in preparing the proposal of Board of Commissioners Remuneration.
 - a. The Audit Committee prepares recommendation of Board of Commissioners Remuneration and hand this to the Board of Commissioners.
 - b. The Board of Commissioners deliberates the Audit Committee's proposal.
 - c. The Board of Commissioners proposed the Board of Commissioners Remuneration proposal in the General Shareholders' Meeting and the Meeting authorizes the former, upon approval of the Shareholders, to determine the Bio Farma Board of Commissioners Remuneration. The GSM determines the Board of Commissioners Remuneration based on PER-04/MBU/2014 regulation.
 - d. The Board of Commissioners determines the Board of Commissioners Remuneration.

Salary/honorarium and allowance of Board of Commissioners Financial Year 2016 including incentives for performance of the Company financial year 2015 is determined by referring to the Decree of Shareholders acting as General Shareholders' Meeting of the Company of PT Bio Farma (Persero) as stipulated in Minutes of General Shareholders' Meeting Number RIS-01/RUPS/BF/VI/2016 date June 10, 2016 concerning Legitimation of PT Bio Farma Annual Report and Partnership and Community Stewardship (PKBL) Financial Year 2015

DESCRIPTION OF REMUNERATION POLICY OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

Upon approval and decree of the GSM regarding PT Bio Farma (Persero) Annual Report Financial Year 2015, the incentives of Board of Directors and Board of Commissioners of 2015, salary of Board of Directors and honorarium of Board of Commissioners as well as allowance and facility of Board of Directors and Board of Commissioners of 2016 were to be determined separately.

DISCLOSURE OF INDICATORS IN DETERMINING BOARD OF COMMISSIONERS REMUNERATION

Income comprising salary/honorarium, allowance and facility that are fixed in nature is determined by taking into account the factors of revenue, assets, financial condition of the Company, inflation rate and other relevant factors, and shall not contradict the laws and regulations.

1. Income comprising salary/honorarium, allowance and facility that are variable in nature is determined by taking into account the factors of target achievement, financial health of the Company and other relevant factors.

Remuneration of Board of Commissioners members is an authority of Shareholders and is stipulated in General Shareholders' Meeting.

2. Consideration taken in the remuneration of the Board of Commissioners is the realization of Key Performance Indicator (KPI) results of the Board of Commissioners in relation to the Company's performance in 2016.

Remuneration of the Board of Commissioners of Bio Farma is in line with the provisions of the Board of Commissioners remuneration comprising salary/honorarium, allowance, facility, and other incentives. Remuneration of the Board of Commissioners is in line with the SOE Ministry Regulation..

Remuneration of Board of Commissioners is in line with the General Shareholders' Meeting provisions as follows:

1. Honorarium
 - a. Honorarium of president director is determined considering position at 45% of the President Commissioner's salary
 - b. Honorarium of Board of Commissioners member is determined considering position at 90% of the President Commissioner's salary .
2. Allowance
 - a. Feast allowance of 1 (one) time of monthly honorarium
 - b. Transportation allowance of 20% of honorarium.
 - c. Pension insurance: premium of 25% of annual honorarium.
3. Health
 - a. Facility: Health facility is provided in the forms of health insurance or reimbursement of medicine, with details as regulated in SOE Minister Regulation Number PER-04/MBU/2014 concerning Guidelines of Determination of State Owned Enterprise Board of Directors and Board of Commissioners Income
 - b. Legal aid: legal aid facility is regulated in line with provisions of SOE Minister Regulation Number PER-04/MBU/2014 concerning Guidelines of Determination of State Owned Enterprise Board of Directors and Board of Commissioners Income.
4. Incentives of Performance Incentives of Performance is based on performance in financial year 2015.



Structure of Board of Commissioners Remuneration

(In Rupiah)

Name	Position	Start of Duty	Annual Salary	Annual Allowance	Net Annual Salary	Incentives and feast allowance	Amount
			1	2	3 = 1 + 2	4	5 = 3 + 4
Ahmad M. Ramli	President Commissioner	January 23, 2014	473,040,000	94,608,000	567,648,000	871,708,401	1,439,356,401
Nizar Yamanie	Commissioner	May 28, 2012	425,736,000	85,147,200	510,883,200	784,537,561	1,295,420,761
Paruli Lubis	Commissioner	November 5, 2012	425,736,000	85,147,200	510,883,200	784,537,561	1,295,420,761
Ihsan Setiadi Latief	Commissioner	May 01, 2013	425,736,000	85,147,200	510,883,200	784,537,561	1,295,420,761
Heridadi	Commissioner	January 23, 2014	425,736,000	85,147,200	510,883,200	784,537,561	1,295,420,761
Mohamad Subuh	Commissioner	June 22, 2015	425,736,000	85,147,200	510,883,200	431,556,069	942,439,269
Total			2,601,720,000	520,344,000	3,122,064,000	4,441,414,714	7,563,478,714

Honorarium, Allowance and Facility of Board of Commissioners

Honorarium	Allowance	Facility
President Commissioner Rp473.040.000	Religious Feast Allowance 1 (time) of Salary/ Honorarium.	Health facility:
Commissioner Rp425.736.000	- Pension Insurance: Premium of 25% of salary/ honorarium per year - Transportation Allowance amounting to Rp6,525,000.	- Insurance/Reimbursement of medicine at cost, in line with Regulation of SOE Minister Number : PER-04/MBU/2014 concerning Guidelines of Determination of State Owned Enterprise Board of Directors and Board of Commissioners Income. - Legal aid facility: in line with provisions of SOE Minister Regulation Number PER-04/MBU/2014 concerning Guidelines of Determination of State Owned Enterprise Board of Directors and Board of Commissioners Income.

Disclosure of Performance Bonus, Non-performance Bonus and Share Option of Board of Commissioners and Board of Directors

There is not any performance bonus, non-performance bonus or share option for any member of the Board of Commissioners or Board of Directors.

Bio Farma provides salary/honorarium and incentives of Board of Directors and Board of Commissioners members Financial Year 2015 are determined by referring to the Decree of Shareholders acting as General Shareholders' Meeting of the Company of PT Bio Farma (Persero).

DESCRIPTION OF REMUNERATION POLICY OF BOARD OF DIRECTORS

Basis of Remuneration

Remuneration for Board of Directors members is one of the authorities of the Shareholders and is set in the General Shareholders' Meeting. The formulation refers to:

1. Regulation of State Owned Enterprise Minister Number PER-04/MBU/2014 date March 10, 2014 concerning Guidelines of Remuneration Determination for the Board of Commissioner, Director and Supervisory State Owned Enterprise

DESCRIPTION OF REMUNERATION POLICY OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

- Decree of PT Bio Farma (Persero) Board of Commissioners Number KEP-08/DK/BF/07/2016 date July 27, 2016 concerning Determination of Salary/Honorarium, Allowance and Facility for Board of Commissioners and Directors of PT Bio Farma (Persero) Year 2016.
- Decree of Shareholders acting as General Shareholders' Meeting of the Company of PT Bio Farma Number RIS-01/RUPS/BF/VI/2016 date June 10, 2016 concerning Legitimation of PT Bio Farma Annual Report and Partnership and Community Stewardship Program (PKBL) Financial Year 2015.

DISCLOSURE OF PROCEDURE OF PROPOSAL THROUGH TO DETERMINATION OF BOARD OF DIRECTORS REMUNERATION

The Company determine the remuneration for Board of Directors by referring to the provisions of the State Owned Enterprise Ministry regulation. According to the regulation, the amount of Board of Directors income is determined in the General Shareholders' Meeting.

PROCEDURE OF PROPOSAL THROUGH TO DETERMINATION OF BOARD OF DIRECTORS REMUNERATION

- The Board of Commissioners assigned the Audit Committee to conduct study of Board of Commissioners remuneration.
- The latter coordinates with the Human Capital Division and related work units in preparing the proposal of Board of Directors Remuneration.
- The Audit Committee prepares recommendation of Board of Directors Remuneration and hand this to the Board of Commissioners.
- The Board of Commissioners deliberates the Audit Committee's proposal on Board of Directors Remuneration.
- The Board of Commissioners proposed the Board of Directors Remuneration proposal in the General Shareholders' Meeting and the Meeting authorizes the former, upon approval of he Shareholders, to determine the Bio Farma Board of Directors Remuneration. The GSM determines the Board of Directors Remuneration based on PER-04/MBU/2014 regulation.

- The Board of Commissioners determines the Board of Directors Remuneration.

Salary/honorarium and incentives of Board of Directors and Board of Commissioners members Financial Year 2015 are determined by referring to the Decree of Shareholders acting as General Shareholders' Meeting of the Company of PT Bio Farma (Persero) as stipulated in Minutes of General Shareholders' Meeting Number RIS-01/RUPS/BF/VI/2016 date June 10, 2016 concerning Legitimation of PT Bio Farma Annual Report and Partnership and Community Stewardship Program (PKBL) Financial Year 2015

Upon approval and decree of the GSM regarding PT Bio Farma (Persero) Annual Report Financial Year 2015, the incentives of Board of Directors and Board of Commissioners of 2015, salary of Board of Directors and honorarium of Board of Commissioners as well as allowance and facility of Board of Directors and Board of Commissioners of 2016 were to be determined separately.

DISCLOSURE OF INDICATORS IN DETERMINING BOARD OF DIRECTORS REMUNERATION

- Income comprising salary/honorarium, allowance and facility that are fixed in nature is determined by taking into account the factors of revenue, assets, financial condition of the Company, inflation rate and other relevant factors, and shall not contradict the laws and regulations.

Income comprising salary/honorarium, allowance and facility that are fixed in nature is determined by taking into account the factors of revenue, assets, financial condition of the Company, inflation rate and other relevant factors, and shall not contradict the laws and regulations.



- Income comprising salary/honorarium, allowance and facility that are variable in nature is determined by taking into account the factors of target achievement, financial health of the Company and other relevant factors.
- Consideration taken in the remuneration of the Board of Directors is the realization of Key Performance Indicator (KPI) results of the Board of Directors in relation to the Company's performance in 2015..

With reference to SOE Minister Regulation Number PER – 04/MBU/2014, remuneration that the Bio Farma Board of Directors received in 2016 are on honorarium, allowance and other facilities including insurance and pension, with details as follows:

STRUCTURE OF BOARD OF DIRECTORS REMUNERATION

(In Rupiah)

Name	Position	Start of Duty	Annual Salary	Annual Allowance	Service	Net Annual Salary	Incentives and feast allowance	Amount
			1	2	3	4 = 1 + 2 - 3	5	6 = 4 + 5
Iskandar	President Director	April 12, 2013	1,051,200,000	300,000,000	26,466,706	1,324,733,294	1,937,129,781	3,261,863,075
Andjang Kusumah	Director of Human Resources	March 7, 2012 Jo February 07, 2013	946,080,000	300,000,000	24,561,706	1,221,518,294	1,743,416,803	2,964,935,097
Pramusti Indrascaryo	Director of Finance	April 12, 2013	946,080,000	300,000,000	25,215,177	1,220,864,823	1,743,416,803	2,964,281,626
Mahendra Suhardono	Director of Marketing	April 12, 2013	946,080,000	300,000,000	25,215,177	1,220,864,823	1,743,416,803	2,964,281,626
Juliman Fuad	Director of Production	April 12, 2013	946,080,000	300,000,000	25,215,177	1,220,864,823	1,743,416,803	2,964,281,626
Sugeng Raharso	Director of Planning & Development	April 12, 2013	946,080,000	300,000,000	24,708,412	1,221,371,588	1,743,416,803	2,964,788,391
Total			5,781,600,000	1,800,000,000	151,382,355	7,430,217,645	10,654,213,796	18,084,431,441

In addition to salary, the Board of Directors also receives allowance and facility as follows:

SALARY, ALLOWANCE AND FACILITY OF BOARD OF DIRECTORS

Annual Salary	Allowance	Facility
President Director Rp 1.051.200.000	- Feast allowance 1 (time) of Salary - Pension Allowance Premium borne by the Company amounts to 25% of salary in a year	Vehicle facility: 1 (one) unit plus maintenance and operational costs, according to company's condition.
Director Rp 946.080.000	- Housing allowance: - Rp 25,000,000 per month	- Health facility in the forms of health insurance or reimbursement of medical expense (at cost) - Legal aid facility: at cost

DISCLOSURE OF PERFORMANCE BONUS, NON-PERFORMANCE BONUS AND SHARE OPTION OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

There is not any performance bonus, non-performance bonus or share option for any member of the Board of Commissioners or Board of Directors.

Bio Farma provides salary/honorarium and incentives of Board of Directors and Board of Commissioners members Financial Year 2015 are determined by referring to the Decree of Shareholders acting as General Shareholders' Meeting of the Company of PT Bio Farma (Persero).

MEETING OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

FREQUENCY AND ATTENDANCE OF MAJORITY OF MEMBERS AT BOARD OF COMMISSIONERS, BOARD OF DIRECTORS AND JOINT BOARD OF COMMISSIONERS – DIRECTORS MEETINGS.

GUIDELINES OF BOARD OF COMMISSIONERS MEETING

1. Company's Articles of Association
2. Regulation of SOE State Minister Number PER-01/MBU/2011 date August 01, 2011 concerning Application of Good Corporate Governance at State Owned Enterprise, as amended last by Regulation of SOE Minister Number PER-09/MBU/2012 date July 06, 2012 concerning Changes in Regulation of SOE Minister Number PER-01/MBU/2011 concerning Application of Good Corporate Governance at State Owned Enterprise
3. Decree of SOE Ministry Secretary Number SK-16 /S.MBU/2012 concerning Indicator/Parameter of Assessment and Evaluation of GCG Application at State Owned Enterprise of SOE Ministry Secretary
4. Joint Decree of PT Bio Farma (Persero) Board of Commissioners and Board of Directors Number KEP-06/DK/BF/II/2013, Number 01025/DIR/II/2013 concerning PT Bio Farma (Persero).Board of Commissioners and Board of Directors Manuals
3. The Board of Commissioners Meeting is held at the Company's premise or other location in the territory of the Republic of Indonesia as set by the Board of Commissioners

PARTICIPANT OF BOARD OF COMMISSIONERS MEETING

Participants of Board of Commissioners Meeting comprise all members of Board of Commissioners

When Board of Commissioners deems necessary, other parties may attend the Board of Commissioners Meeting for giving explanation.

AGENDA OF BOARD OF COMMISSIONERS MEETING

1. Commissioner who proposes holding a Board of Commissioners meeting shall determine the agenda and prepare the necessary documents/materials for the meeting.
2. Agenda of the Board of Commissioners meeting can be disseminated orally or in written through memo, letter or others, and include the necessary documents/materials.

BOARD OF COMMISSIONERS MEETING AS RULED IN BOARD OF COMMISSIONERS' MANUAL

BASIS, TIME AND PLACE OF MEETING

1. Board of Commissioners Meeting is held once a month at the minimum
2. Apart from that, the meeting can also be held at any time by mentioning the discussion points and/or that require decision, in condition that:
 - a. Upon request of one member or several members of Board of Commissioners
 - b. Upon request of the Board of Directors
 - c. Upon written request of shareholders

INVITATION TO BOARD OF COMMISSIONERS MEETING

1. The meeting invitation is written by President Commissioner or Board of Commissioners member who represents him, and is disseminated within three days at the latest prior to the meeting or a shorter notice when necessary for urgent meeting, regardless of the invitation date and meeting date.



2. The Board of Commissioners meeting invitation shall include the date, time & place and agenda of the meeting
3. Board of Commissioners meeting invitation is not obligatory when all the Board of Commissioners members are present in the meeting.

QUORUM OF BOARD OF COMMISSIONERS MEETING

1. The Board of Commissioners meeting is valid and eligible to make a bounding decision if more than half of the Board of Commissioners members or their legitimate representatives attend the meeting
2. Efforts should be taken in order that the Board of Commissioners meeting be attended by all the Board of Commissioners members
3. A member of Board of Commissioners can be represented in the Board of Commissioners meeting only by another Board of Commissioners member who is present in the meeting in question, based on written order for the purpose of the meeting.
4. A member of Board of Commissioners can only represent one other member of the Board.

CHAIRMAN OF BOARD OF COMMISSIONERS MEETING

1. Meeting among Board of Commissioners is chaired by President Commissioner.
2. In the case that President Commissioner is absent, the Board of Commissioner meeting is chaired by one of the Board members who is assigned in written by President Commissioner.
3. In the case that the President Commissioner is absent and he does not assign any board member, one of the members with longest tenure as Board of Commissioners member shall chair the meeting.
4. In the case that there are more than one members of Board of Commissioners having long tenure as Board members, the member having longest tenure and the most aged shall chair the meeting.

MINUTES OF BOARD OF COMMISSIONERS MEETING

1. Every Board of Commissioners meeting should have a Meeting Minutes.
2. Minutes of Board Of Commissioners Meeting shall state:
 - a. Reason of absence of Board of Commissioners member, in case of absence
 - b. Evaluation over all the decision making of the previous Board of Commissioners meetings;
 - c. The meeting's dynamics as process of decision

MEETING OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

- making in the Board of Commissioners meeting including emerging opinions, both pro and con, and dissenting opinion if any;
- d. Consideration and/or analysis in decision making in the Board of Commissioners meeting;
 - e. Issues to be decided in Board of Commissioners meeting
3. The Board of Commissioners meeting minutes are signed by the meeting chairman and all the Board of Commissioners members who are present, and the notetaker.
 4. The Board of Commissioners meeting minutes shall be reproduced and provided to all Board of Commissioners members, present or absent in the Board of Commissioners meeting.
 5. The original minutes of the Board of Commissioners meeting shall be stored and maintained by the Board of Directors. The Board of Directors can assign the Corporate Secretary. The copy of the Board of Commissioners meeting minutes is stored and maintained by the Board of Commissioners secretary.

NOTETAKER OF BOARD OF COMMISSIONERS MEETING

1. The notetaker of Board of Commissioners meeting is the Board of Commissioners Secretary.
2. In the case that the Board of Commissioners Secretary is absent, the one acting as the meeting notetaker is one of the attending Board of Commissioners members or other person appointed by the meeting chairman.

FREQUENCY AND ATTENDANCE OF BOARD OF COMMISSIONERS MEETING

Throughout 2016, the Board of Commissioners held 12 internal Board of Commissioners meetings.

The attendance of the Board of Commissioners in the Board of Commissioners Internal Meeting in 2016 is detailed below:

Name of Commissioner	Position	Start of Duty	Internal Meeting of Board of Commissioners		
			Number of meeting	Number of Attendance	% of attendance
Ahmad Ramli	President Commissioner	January 23, 2014	12	12	100%
Paruli Lubis	Commissioner	November 5, 2012	12	12	100%
Nizar Yamani	Commissioner	May 28, 2012	12	12	100%
Ihsan Setiadi Latief	Commissioner	May 01, 2013	12	12	100%
Heridadi	Commissioner	January 23, 2014	12	12	100%
Mohamad Subuh	Commissioner	June 22, 2015	12	12	100%



MEETING DATE, AGENDA, DECISION, PLACE AND NAME OF ATTENDANT

INTERNAL MEETING OF BOARD OF COMMISSIONERS

Throughout 2016, the meeting date, agenda, division, place and name of attendant of Board of Commissioners Internal Meeting are as follows:

No	Date	Meeting Agenda	Decision	Location	Name of Meeting Attendant
1	28-Jan-16	1 Discussion of Company Management Report and Partnership and Community Development Program Activity Report of PT Bio Farma (Persero) year 2015 (unaudited) 2. Others, discussing the plan about establishing a subsidiary	1. In general the Company's performance in 2015 compared to its budget is as follows: net sales reached 102%, cost of sold goods & services reached 101.7%, company expenses 107.9%; investment 82.2% and net income 98.5%, net profit margin 37% and total asset/liabilities and assets Rp 6.68 trillion or 156.7% of the budget. 2. Issue to be put in questions relates to investment, of which the increase per group is quite significant, i.e. 90% and 454% of the budget. However, realization some groups is still below the budget. Despite the total is 82.2%, compared to 2014's realization of 311.19%, the planning quality is deemed low. 3. The Board of Commissioners' response to the Company's Management Report (unaudited) of 2015 include that travel expense should become a separate account and detailed report on exceeding budget should be prepared by the Board of Directors Board of Directors is requested to observe and analyse the increase of Sales Cost and Administration & General Costs to increase efficiency and performance of the Company. 4. Board of Directors is requested to control Receivables and Provisions in order to increase efficiency and performance of the Company.	Jakarta	Ahmad Ramli Paruli Lubis Nizar Yamani Ihsan Setiadi Latief Heridadi Mohamad Subuh

MEETING OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

No	Date	Meeting Agenda	Decision	Location	Name of Meeting Attendant
2.	18-Feb-16	1. Report and presentation of the Company's Establishment Plan by the Audit Committee and Risk Committee 2. Procurement / Issue Report on Halal Product Guarantee by the Corporate Secretary 3. Follow up Progress on Recommendation of GCG Assessment Results 4. Others	1. The Audit and Risk Committees conducted analysis into two issues, i.e. IPV development and human resources mapping. The Audit Committee discussed about the impact and risk of IPV on finance, while the Risk Committee analyses the risk exposures. 2. Preparing a letter for the Board of Directors to ask for elaborative explanation regarding IPV, and discussing among Audit Committee and Risk Committee and concerned directors (Production Director and Planning & Development Director) to ask for explanation regarding IPV preparation, and regarding human resources mapping. 3. Regarding subsidiary, a discussion with Board of Directors, consultants and joint committee shall be scheduled. 4. Polio is in passive position as it will be depleted, there is not any problem and MUI approves its usage. 5. Certification of bio flu, polio, BGC including the coming feasible products shall be accelerated. 6. Regarding rubella, it is agreed that MRC 5 of India will be used, to meet short term needs while awaiting the decision on product that Bio Farma would use, which requires Board of Directors' decision on long term. 7. Timeline should be designed in order to follow the development and this shall be discussed at BoD and BoC levels. 8. Board of Commissioners Secretary and committee members should coordinate in following up and realizing BPKP's recommendations on GCG.	Jakarta	Ahmad Ramli Paruli Lubis Nizar Yamani Ihsan Setiadi Latief Heridadi Mohamad Subuh



No	Date	Meeting Agenda	Decision	Location	Name of Meeting Attendant
3	08-Mar-16	1. Discussing the Board of Commissioners Supervision Report of 2015 2. Discussing Response to PT Bio Farma Annual Report of Financial statement of Financial Year 2015 (audited) 3. Others	1. Board of Commissioners approved the Board of Commissioners supervision report of 2015, to be conveyed to shareholders. Yet the Committee's report should be first submitted soon. 2. The Board of Commissioners' response to the Company's Management Report 2015 (audited) can be conveyed to the shareholders containing directions and input that the management should remain encouraging motivation and solidarity and maintaining synergy for a better Bio Farma. Despite the performance in 2015 is good in general, some inputs should be given to the Board of Directors.	Jakarta	Ahmad Ramli Paruli Lubis Nizar Yamani Ihsan Setiadi Latief Heridadi Mohamad Subuh
4.	08-Apr-16	1. Discussing Board of Directors letter Number 01155/DIR/III/2016 date 24 March2016, Number: 01221/DIR/III/2016 date 30 March2016, Number: 01222/DIR/III/2016 date 30 March2016, Number: 01223/DIR/III/2016 date 30 March2016, Number: 2. Others regarding revision of DoCs response to Financial Performance Report Financial Year 2015	1. Board of Commissioners Secretary would prepare draft of letter on revision to Board of Commissioners' response to Company's Financial statement Financial year 2015, proposal of remuneration and allowance as well as KAP proposal. The letter would be signed by all members of Board of Commissioners. The Audit Committee would soon convey the evaluation results especially regarding KAP proposal. 2. Request of approval for establishing a subsidiary is in pending, the Board of Directors would indicate this in order to have information from SOE Ministry regarding the plan of pharmaceutical holding 3. Regarding the proposal of capital addition, it will be processed as soon as there is a General Shareholders' Meeting report on dividend amount. 4. Change of organizational structure will be further discussed with the Board of Directors because it concerns not only one directorate, but globally. Since comprehensive organizational review is required, the approval could not yet be passed.	Jakarta	Ahmad Ramli Paruli Lubis Nizar Yamani Ihsan Setiadi Latief Heridadi Mohamad Subuh

MEETING OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

No	Date	Meeting Agenda	Decision	Location	Name of Meeting Attendant
5	12-May-16	- Discussing the Response to Company's Management Report of Quarter III of 2016 - Discussing the Board of Commissioners Supervision Report of Quarter I of 2016 - Others	- Response letter of Board of Commissioners to LMP Quarter III of 2016 and Board of Commissioners' supervision report for quarter I of 2016 would be drafted and submitted to the shareholders - The Committee together with BoC secretary would discuss the recommendation of GCG 2015 assessment results and provide GCG-related documents - Related to the end of duty of three Board of Directors members, Dr SDM in March 2017, president director and marketing director in April 2017 Mechanism of Board of Directors candidate selection, awaiting Shareholders' letter, which would probably take place in December 2016	Jakarta	Ahmad Ramli Paruli Lubis Nizar Yamani Ihsan Setiadi Latief Heridadi Mohamad Subuh
6	28-Jun-16	- Reviewing the Committee's Report to the Board of Commissioners regarding Verification and Clarification from Board of Directors, Division Head and Employee Forum (Forwan) Management and Employee Association Management of PT Bio Farma (Persero) regarding Forwan letter. - Others	- Clarification results would be conveyed to the Board of Directors, copied to SOE Ministry, not to Employee Forum. - Meeting with Board of Directors to be held to discuss the verification result and team's recommendation. - Verification of Audit Committee, Risk Development and GCG Committee with recommendations as follows: - Board of Directors should improve formal and non-formal communication with employees - Board of Directors should monitor whether information is well disseminated and effective - Board of Directors should enforce regulation with consistent reward and punishment	Jakarta	Ahmad Ramli Paruli Lubis Nizar Yamani Ihsan Setiadi Latief Heridadi Mohamad Subuh
7	28-Jul-16	- Discussing the Company's Management Report of Semester I of 2016 - Others	- Response to PT Bio Farma Company's Management Report of Semester I of 2016 would be drafted - Some directions and inputs of the Board of Directors regarding company's performance would be included in the letter of response of Board of Commissioners for the Shareholders - Discussion would be held with Board of Directors to request explanation for the semester I 2016 performance decrease	Jakarta	Ahmad Ramli Paruli Lubis Nizar Yamani Ihsan Setiadi Latief Heridadi Mohamad Subuh



No	Date	Meeting Agenda	Decision	Location	Name of Meeting Attendant
8	10-Aug-16	1 Discussing the Board of Commissioners Supervision Report of 1st semester of 2015 2 Others	1 Supervision should be conducted effectively by involving the organs The established Board of Commissioners should hold regular internal meeting once a month at the minimum. 2. Submitting the Board of Commissioners supervision report for period of January to June 2016 (semester I) to Shareholders. 3. Based on the Team's verification of the Board of Directors, the Division Head and Employee are to submit letter to Board of Directors in order to follow up the verification results and clarification of Employee Forum (Forwan) letter.	Jakarta	Ahmad Ramli Paruli Lubis Nizar Yamani Ihsan Setiadi Latief Heridadi Mohamad Subuh
9	13-Sept-16	1. Discussing the 2017 Work Plan & Budget Draft of Board of Commissioners and Committee 2. Others	1. The 2017 Work Plan & Budget of Board of Commissioners is to be finalized and submitted to Bio Farma, to be included in the 2017 Work Plan & Budget of the Company 2. The planned activities that have been approved are to be well executed. The parties that would participate in the activities should inform the president commissioner, copied to Board of Commissioners Secretary in order to obtain assignment note.	Jakarta	Ahmad Ramli Paruli Lubis Nizar Yamani Ihsan Setiadi Latief Heridadi Mohamad Subuh

MEETING OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

No	Date	Meeting Agenda	Decision	Location	Name of Meeting Attendant
10	21-Oct-16	1. Discussing Finalization of BoC's Work Plan and Budget 2. Discussing BoC's Work Plan & Budget Long Term Plan 3. Others	1. The finalized 2017 Work Plan and Budget of Board of Commissioners should be delivered to Bio Farma 2 During the discussion on Work Plan & Budget and Long Term Plan with Board of Directors, the following points need explanation: The cause of cost of goods sold increase that is higher than the sales increase in the 2017 Work Plan & Budget Draft, compared to prognosis of 2016 (margin of Merchandise & Service Sales in Long Term Plan 2017, which is 6%) The management made another planning of land acquisition if the land acquisition of Jasinga Bogor would not come into realization. 3. The Board of Directors was to follow the changes of international policy and requirements, and governmental regulation, as well as play an active role in national- and international-scaled activities, either in WHO or other organizations especially in related to vaccine regulation.	Jakarta	Ahmad Ramli Paruli Lubis Nizar Yamani Ihsan Setiadi Latief Heridadi Mohamad Subuh
11	25-Nov-16	1 Discussing the Board of Commissioners Supervision Report of Quarter III of 2015 2. Others	1. The Board of Commissioners' recommendation on the increase of Company's expense would be conveyed to the shareholders. The recommendation reflects the Board of Commissioners' view on PT Bio Farma's performance. 2. Directions for Board of Directors should be included in the Board of Commissioners supervision report in relation to the performance up to third quarter of 2016. 3. Secretary of Board of Commissioners is requested to prepare the Board's supervision report, which is to be conveyed to the shareholders.	Jakarta	Ahmad Ramli Paruli Lubis Nizar Yamani Ihsan Setiadi Latief Heridadi Mohamad Subuh



No	Date	Meeting Agenda	Decision	Location	Name of Meeting Attendant
12	09-Dec-16	1. Discussing Board of Directors letter Number 04404/DIR/XI/2016 date 18 November 2016 concerning PT Bio Farma Fixed assets Write-off request. 2. Discussing Board of Directors letter Number 04405/DIR/XI/2016 date 18 November 2016 concerning PT Bio Farma Fixed assets Write-off request.	1. Asset write-off should be carried out in auction mechanism with State Auction Offices 2. Needs confirmation from Board of Directors whether such official vehicle is no longer adequate 3. The Audit Committee is to confirm with PT Bio Farma Asset and General Affairs Office Head regarding the value of asset to be written off. 4. Board of Directors's proposal of fixed asset write-off to the General Shareholders' Meeting is submitted by attaching supporting documents	Jakarta	Ahmad Ramli Paruli Lubis Nizar Yamani Ihsan Setiadi Latief Heridadi Mohamad Subuh

FREQUENCY AND ATTENDANCE OF DIRECTORS' MEETINGS

GUIDELINES ON DIRECTOR'S MEETINGS

- Articles of Association of the Company;
- Decree of the Minister of SOE No. PER-01/MBU/2011 on Implementation of Good Corporate Governance in SOE dated August 1, 2002 as last amended by the Decree of the Minister of SOE No. PER-09/MBU/2012 dated 1 August 2011 on Amendment of the Decree of the Minister of SOE No. PER-01/MBU/2011 on Implementation of Good Corporate Governance in SOE dated July 6, 2012.
- Secretarial Letter of the SOE Ministry No. SK-16 /S.MBU/2012 on indicators/Parameters of Assessing and Evaluating the Implementation of Good Corporate Governance in State-owned Enterprises
- Joint Decree of the Board of Commissioners and Directors No. KEP-06/DK/BF/II/2013 and No. 01025/DIR/II/2013 on Guidelines for the Board of Commissioners and Directors (Board Manual) of PT Bio Farma (Persero).

DIRECTORS' MEETINGS AS OUTLINED IN THE BOARD MANUAL

BASIS, DATE, AND VENUE OF MEETINGS

- The Directors meetings are held periodically at least once in a calendar month.
- In addition to the aforementioned, Directors' Meetings may be called at any time to discuss and/or resolve issues, if:
 - called by 1 (one) or more Directors;
 - called in writing by one or more members of the Board of Commissioners.
 - called in writing by the shareholders.
- Directors' Meetings are held on Company property or other locations within the borders of the Republic of Indonesia chose by the Directors.

PARTICIPANTS OF DIRECTORS' MEETINGS

- Participants of the Directors Meetings are the Directors.
- External parties may be summoned to the Directors' Meetings if deemed necessary by the Directors to supply the necessary information.

MEETING OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

AGENDA OF DIRECTORS' MEETINGS

1. The Director that called the meeting of the Directors must specify the agenda and prepare the materials/files to be discussed in the meeting of the Directors.
 2. The meeting agenda for the of the Directors may be presented orally or submitted in writing in the form of memos, letters, and other forms of writing, accompanied by the material/files required in the meeting.
 3. The Director that called the meeting of the Directors must specify the agenda to be discussed/resolved in the meeting, for which, if deemed necessary, that particular member of the Directors may assign the Company Secretary to prepare the agenda and materials/files for the meeting of the Directors.
 4. Any agenda that has not been conclusively discussed/resolved in the previous meeting of the Directors may be resubmitted in the next meeting of the Directors by any concerned member of the Directors.
 5. Any member of the Directors may propose additional agenda of the meeting of the Directors other than those agreed beforehand to be discussed/resolved in said meeting, provided that the materials/files have been prepared by said member the Directors, and provided that this motion has been agreed by the other members of the Directors or their authorized representatives.
 6. All materials/files to be discussed in the meeting of the Directors are submitted by the Corporate Secretary to the members of the Directors prior to the meeting.
2. The date, time, location, and agenda of the meeting must be stated in the invitation to the meeting of the Directors.
 3. Invitation to the meeting of the Directors is not required if all members of the Directors are present at the meeting.

QUORUM FOR THE DIRECTORS MEETINGS

1. Meetings of the Directors are deemed legitimate and may take binding decisions if attended by more than half of the total members of the Directors or their authorized representatives.
2. Every Director should strive to attend all meetings of the Directors.
3. Any member of the Directors may be represented in the meetings of the Directors only by another member of the Directors by virtue of a written power of attorney made for the specific purpose, i.e. for the said meeting of the Directors.
4. A member of the Directors may only represent another member of the Directors.

CHAIRMAN OF THE DIRECTORS MEETING

1. Meetings of the Directors are chaired by the President Director.
2. In the event that the President Director is absent, the Directors meeting shall be chaired by a member of the 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 Directors who has served the longest in office as a member of the Directors shall chair the Directors meeting.
4. In the case that there are more than one member of the Directors with the longest serving period as a member of the Directors, then the oldest member of the Directors among these longest-serving Directors shall chair the Directors meeting.

INVITATION TO THE DIRECTORS MEETINGS

1. Meeting invitations are prepared in writing by the President Director or by any other member of the 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.



MINUTES OF MEETINGS OF THE DIRECTORS

1. Minutes of Meeting shall be made for each meeting of the Directors.
2. The Minutes of Meeting of the Directors shall include:
 - a. Reason for absence of members of the Directors, should there are Directors not present;
 - b. The results of the evaluation of the implementation of all the decisions made in the previous meeting of the Directors;
 - c. The dynamics of the decision-making process at the meeting of the Directors, including the opinions formed in the meeting, both arguments in favor or against, or dissenting opinions, if any;
 - d. Considerations and/or analyses in decision making in the meeting of the Directors;
 - e. Issues resolved in the meeting of the Directors.
3. The Minutes of Meeting of the Directors shall be signed by the chairman of the meeting, members of the Directors present at the meeting, and the reporter.
4. The Minutes of Meeting of the Directors shall be reproduced and circulated to all members of the Directors, both present and otherwise, in the meeting of the Directors.
5. The original Minutes of Meeting of the Directors shall be stored and maintained by the Directors. The Directors may assign this duty to the Corporate Secretary.

REPORTER OF THE DIRECTORS MEETINGS

1. The minutes of the Directors meetings is reported by the Corporate Secretary.
2. In the event that the Corporate Secretary is absent or unavailable, then an attending member of the Directors or another person appointed by the chairman of the Directors meeting may act as the reporter of the Directors meeting.

FREQUENCY AND ATTENDANCE OF DIRECTORS' MEETINGS

In 2016, the Directors has held 16 Internal Meetings. Meeting attendance of each Director is as follows:

Board Attendance in Meetings

Name	Title	Date of Appointment	Month												Total Meetings	Total Attended	%
			1	2	3	4	5	6	7	8	9	10	11	12			Attendance
Iskandar	President Director	12 April 2013	3	0	0	2	1	1	0	1	1	0	0	0	10	9	90
Juliman Fuad	Director of Production	12 April 2013	3	1	-	2	1	1	-	1	1	-	-	-	10	10	100
Sugeng Raharso	Director of Planning and Development	12 April 2013	3	1	-	2	-	1	-	1	1	-	-	-	10	9	90
Mahendra Suhardono	Director of Marketing	12 April 2013	3	1	-	2	1	1	-	1	1	-	-	-	10	10	100
Pramusti Indrascaryo	Director of Finance	12 April 2013	3	1	-	1	1	-	-	1	1	-	-	-	10	8	80
Andjang Kusumah	Director of Human Resources	07 March 2012	1	1	-	2	1	1	-	1	1	-	-	-	10	8	80

MEETING OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

DATE, AGENDA, RESOLUTION, VENUE, AND PARTICIPANTS OF DIRECTORS MEETINGS

INTERNAL DIRECTORS' MEETINGS

In 2016, the Directors meetings discussed issues faced by the Company, its performance, and strategies related to the management of the Company. The date, agenda, resolution, venue, and participants of the meetings are as follows:

No.	Day, Date & Time	Meeting Agenda	Resolution	Venue	Participants	Attendance %
1	Monday, 04 January 2016 09.00 - 10.00 WIB	1. Follow up on previous meeting 2. 2015 Prognosis and 2016 PACB 3. Company KPI 4. Company Agenda 5. Miscellaneous		Directors' Meeting Room	Iskandar Mahendra Suhardono Juliman Fuad Sugeng Raharso Pramusti Indrascaryo	90%
	Tuesday, 12 January 2016 07.30 - 09.30 WIB	1. Follow up on previous meeting 2. POA Plan 3. Company Agenda 4. Miscellaneous		Directors' Meeting Room	Iskandar Mahendra Suhardono Juliman Fuad Sugeng Raharso Pramusti Indrascaryo	
3	Tuesday, 19 January 2016 10.00 - 12.00 WIB	1. Follow up on previous meeting 2. Subsidiary Establishment Plan 3. Miscellaneous		Upper Meeting Room Gd. Heritage	Iskandar Andjang Kusumah Mahendra Suhardono Iskandar Sugeng Raharso Pramusti Indrascaryo	100%
	Tuesday, 23 February 2016 14.00 - 14.30 WIB	1. Follow up on previous meeting 2. Food and Drug Monitoring Agency letter on recalling BCG Green Signal vaccine 3. Miscellaneous		Meeting Room HR Dir.	Andjang Kusumah Mahendra Suhardono Juliman Fuad Sugeng Raharso Pramusti Indrascaryo	
5	Thursday, 7 April 2016 13.00 - 14.30 WIB	1. Follow up on previous meeting 2. SOE Pharmacy Holding Plan		Directors' Meeting Room	Iskandar Andjang Kusumah Mahendra Suhardono Juliman Fuad Sugeng Raharso Pramusti Indrascaryo	100%



No.	Day, Date & Time	Meeting Agenda	Resolution	Venue	Participants	Attendance %
6	Wednesday, 27 April 2019	1. Follow up on previous meeting		Directors' Meeting Room	Iskandar	90%
	15.00 - 16.00 WIB	2. Land Purchase from PT PG-RNI in Manyingsal, Subang 3. Subsidiary 4. Miscellaneous			Andjang Kusumah Mahendra Suhardono Juliman Fuad Sugeng Raharso	
7	Thursday, 12 May 2016	1. Follow up on previous meeting		Meeting Room Grand Ina Bali	Iskandar	90%
	08.00 - 09.30 WIB	2. 2016 Sales Prognosis 3. Miscellaneous			Mahendra Suhardono Mahendra Suhardono Juliman Fuad Pramusti Indrascaryo	
8	Wednesday, 29 June 2016	1. Follow up on previous meeting		Directors' Meeting Room	Iskandar	90%
	08.00 - 09.30 WIB	2. Progress on Fake Vaccine Inquiry 3. Blood Product Progress 4. Miscellaneous			Andjang Kusumah Mahendra Suhardono Juliman Fuad Mahendra Suhardono	
9	Thursday, 18 August 2016	1. Follow up on previous meeting		Directors' Meeting Room	Iskandar	100%
	13.30 - 15.30 WIB	2. New Bulk Measles Facility 3. Anticipating mOPV2 Vaccine Demand 4. Subsidiary and Company Pharmacy Holding Progress 5. Miscellaneous			Andjang Kusumah Mahendra Suhardono Juliman Fuad Mahendra Suhardono Pramusti Indrascaryo	
10	Thursday, 26 September 2016	1. Follow up on previous meeting		Directors' Meeting Room	Iskandar	100%
	08.00 - 10.00 WIB	2. ERP Implementation Plan 3. Miscellaneous			Andjang Kusumah Mahendra Suhardono Juliman Fuad Sugeng Raharso Pramusti Indrascaryo	

MEETING OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

GUIDELINES ON JOINT BOARD OF COMMISSIONERS AND DIRECTORS MEETING

Joint Decree of the Board of Commissioners and Directors No. KEP-06/DK/BF/II/2013 and No. 01025/DIR/II/2013 on Guidelines for the Board of Commissioners and Directors (Board Manual) of PT Bio Farma (Persero), sections of which stipulate joint Board of Commissioners and Directors Meetings.

JOINT BOARD OF COMMISSIONERS AND DIRECTORS MEETINGS

Basis, Date, and Venue of Meetings

1. Joint Meeting of the Directors and the Board of Commissioners are held periodically at least once in a calendar month.
2. In addition to the aforementioned, Joint Meetings of the Directors and the Board of Commissioners may be called at any time to discuss and/or resolve issues, if:
 - a. deemed necessary by the President Director or President Commissioner OR BY MORE THAN HALF OF THE MEMBERS of the Directors or more than half of the members of the Board of Commissioners;
 - b. called in writing by the shareholders.
3. Joint Meeting of the Directors and the Board of Commissioners are held on Company property or other locations within the borders of the Republic of Indonesia chosen by the Directors.

MEMBERS OF THE JOINT MEETINGS OF THE BOARD OF COMMISSIONERS AND DIRECTORS

1. Participants of the Joint Board of Commissioners and Directors Meeting are all members of the Directors and members of the Board of Commissioners.
2. External parties may be summoned to the Joint Meeting if deemed necessary by the Directors and/or Board of Commissioners to supply the necessary information.

AGENDA RAPAT ANTARA DIREKSI DENGAN DEWAN KOMISARIS

1. The Director or Board Member that called the Joint Meeting of the Directors and the Board of Commissioners must specify the agenda and prepare the materials/files to be discussed in the Joint Meeting of the Directors and the Board of Commissioners.
2. The meeting agenda for the Joint Meeting of the Directors and the Board of Commissioners may be presented orally or submitted in writing in the form of memos, letters, and other forms of writing, accompanied by the material/files required in the meeting.
3. The Director or Board Member that called the meeting of the Directors must specify the agenda to be discussed/resolved in the meeting, for which, if deemed necessary, that particular member of the Directors or Board Member may assign the leadership or other officials of the Company or relevant Committees of the Board of Commissioners to prepare the agenda and materials/files for the Joint Meeting of the Directors and the Board of Commissioners.
4. Any agenda that has not been conclusively discussed/resolved in the previous Joint Meeting of the Directors and the Board of Commissioners may be resubmitted in the next Joint Meeting of the Directors and the Board of Commissioners by any concerned member of the Directors and/or Board of Commissioners.
5. Any member of the Directors and/or Commissioners may propose additional agenda of the Joint Meeting of the Directors and the Board of Commissioners other than those agreed beforehand to be discussed/resolved in said meeting, provided that the materials/files have been prepared by said member the Directors and/or Commissioners, and provided that this motion has been agreed by the other members of the Directors and/or Commissioners or their authorized representatives.



6. All materials/files to be discussed in the Joint Meeting of the Directors and the Board of Commissioners from the Directors are submitted by the Corporate Secretary to the members of the Directors and Board of Commissioners prior to the meeting.
7. All materials/files to be discussed in the Joint Directors and Board of Commissioners Meeting from the Board of Commissioners are submitted by the Corporate Secretary to the members of the Directors and Board of Commissioners prior to the meeting.

INVITATION TO THE JOINT BOARD OF COMMISSIONERS AND DIRECTORS MEETING

1. If the Directors called the Joint the Directors and the Board of Commissioners Meeting, then the schedule for the said meeting is to be agreed upon by the Directors and the Board of Commissioners. Meeting invitations are made in writing by the President Director or by the members of the Directors representing the President Director and is delivered within at most 3 (three) days before 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 called the Joint the Directors and the Board of Commissioners Meeting, then the schedule for the said meeting is to be agreed upon by the 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 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.
3. The date, time, venue, and agenda of the meeting must be stated in the invitation to the Joint the Directors and the Board of Commissioners Meeting.

4. Invitation to the Joint Meeting of the Directors and the Board of Commissioners is not required if all the members of the Directors and the Board of Commissioners are in attendance.

QUORUM OF JOINT MEETINGS OF THE BOARD OF COMMISSIONERS AND DIRECTORS

1. Joint Meetings of the 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 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 Directors and the Board of Commissioners.
3. Any member of the Directors may be represented at the Joint Meeting of the Directors and the Board of Commissioners only by another member of the Directors, by virtue of a written power of attorney made for the specific purpose, i.e. for the said Joint Meeting of the Directors and the Board of Commissioners.
4. A member of the Directors may only represent another member of the Directors.
5. Any member of the Board of Commissioners may be represented at the Joint Meeting of the Directors and the Board of Commissioners only by another member of the Board of Commissioners, by virtue of a written power of attorney made for the specific purpose, i.e. for the said Joint Meeting of the Directors and the Board of Commissioners.
6. A member of the Board of Commissioners may only represent another member of the Board of Commissioners.

MEETING OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

CHAIRMAN OF JOINT MEETINGS OF THE DIRECTORS AND THE BOARD OF COMMISSIONERS

1. Joint Meetings of the 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 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 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 Directors and the Board of Commissioners.

MINUTES OF JOINT MEETINGS OF THE BOARD OF COMMISSIONERS AND DIRECTORS

1. Minutes of Meeting shall be made for each Joint Board of Commissioners and Directors Meetings.
2. The Minutes of Joint Meetings of the Directors and the Board of Commissioners shall include:
 - a. Reason for absence of members of the 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 Directors and the Board of Commissioners;

- c. The dynamics of the decision-making process at the Joint Meeting of the Directors and the Board of Commissioners, including the opinions formed in the meeting, both arguments in favor or against, or dissenting opinions, if any;
 - d. Considerations and/or analyses in the decision making at the Joint Meeting of the Directors and the Board of Commissioners;
 - e. Issues resolved in the Joint Meeting of the Directors and the Board of Commissioners.
3. The Minutes of Joint Meeting of the Directors and the Board of Commissioners shall be signed by the chairman of the meeting, all members of the Directors and the Board of Commissioners who are present at the meeting, and the meeting reporter.
4. The Minutes of Joint Meeting of the Directors and the Board of Commissioners shall be reproduced and circulated to all members of the Directors and the Board of Commissioners, both those who are present and not present in the Joint Meeting of the Directors and the Board of Commissioners
5. The minutes of meeting for the meeting of the Directors and the Board of Commissioners is stored and maintained by the Corporate Secretary.

REPORTER OF JOINT MEETINGS OF THE BOARD OF COMMISSIONERS AND DIRECTORS

The minutes of the Joint Meeting of the Directors and the Board of Commissioners is reported by the Secretary of the Commissioner.

In the event that the Secretary of the Commissioner is absent or unavailable, then the meeting chairman may appoint another person to act as reporter of the meeting.



FREQUENCY AND ATTENDANCE OF JOINT MEETINGS OF THE BOARD OF COMMISSIONERS AND DIRECTORS

In 2016, the Directors has held 4 Joint Meetings with the Board of Commissioners, as follows:

Commissioner		Title	Date of Appointment	Joint Meetings of the Board of Commissioners and Directors		
				Total Meetings	Total Attended	%
Board of Commissioners						
1	Ahmad Ramli	President Commissioner	23 January 2014	4	4	100
2	Paruli Lubis	Commissioner	05 November 2012	4	4	100
3	Nizar Yamani	Commissioner	28 May 2012	4	4	100
4	Ihsan Setiadi Latief	Commissioner	01 May 2013	4	4	100
5	Heridadi	Commissioner	23 January 2014	4	4	100
6	Mohamad Subuh	Commissioner	22 June 2015	4	4	100
Directors						
1	Iskandar	President Director	12 April 2013	4	3	75
2	Juliman Fuad	Director of Production	12 April 2013	4	4	100
3	Sugeng Raharso	Director of Planning and Development	12 April 2013	4	4	100
4	Mahendra Suhardono	Director of Marketing	12 April 2013	4	4	100
5	Pramusti Indrascaryo	Director of Finance	12 April 2013	4	4	100
6	Andjang Kusumah	Director of Human Resources	07 March 2012	4	4	100

MEETING OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

DATE, AGENDA, RESOLUTION, VENUE, AND PARTICIPANTS OF JOINT MEETINGS OF THE BOARD OF COMMISSIONERS AND DIRECTORS

In 2016, the Directors and Board of Commissioners have discussed issues faced by the Company, its performance and strategies related to the management of the Company, as follows:

No.	Day/Date	Meeting Agenda	Resolution	Venue	Meeting Participants
1	25-Feb-16	Discussion of Audited Management Report of PT Bio Farma (Persero) for Fiscal Year 2015	1. In general, Company performance in 2015 compared with its plan is: realized 102% net sales; realized 101.7% cost of sales & services; realized 104.4% company costs; realized 82.2% investment; realized 107.9% net profit; realized 29.59% net profit margin. Total assets/liabilities and equity was Rp5.68 trillion or 156.6% realization. 2. The Board of Commissioners acknowledged the performance realizations of 2015. 3. The Company is requested to improve investment planning strategies to ensure continuity of current sound investments. 4. The Company is requested to consider costs to meet shareholders' expectations. 5. The Company is requested to formulate comprehensive plans on Jasinga land utilization and coordinate more intensively with the Ministry of Finance regarding its future outlook.	Bandung	Board of Commissioners 1. Ahmad Ramli 2. Paruli Lubis 3. Nizar Yamani 4. Ihsan Setiadi Latief 5. Heridadi 6. Mohamad Subuh Directors 1. Juliman 2. Sugeng Raharso 3. Mahendra Suhardono 4. Pramusti Indrascaryo 5. Andjang Kusumah
2	10-Mar-16	1. Discussing Plans to Establish Subsidiary Clinics and Immunization Centers 003/ PRSDM-FORWAN BF/X/2015 2. Issues on Halal Products	1. The Board of Commissioners in principle supported the establishment of spin-off subsidiaries, but improved planning was needed to convince the shareholders. 2. Attaching the Bio Farma name was acceptable, but exclusive names should be given. 3. The Directors were required to list required items and 3 products ready and not ready for halal certification from MUI.	Bandung	Board of Commissioners 1. Ahmad Ramli 2. Paruli Lubis 3. Nizar Yamani 4. Ihsan Setiadi Latief 5. Heridadi 6. Mohamad Subuh Directors 1. Iskandar 2. Juliman 3. Sugeng Raharso 4. Mahendra Suhardono 5. Pramusti Indrascaryo 6. Andjang Kusumah



No.	Day/Date	Meeting Agenda	Resolution	Venue	Meeting Participants
3.	08-Apr-16	1. Discussion of Letters of the Directors Number: 01155/DIR/III/2016 dated 24 March 2016, Number: 01221/DIR/III/2016 dated 30 March 2016, Number: 01222/DIR/III/2016 Dated 30 March 2016, and Number: 01223/DIR/III/2016 dated 30 March 2016 2. Miscellaneous	1. The Directors are suggested to invite corporate lawyers experienced in the legal positions of holdings (Consultant Fred Tumbuan) to a workshop to discuss plans on holding concepts. The Deputy Minister of SOE should be informed of the plan. 2. The proposed new core business might affect polio production and needs to be considered further. 3. A core business matrix between Kimia Farma, Indo Farma, and Bio Farma should be drafted for submission to the shareholder. 4. Long-term company plan should be developed alongside as reference. 5. The proposal to increase Reserved Capital from the Legal Bureau of the Ministry of SOE Is to be considered following GMS resolution on dividend payments. 6. Excessing the 2015 investment realization does not require Board of Commissioners' approval because it only shifted. The Ministry of SOE suggested that excess estimates in 2016, if any, should be revised and required Commissioners' approval. 7. Discussed programs, including holdings and concerns of polio eradication by 2020, should be taken seriously. 8. Changes in the organizational structure affected Bio Farma as a whole, not only one Directorate. Approval was not given until further review. 9. Proposed further meetings with MUI, Fatwa Commission, and Legal Division to provide assistance. The MUI and Fatwa Commission were ready to assist Bio Farma on the halal criteria.	Bandung	Board of Commissioners - Ahmad Ramli - Paruli Lubis - Nizar Yamani - Ihsan Setiadi Latief - Heridadi - Mohamad Subuh Directors - Iskandar - Juliman - Sugeng Raharso - Mahendra Suhardono - Pramusti Indrascaryo - Andjang Kusumah

MEETING OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

No.	Day/Date	Meeting Agenda	Resolution	Venue	Meeting Participants
4	15-Jul-16	- Discussion on verification of the Forwan BF Letter by the Team Committee - Miscellaneous	- Recommendation on correspondence (Forwan letter) and written response from the Directors may be inappropriate. It is better to summon the relevant persons and communicate directly. - Verification findings of correspondence recommended the Directors to approach and discuss the matter with employees. - Each Director is to provide input/corrections in writing on the conclusions and recommendations of the Team Committee to the Board of Commissioners. The second draft is to be discussed before being finalized. Directors and Board of Commissioners are expected to be unanimous before submission to the Deputy. - Non-performing employees should be given sanctions, preferably income-related, as deterrence and discipline in personnel development (personnel management by consequence). - Union members and their presence should be proportional with regard to position and membership in accordance with prevailing laws, including on rights and obligations of its management and members. If they did not meet their quota, they should not have voting rights. - Union members stating untruths and public lies are to be sanctioned. - It is suggested that all employees should be subject of FPT by a consultant to ensure personnel placement is by competence. This is one solution expected to prevent repeat incidents. - The Board of Commissioners in principle agreed on the proposal to establish the corporate legal division under the Directorate of Finance. The letter of approval is to be prepared shortly. - The Directors should be aware of business intelligence and media management concerning the fake vaccine news. Bio Farma was alleged to be involved and media management is necessary to prevent misinformation. - Plan to call a Joint Meeting of the Board of Commissioners and Directors of 25 July 2016 in Jakarta with the agenda of agreement with Forwan (BOD and BOC).	Bandung	- Board of Commissioners - Ahmad Ramli - Paruli Lubis - Nizar Yamani - Ihsan Setiadi Latief - Heridadi - Mohamad Subuh - Directors - Iskandar - Juliman - Sugeng Raharso - Mahendra Suhardono - Pramusti Indrascaryo - Andjang Kusumah



INFORMATION ON PRIMARY SHAREHOLDERS AND CONTROLLING SHAREHOLDERS, DIRECT AND INDIRECT, TO INDIVIDUAL OWNERS

As a State Owned Enterprise, all of the shares of PT Bio Farma (Persero) are owned in their entirety by the Government of the Republic of Indonesia. As of 31 December 2016, Bio Farma was a Non-Listed Company, thus the public and the Bio Farma Board of Directors and Board of Commissioners did not own any Bio Farma shares. As such, Bio Farma does not present Information regarding its primary or controlling shareholder (the party who both directly or indirectly owns at least 20% (twenty percent) voting rights from whole voting rights shares established by a Company but non-controlling shares), either directly or indirectly, down to the individual owner.

DISCLOSURE OF AFFILIATIONS BETWEEN MEMBERS OF THE BOARD OF DIRECTORS, BOARD OF COMMISSIONERS, AND PRIMARY AND/OR CONTROLLING SHAREHOLDERS OF THE COMPANY

AFFILIATIONS BETWEEN MEMBERS OF THE BOARD OF DIRECTORS, MEMBERS OF THE BOARD OF COMMISSIONERS, AND THE PRIMARY AND/OR CONTROLLING SHAREHOLDERS

STATEMENT OF INDEPENDENCE AND POTENTIAL OF CONFLICTS OF INTEREST

On 26 April 2016, each Director issued a statement of independence to assert their status of independence. Each Director shall report any change of status that impact to their independence, including changes in both private and family share ownership in Bio Farma and other companies. The Corporate Secretary is duty-bound to ensure the practice is conducted in accordance with GCG principles.

Directors' independence is established to ensure all and every management matters of the Company and relationships with other parties are free from

external interventions or in contravention of prevailing regulations and Bylaws of the Company, which could materially disturb the objectivity and autonomy of the Directors' duties in the interests of the company.

In 2016, the members of the Board of Commissioners and Directors do not have conflicting interests in decision-making. In their capacity, the Directors are not affiliated with the Board of Commissioners, Primary Shareholders, and/or Controlling Shareholders (SOE Ministry). Statement of Independence has been signed by all of Board of Directors members.

Stament of Independence from Potential Conflicts of Interest by The Board of Directors

Iskandar	1. Has never been involved in a disrespectful act in the field of banking, finance, and other businesses, has never been convicted for any criminal act, and is currently not under any penalty or prohibition from becoming a member of a company's management, as regulated in the prevailing provisions and laws.
Andjang Kusumah	2. Is able to conduct legal actions and has not been declared bankrupt nor been part of a member of the Board of Directors or the Board of Commissioners of a company that has been convicted to have caused a company's bankruptcy as decreed by a legal court within the period of five years prior to the appointment.
Mahendra Suhardono	3. Is willing to not take any concurrent position as: - Member of the Board of Commissioners of a State-Owned Enterprise, Regional State-Owned Enterprise, privately-owned enterprise, or other positions that may result in a conflict of interest; - Other positions as regulated by the prevailing laws.
Juliman Fuad	4. Fully carries out the principles of Good Corporate Governance that emphasizes the principles of transparency, accountability, responsibility, independence, and fairness in the management of the company.
Sugeng Raharso	5. Has no involvement or relationship in managerial, ownership, and/or financial terms with the entire entities within the business group of the shareholders of similar companies.
Pramusti Indrascaryo	6. Is willing to not perform any transaction in any form either directly or indirectly via other parties that are related to their position at Bio Farma, where the person or the family of the person has interest or receives benefits accordingly.
	7. Is not holding any position as an official of any political party and/or member or candidate of the legislative body or as the leader or deputy leader of the regional government.
	8. Has no blood relation up to the third degree along the vertical line as well as the horizontal line nor relation due to marriage with another member of the Board of Commissioners or the Board of Directors.
	9. Is willing to fully avoid any potential conflict of interest that may affect the operational decision-making within the company.

Board of Directors' independence are also depicted in family relationship. Each of Board of Directors, Board of Directors and Board of Commissioners and Board of Commissioners with Primary or Controlling Shareholders does not have family relationship until the third degree either vertically or horizontally including as a result of marriage.

No.	Name	Family Relationship with		
		Other Board of Directors	Board of Commissioners	Shareholders
1.	Iskandar	-	-	-
2.	Andjang Kusumah	-	-	-
3.	Mahendra Suhardono	-	-	-
4.	Juliman Fuad	-	-	-
5.	Sugeng Raharso	-	-	-
6.	Pramusti Indrascaryo	-	-	-



SHARE OWNERSHIP OF BOARD OF DIRECTORS' MEMBERS AND FAMILY

Until 31 December 2016, each of Board of Director members does not own shares at PT Bio Farma (Persero), other State Owned Enterprise and other Companies. Therefore, each of Board of Director members has met independence criteria stipulated in the Minister of State-Owned Enterprises Regulation No. PER-01/MBU/2011.

Name	Share Ownership		
	Private in Company	Family in Company	Private/ Family in Company
Iskandar	-	-	-
Andjang Kusumah	-	-	-
Mahendra Suhardono	-	-	-
Juliman Fuad	-	-	-
Sugeng Raharso	-	-	-
Pramusti Indrascaryo	-	-	-

OTHER POSITION AND CONFLICT OF INTEREST OF BOARD OF COMMISSIONERS

In 2016, each Board of Commissioner members do not have other position as member of Board of Commissioners, member of Board of Directors or Executive Officers in other State Owned Enterprises, Companies and other Institutions which are depicted in the following table.

Other Position on Board of Commissioner

Name	Position	Start to hold the position	As member of Board of Commissioners in other State Owned Enterprise/ Companies/ Institutions		As member of Board of Directors in other State Owned Enterprise/ Companies/ Institutions		As member of Executive Officers in other State Owned Enterprise/ Companies/ Institutions	
			Yes	No	Yes	No	Yes	No
Ahmad M. Ramli	President Commissioner	23-Jan-14		√		√		√
Paruli Lubis	Commissioner	05-Nov-12		√		√		√
Nizar Yamani	Commissioner	28-Mei-12		√		√		√
Ihsan Setiadi Latief	Commissioner	01-Mei-13		√		√		√
Heridadi	Commissioner	23-Jan-14		√		√		√
H.M. Subuh	Commissioner	22-Jun-15		√		√		√

AUDIT COMMITTEE

THE INDEPENDENCE OF AUDIT COMMITTEE IS ESTABLISHED TO IMPLEMENT THEIR DUTIES AND RESPONSIBILITIES OR RELATIONSHIP WITH OTHER PARTIES

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.

BACKGROUND ON THE FORMATION OF THE AUDIT COMMITTEE

1. The Audit Committee is formed on the basis of Article 70 paragraph (1) of Law Number 19 Year 2003 on State-owned Enterprises. The Law legally requires the Board of Commissioners to form an Audit Committee to work collectively and monitor the company.
2. Additional legal bases of the Audit Committee are SOE Ministerial Regulation No. PER-05/MBU/2006 dated 20th December 2006 on Audit Committees in State-owned Enterprises as revised by SOE Ministerial Regulation No. PER-12/MBU/2012 dated 24th August 2012 on Supporting Organs of the Board of Commissioners/ Board of Trustees of SOEs.
3. The Audit Committee of PT Bio Farma (Persero) was formed in 2003 following the mandate of Decree No. 023/KEP/DK/BF/2003 dated 29 August 2003 on the Establishment of the Audit Committee of PT Bio Farma (Persero). The Audit Committee is formed to assist the Board of Commissioners to supervise the management of the Company in accordance with the principles of good corporate governance.
4. The most recent revision of the Audit Committee's mandate is the Decree of the Board of Commissioners No. KEP-15/DK/BF/VII/2014 dated 1st July 2014 on the Appointment of Members of the Audit Committee of PT Bio Farma (Persero).

APPOINTMENT AND DISCHARGE OF THE AUDIT COMMITTEE

The appointment and discharge of the members of the Audit Committee are based on SOE Ministerial Regulation No. PER-12/MBU/2012 dated 24th August 2012, which stipulates that the Chair and Members of the Audit Committee may be appointed and discharged by Board of Commissioners and notified to the GMS.

The Chair of the Audit Committee is an independent member of the Board of Commissioners or an independently-acting member. A Committee member concurrently serving in the Board of Commissioners is automatically discharged following the expiry of his tenure in the Board. Members of the Audit Committee may be from the Board of Commissioners or from outside the Company.

The maximum tenure for the non-Commission members of the Audit Committee is 3 (three) years and may be extended once during 2 (two) office terms without prejudice to the Board of Commissioners' rights to discharge at any time.

DECREES OF THE BOARD OF COMMISSIONERS OF BIO FARMA ON COMPOSITION OF THE AUDIT COMMITTEE

1. No. 023/KEP/DK/BF/2003 dated 29 August 2003 on the Establishment of the Audit Committee of PT Bio Farma (Persero);
2. No. 71/KEP/DK/BF/2006 dated 22 August 2006 on the Extension of Tenure of External Members of the Audit Committee of PT Bio Farma (Persero);
3. No. KEP-50/KEP/BF/XII/2007 dated 31st December 2007 on the Discharge and Appointment of the Chair and Members of the Audit Committee of PT Bio Farma (Persero);

4. No. KEP-50A/DK/BF/XII/2007 dated 31st December 2007 on the Appointment of the Secretary of the Audit Committee of PT Bio Farma (Persero);
5. No. KEP-64/DK/BF/XII/2009 dated 28th December 2009 on the Extension of Tenure of Members of the Audit Committee of PT Bio Farma (Persero) for 2010/2011;
6. In accordance with the Decree of the Board of Commissioners of Bio Farma (Persero) No. KEP05/DK/BF/II/2012 dated 7th February 2012, membership of the Audit Committee consists of 4 (four) members: 2 (two) concurrent Commissioners as Chair and Vice Chair serving concurrently as member, and 2 (two) independent members. Composition of the Audit and Remuneration Committee is as follows:

No.	Name	Position
1	Chaizi Nasucha	Chairperson
2	Ahmad M. Ramli	Concurrent Deputy of Chairperson and Member
3	M. Iqbal Alamsjah	Member (external)
4	Dadang E. Sukarsa	Member (external)

7. In accordance with the Decree of the Board of Commissioners of Bio Farma (Persero) No. KEP10/DK/BF/XI/2012 dated 22 November 2012 of the Discharge and Appointment of Chairperson and Deputy of Chairperson of Audit and Remuneration Committee.

The membership composition of the Audit Committee consists of 3 (three) members: 1 (one) concurrent Commissioner as Chair and 2 (two) independent members. Composition of the Audit and Remuneration Committee is as follows:

No.	Name	Position
1	Paruli Lubis	Chairperson
2	M. Iqbal Alamsjah	Member (external)
3	Dadang E. Sukarsa	Member (external)

8. In accordance with the Decree of the Board of Commissioners of Bio Farma (Persero) No. KEP-10/DK/BF/IV/2013 dated 15th April 2013.
9. Membership of the Audit Committee consists of 4 (four) members: 2 (two) concurrent Commissioners as Chair and Vice Chair serving concurrently as member, and 2 (two) independent members. Both Chair and Vice Chair of the Audit Committee assumes office for 3 (three) years. Composition of the Audit Committee is as follows:

No.	Name	Position
1	Paruli Lubis	Chairperson
2	Ahmad M. Ramli	Concurrent Deputy of Chairperson and Member
3	M. Iqbal Alamsjah	Member (external)
4	Dedi Sopyan	Member (external)

10. In accordance with the Decree of the Board of Commissioners of Bio Farma No. KEP-18/DK/BF/XII/2013 on the Honourable Discharge of the Members of the Audit Committee of PT Bio Farma (Persero), the following:

No.	Name	Position
1	M. Iqbal Alamsjah	Member (external)
2	Dedi Sopyan	Member (external)

Were appointed in accordance with Decrees of the Board of Commissioners No. KEP-01/DK/BF/I/2012, KEP-02/DK/BF/I/2012 dated 20 January 2012, and KEP-10/DK/BF/IV/2013 dated 15 April 2013. Bio Farma expresses its utmost gratitude for their service and dedication while serving as members of the Audit Committee of PT Bio Farma (Persero). The Decree of the Board of Commissioners of PT Bio Farma (Persero) is effective on 1 January 2014.

AUDIT COMMITTEE

11. In accordance with the Decree of the Board of Commissioners of PT Bio Farma (Persero) No. KEP01/DK/BF/II/2014 dated 23 January 2014 on the Extension and Appointment of the Audit Committee of PT Bio Farma (Persero):

- a. Extends the tenure of Dedy Sopyan as member of the Audit Committee of PT Bio Farma (Persero) to May 2014.
- b. Appoints Abu Bakar as member of the Audit Committee of PT Bio Farma (Persero) with a tenure of 3 (three years)..

12. Decree of the Board of Commissioners No. Kep-05 / DK / BF / II / 2014 dated 19-Feb-14 regarding Appointment of Audit Committee of PT Bio Farma(Persero) Board of Commissioners of PT Bio Farma (Persero) and then renewed by Letter Decision

13. In accordance with the Decree of the Board of Commissioners of PT Bio Farma (Persero) No. KEP-15/DK/BF/VII/2014 dated 1st July 2014 on the Appointment of the Audit Committee of PT Bio Farma (Persero), the Board:

- Appoints M. Asawir Harahap as member of the Audit Committee of PT Bio Farma (Persero) with a tenure of 3 (three years).

14. In accordance with the Decree of the Board of Commissioners of Bio Farma (Persero) No. KEP-15/ DK/BF/VII/2014 dated 1st July 2014, membership of the Audit Committee consists of 4 (four) members: 2 (two) concurrent Commissioners as Chair and Vice Chair serving concurrently as member, and 2 (two) independent members:

No.	Name	Position
1	Paruli Lubis	Chairperson
2	Herman L. Djuni*	Deputy of Chairperson
3	Abu Bakar	Member (external)
4	M. Asawir Harahap	Member (external)

15. In accordance with the Decree of the Board of Commissioners of Bio Farma (Persero) No. KEP10/DK/BF/09/2015 dated 30 September 2015, membership of the Audit Committee consists of 4 (four) members: 2 (two) concurrent Commissioners as Chair and Vice Chair serving concurrently as member, and 2 (two) independent members:

No.	Name	Position
1	Paruli Lubis	Chairperson
2	Ihsan S. Latief	Deputy of Chairperson
3	Abu Bakar	Member (external)
4	M. Asawir Harahap	Member (external)

Both Chair and Vice Chair of the Audit Committee assumes office for 2 (three) years. The tenure of the Audit Committee is stipulated in the Decree of the Board of Commissioners No. 15/DK/BF/VII/2014 dated 1 July 2014 and KEP-05/DK/BF/II/2014 dated 19 February 2014 without prejudice to the Board of Commissioners' rights to discharge members at any time.

NAMES AND POSITIONS OF THE MEMBERS OF THE AUDIT COMMITTEE

Members of the Audit Committee are not Bio Farma employees, vendors, nor do they have any conflicting interests in Bio Farma. The Board of Commissioners appoints and discharges the Chair/Member of the Committee by means of a Decree of the Board of Commissioners and submitted to the SOE Ministry as shareholder.



As of 31 December 2016, the composition of PT Bio Farma (Persero) Audit Committee is as follows:

No	Name	Position	Decree
1	Paruli Lubis	Chairperson	Decree of Board of Commissioners Number KEP-15/DK/BF/VII/2014 dated 1 July 2014 and renewed with Decree of Board Of Commissioners Number KEP-10/DK/BF/09/2015, dated 30 September 2015
2	Ihsan Setiadi Latief	Concurrent Deputy of Chairperson and Member	Decree of Board Of Commissioners Number KEP-10/DK/BF/09/2015, dated 30 September 2015
3	Abu Bakar	Member (external)	Decree of Board of Commissioners Number KEP-15/DK/BF/VII/2014 dated 1 July 2014 and renewed with Decree of Board Of Commissioners Number KEP-10/DK/BF/09/2015, dated 30 September 2015
4	M. Asawir Harahap	Member (external)	Decree of Board of Commissioners Number KEP-15/DK/BF/VII/2014 dated 1 July 2014 and renewed with Decree of Board Of Commissioners Number KEP-10/DK/BF/09/2015, dated 30 September 2015

EDUCATIONAL BACKGROUND AND WORKING EXPERIENCE OF THE AUDIT COMMITTEE MEMBERS

PT Bio Farma (Persero) Audit Committee was led by a Chairperson who was a member of Board of Commissioners. He/ she was assisted by a Deputy of Chairperson who was also a member and 2 (two) Committee members who had educational and expertise qualification in auditing. This matter can be seen in Committee Audit profile as follows:

Brief Summary of Committee Audit Members.



Legal basis of appointment of Concurrent Deputy of Chairperson and Member of Audit Committee is Decree Board of Commissioners Number KEP-10/DK/BF/09/2015, dated 30 September 2015.

Do not affiliate with Board of Directors member and Board of Commissioners member, other Committee members or shareholders.



Indonesian citizen. Domiciled in Jakarta. Age as of 31 December 2015 was 52. 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.

Legal basis of appointment as Committee Audit member is Decree of Board of Commissioners Number KEP-01/DK/BF/1/2014 dated 23 January 2014 renewed with Decree of Board of Commissioners Number KEP-01/DK/BF/09/2015 dated 30 September 2015. He did not affiliate with Board of Directors and Board of Commissioners members and other Committee members or shareholders.

AUDIT COMMITTEE



Legal basis of appointment as Committee Audit member is Decree of Board of Commissioners Number KEP-01/DK/BF/1/2014 dated 23 January 2014 renewed with Decree of Board of Commissioners Number KEP-01/DK/BF/09/2015 dated 30 September 2015. He did not affiliate with Board of Directors and Board of Commissioners members and other Committee members or shareholders.

Do not affiliate with Board of Directors member and Board of Commissioners member, other Committee members or shareholders.



Indonesia citizen. Domiciled in Jakarta. Age as of 31 December 2015 was 70. Born in Padangsidempuan, 11 August 1946. Graduated from Indonesian State College of Accountancy (1975). He had a wide range of experiences as an Auditor in SOE and Municipal Company in Directorate of State Accountant (1969). Head of Supervisory Section of Municipal Revenue and Expenditure Budgetary at Regional Office VII Palembang (1981). Head of Supervisory Section for Supervisory Sector of Trading and Mining and Energy Service at Regional Office VII Directorate General of State Finance Supervisory Palembang (1982). Head of Supervisory Mining and Energy, Supervisory Sector of State Owned Enterprises/ Municipal Owned Enterprises II at Representation Unit of State Development Audit Agency at South Sumatera Province (1984). Head of Supervisory of Industry 3, Supervisory Sector of State Owned Enterprises/ Municipal Owned Enterprises I at Representation Unit of State Development Audit Agency Jakarta Capital Special Region (1985). Head of Supervisory Sector of Expenditure II Representation Unit of State Development Audit Agency at South Sumatera Province (1993). Head of Supervisory Sector, Supervisory Sector of State Owned Enterprises/ Municipal Owned Enterprises I at Representation Unit of State Development Audit Agency East Java Province (1996). Head of Representation (Echelon II) at Revenue Supervisory Sector Deputy Unit (1998). Director of Tax Revenue Supervisory in Revenue Supervisory Sector Deputy Unit (2001). Director of Supervisory of Governmental Institution of Security and Defence Sector in Political Social and Security Sector of Government Institution Supervisory Deputy Unit (2001). Head of Representation (Echelon II) of State Development Audit Agency of East Java Province (2002). Deputy (Echelon I) at State Accountant Sector Deputy Unit. Moreover, he had wide range of experience in Auditing/ Supervisory for 35 years in State Company, SOE and Municipal Owned Entities. Independent Commissioners at PT Indofarma Global Medika. Chairperson of Supervisory Institution for Family Foundation of State Development Audit Agency Dharma Satya Parahita. Audit Committee of PT Indofarma (Persero) Tbk, PT Kimia Farma (Persero) Tbk and PT Taspen (Persero). He was appointed as PT Bio Farma (Persero) Audit Committee Member since 1 July 2014.

Decoration

Satya Lencana Karya Satya xxx (1996)

Legal basis of Committee Audit Member appointment is Decree of Board of Commissioners Number KEP-15/DK/BF/VII/2014 dated 1 July 2014 renewed with Decree of Board of Commissioners Number KEP-10/DK/BF/09/2015 dated 30 September 2015. He or she does not affiliate with Board of Directors or Commissioners Members or other Committee members or shareholders.

Members of the Audit Committee may be appointed and discharged by Board of Commissioners and notified 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.



QUALIFICATIONS AND EXPERIENCES OF THE AUDIT COMMITTEE

EDUCATION QUALIFICATIONS OF THE AUDIT COMMITTEE

1. Members of the Audit Committee must satisfy the following requirements :
 - a. Sound integrity and in-depth knowledge and experience on the tasks pertaining to monitoring/ auditing.
 - b. Not in a position where personal interests will cause adverse effects and conflicts of interest to the Company.
 - c. Able to communicate effectively.
 - d. Adequate time to fulfil his duties.
 - e. Other additional requirements as set out in the Audit Committee Charter, if required..
2. At least one member of the Audit Committee must be trained or experienced in accounting or finance, and at least one member must thoroughly understand the Company's industry/business.

PT Bio Farma Audit Committee Members have satisfied all the established requirements which can be seen below.

Name	Position	Decree of Appointment	Education Background	Working Experience
Paruli Lubis	Chairperson	Decree of Board of Commissioners Number KEP-10/DK/BF/XI/2012 dated 22 November 2012 renewed with Decree of Board of Commissioners Number KEP-15/DK/BF/VII/2014 dated 1 July 2014 and renewed with Decree of Board of Commissioners Number KEP-10/DK/BF/09/2015 dated 30 September 2015.	- Bachelor Degree of The Indonesian State College of Accountancy - Master Program of Business Administration in Washington University, Saint Louis, US	- Started his own career in Republic of Indonesia Ministry of Finance - Head of Regional Office XXVII Directorate General of Budget in Manado - Director of Budget Implementation - Director of Treasury Systemn - Director of Treasury Transformation, Directorate General of Treasury of Republic of Indonesia Ministry of Finance
Ihsan Setiadi Latief	Concurrent Deputy of Chairperson and Member	Decree of Board of Commissioners Number KEP-10/DK/BF/09/2015 dated 30 September 2015.	- Bachelor Degree in Faculty of Ushuluddin majoring in Aqidah Philosophy Sunan Gunung Djati State Islamic Institute, Bandung - Master Program of Social Science majoring in Primary Research Field of Communication Science at Padjadjaran University - Doctorate Program in Doctorate Graduate School at Padjadjaran University with concentration of Primary Research Book of Communication Science	- He is active Indonesian Association of Muslim Intellectuals (ICMI), The Organization of Madani Society, Community of Communication Consultation (Konklusi) and the Islam United. - Lecture at Persatuan Islam Islamic College (STAI Persis) - Chairperson III of Persatuan Islam Teacher and Education Science College (STKIP Persis) - Chairperson of STKIP Persis - Adjunct Lecture of Communication and Councelling at Jenderal Achmad Yani Health Science College (Stikes Unjani), Bandung - Adjunct Lecture of Communication and Negotiation at Al-Azhar Indonesia University and Bung Karno University, Jakarta - Established Citra Insan Mandiri Foundation which is active in Dakwah, Social and Society

AUDIT COMMITTEE

Name	Position	Decree of Appointment	Education Background	Working Experience
Abu Bakar	Audit Committee Member	Decree of Board of Commissioners Number KEP-15/DK/BF/VII/2014 dated 1 July 2014 and renewed with Decree of Board of Commissioners Number KEP-10/DK/BF/09/2015 dated 30 September 2015.	Bachelor Degree of Faculty of Economy majoring in Accounting, Syiah Kuala University	- Middle Auditor in SOE Ministry Office - Audit Committee Member at PT PNM and other institution.
M. Asawir Harahap	Audit Committee Member	Decree of Board of Commissioners Number KEP-15/DK/BF/VII/2014 dated 1 July 2014 and renewed with Decree of Board of Commissioners Number KEP-10/DK/BF/09/2015 dated 30 September 2015.	Bachelor of The Indonesian State College of Accountancy	- Auditor at State Company Sector and Municipal Company at Directorate of State Accountant - Head of Supervisory Section in several Units and Regional Office VII Directorate General of State Finance Supervisory, Palembang - Head of Supervisory Section of Industry Supervisory Field, Regional Office VII, Directorate General of State Finance Supervisory, Palembang, State Development and Audit Agency Representation Unit, South Sumatera Province - Representation Unit of State Development and Audit Agency, Jakarta Capital Special Region State Development and Audit Agency Representation of East Java Province - Head of Representation (Echelon II) at Revenue Supervisory Sector Deputy Unit - Director of Tax Revenue Supervisory at Revenue Supervisory Field Deputy Unit - Director of Government Institution Supervisory in Defence and Security Field at Political, Social, and Security Field Government Institution Supervisory Deputy Unit - Head of Representation (Echelon II) State Development and Audit Agency Unit, East Java Province - Deputy (Echelon I) at State Accountant Field Deputy Unit - Auditor and Supervisory for 35 years in State Company for State/ Municipal Owned Enterprises - Independent Commissioners at PT Indofarma Global Medika - Chairperson of Supervisory Institution for Family Foundation of State Development Audit Agency Dharma Satya Parahita. - Audit Committee of PT Indofarma (Persero) Tbk, PT Kimia Farma (Persero) Tbk and PT Taspen (Persero)



INDEPENDENSI ANGGOTA AUDIT COMMITTEE

Audit Committee Member independence has been stated in Committee Audit Charter that each of member should satisfy the following qualifications

1. Sound integrity, satisfactory skill, knowledge, and understanding in his field and able to communicate effectively.
2. At least one member of the Audit Committee must be trained or experienced in accounting or finance.
3. Satisfactory skill to read and understand financial statements.
4. Satisfactory knowledge on capital market regulations and other relevant regulations.
5. Able to communicate effectively.
6. Adequate time to fulfil his duties.
7. Not currently employed in a Public Accounting Firm, Legal Consultant Office, or other parties providing audit services, non-audit services, or other consulting services to the Company in the last 6 (six) months prior to appointment by the Commissioners.
8. Not in capacity to authorise and responsible for planning, leading, or controlling Company activities in the last 12 (twelve) months.
9. Not hold membership in the Audit Committee in other SOEs/Companies
10. Does not have:
 - a. Kinship from marriage and kinship up to the second degree, either horizontally or vertically, with the commissioners, directors, or primary shareholder of the Company; and/or,
 - b. Business relations, both directly and indirectly, with relevance to the Company's business.

Each of Audit Committee member does not affiliate with members of other Audit Committee, Risk, Development and GCG Committee with Board of Directors, Board of Commissioners and Controlling/Primary Shareholders.

The Audit Committee's independence is established to ensure all and every management matters of the Company and relationships with other parties are free from external interventions or in contravention of prevailing regulations and Bylaws of the Company, which could materially disturb the objectivity and autonomy of the Committee's duties in the interests of the company.

All Audit Committee members do not have any kinship ties up to the third degree horizontally or vertically from marriage with other Committee members, nor with the Risk, Development, and GCG Committee, nor with the Directors, nor with the Board of Commissioners, and nor with Primary or Controlling Shareholders.



In conducting their duties, the Audit Committee has had Audit Committee Charter legalized on 1 July 2014

AUDIT COMMITTEE

Audit Committee's Statement of Independence Potential Conflict of Interest

Paruli Lubis	1. Have no financial or managerial relations or share ownership.
Ihsan Setiadi Latief	2. Have no private interest / relations that can have negative impact and conflict of interest against the relevant SOE.
Abu Bakar	3. Not related by blood to 3rd degree either vertically or horizontally or as a result of marriage with the Members of the Board of Commissioners or the Board of Directors, Major Shareholder and / or Controller.
M. Asawir Harahap	4. Not also a member of a committee in other companies.
	5. If the members of the Risk, Development and GCG Committee comes from a particular institution, the institutions in which members of the Risk Committee, Development and GCG comes from may not provide services to the Company.
	6. Does not have the following activities:
	a. Serving as a board in political parties and / or candidates / members of the legislative and / or a candidate or as head / deputy head of the regional administration.
	b. Another position that may pose a conflict of interest related to the position with the Company.
	c. Avoiding conflicts of interest that may affect the supervision of a Risk, Development & GCG Committee of PT Bio Farma (Persero).

Affiliation of Audit Committee Committee

The affiliation between Committee, Board of Directors, Board of Commissioners and Controlling Shareholders, encompasses:

1. Affiliation between member of Risk, Development and GCG Committee with member of Board of Directors;
2. Affiliation between member Risk, Development and GCG Committee with member of Board of Commissioners;
3. Affiliation between member Risk, Development and GCG Committee with Controlling Shareholders;
4. Affiliation between member of Risk, Development and GCG Committee with member of other Committees;

Family Relationship and Audit Committee Member Relationship

Until 31 December 2016, each of PT Bio Farma (Persero) members does not have any family relationship and financial interest with Board of Directors, Board of Commissioners, Shareholders and other Audit Committee.

Name	Posotion	Start to Serve	Hubungan Keluarga dengan								Hubungan Keuangan dengan							
			Board of Commissioner		Board of Commissioner		Shareholders		Committee		Board of Commissioner		Board of Commissioner		Shareholders		Committee	
			Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Paruli Lubis	Chairperson	22-Nov-12	√		√		√		√		√		√		√		√	
Ihsan Setiadi Latief	Concurrent Deputy of Chairperson and Member	30-Sep-15	√		√		√		√		√		√		√		√	
Abu Bakar	Member	23-Jan-14	√		√		√		√		√		√		√		√	
M. Asawir Harahap	Member	01-Jul-14	√		√		√		√		√		√		√		√	



Share Ownership of Audit Committee Members and Their Families

Until 31 December 2016, each of Audit Committee Members does not have share in PT Bio Farma (Persero), other SOEs or Companies and there are no share ownership both privately or families.

Name	Position	Start to Serve	Share Ownership (Shares)					
			PT Bio Farma (Persero)		Other SOEs		Other Companies	
			Yes	No	Yes	No	Yes	No
Paruli Lubis	Chairperson	22-Nov-12		√		√		√
Ihsan Setiadi Latief	Concurrent Deputy of Chairperson and Member	30-Sep-15		√		√		√
Abu Bakar	Member	23-Jan-14		√		√		√
M. Asawir Harahap	Member	01-Jul-14		√		√		√

Name	Position	Start to Serve	Share Ownership (Shares)					
			Private to other Companies		Families to other Companies		Private/ Families to other Companies	
			Yes	No	Yes	No	Yes	No
Paruli Lubis	Chairperson	22-Nov-12		√		√		√
Ihsan Setiadi Latief	Concurrent Deputy of Chairperson and Member	30-Sep-15		√		√		√
Abu Bakar	Member	23-Jan-14		√		√		√
M. Asawir Harahap	Member	01-Jul-14		√		√		√

Name	Position	Start to Serve	Does Not Have Management Relationship in Subsidiaries or Affiliations		Does not serve as Caretaker of Political Party, Officer and Government		– Does not serve as Committee in other Companies	
			Yes	No	Yes	No	Yes	No
				√		√		√
Ihsan Setiadi Latief	Concurrent Deputy of Chairperson and Member	30-Sep-15		√		√		√
Abu Bakar	Member	23-Jan-14		√		√		√
M. Asawir Harahap	Member	01-Jul-14		√		√		√

AUDIT COMMITTEE

**JOB DESCRIPTIONS AND
RESPONSIBILITIES OF AUDIT
COMMITTEES**

In conducting their duties, the Audit Committee has Audit Committee Charter legalized on 1 July 2014. The Audit Committee Charter contains background, vision, mission, view and objective, position, membership, rights and authorities, duties and responsibilities, relationship with related counterparts, meeting, reporting and conflict and code of ethics as guidelines for Audit Committee

In accordance with the Audit Committee Charter, the duties and responsibilities of the Audit Committee are:

Audit Committees Primary Duties

1. The Audit Committee is duty-bound to provide opinions to the Board of Commissioners on reports or other issues submitted by the Directors, identify matters which require the Board of Commissioners' attention, and discharge duties pertaining to duties of the Board of Commissioners, such as:
 - a. Ensure the effectiveness of internal control systems and effectiveness of external and internal auditors;
 - b. Ensure the placement of satisfactory review procedures on information disclosed by the company for, among others, routine financial statements, projections/forecasts, and other financial information to be reported to shareholders;
 - c. Assess the planning and audit results done by the IOU (internal auditors) and external auditors to ensure that the conduct and report of audits satisfies auditing standards;
 - d. Offer recommendations to improve internal control systems of the company and the implementation of such;
 - e. Identify matters requiring Board of Commissioners' attention;

- f. Conduct other duties assigned by the Board of Commissioners provided such duties are within the purview and responsibility of the Board of Commissioners.
2. The Audit Committee prepares annual programmes/work plans containing schedules and allocates required resources.
3. The Audit Committee must maintain the secrecy of documents, data, and information of the Company obtained in the discharge of its duties.
4. 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.
5. Evaluate and analyze the remuneration system including the honorarium, allowances and facilities that have been or will be given to the management and employees.

**Conducting other duties delegated by Board
of Commissioners 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.



Rights and Authorities

1. New members of the Audit Committee are oriented or introduced to the roles, responsibility, and framework of the Committee.
2. The Audit Committee receives authorities and assignments from the Board of Commissioners with consideration to regulations pertaining State-owned Enterprises.
3. In the discharge of its duties, the Audit Committee is authorized to access records or information on employees, funds, and other company resources relevant to its duties.
4. The Audit Committee, in accordance with Letters of Assignment from the Commissioners, has the right to access all Company information from the Directors, IOU, and every other company organ. The Audit Committee is required to study/seek clarification if there are cases/indications of irregularities.
5. The Audit Committee, with approval from the Commissioners, may request advice and assistance from experts and other professionals at the Company's expense.
5. Conducting evaluation of subsidiaries establishment
6. Conducting GCG self assessment of PT Bio Farma (Persero)
7. Conducting Polio Vaccine Sales
8. Conducting meeting of Internal Audit Task Force Audit Result Evaluation for Quarter IV 2015 and Quarter I 2016
9. Conducting internal meeting to follow up PT Bio Farma (Persero) Employee Forum regarding to moratorium call of employee acceptance and unproductive investment
10. Verifying on letter of PT Bio Farma Employee Forum regarding to moratorium call of employee acceptance and unproductive investment with Research and Development Director with relevant Division Heads
11. Verifying on letter of PT Bio Farma Employee Forum regarding to moratorium call of employee acceptance and unproductive investment with Human Resources Directorate, Finance Directorate with relevant Division Heads
12. Verifying on letter of PT Bio Farma Employee Forum regarding to moratorium call of employee acceptance and unproductive investment with Production Director, Marketing Directorate with relevant Division Heads
13. Verifying on letter of PT Bio Farma Employee Forum regarding to moratorium call of employee acceptance and unproductive investment with PT Bio Farma Employee Forum Caretaker
14. Verifying on letter of PT Bio Farma (Persero) Employee Forum regarding to moratorium call of employee acceptance and unproductive investment with PT Bio Farma (Persero) Employee Association Caretaker
15. Visiting, monitoring PT Bio Farma (Persero) Community Development in Garut, West Java to evaluate the Partnership business progress
16. Finalization meeting on verification result of letter of PT Bio Farma (Persero) Employee Forum regarding to moratorium call of employee acceptance and unproductive investment
17. Technical discussion on PT Bio Farma (Persero) Management Report and Financial Statements for period Semester I 2016

Charter of the Audit Committee

In the discharge of its duties, the Audit Committee adheres to its Charter, ratified on 1st July 2014.

ACTIVITIES OF THE AUDIT COMMITTEE IN 2016

In 2015, the Audit Committee has concluded the following duties in accordance with the Audit Committee Work Plan (ACWP) approved by the Board of Commissioners, as follows:

1. Conducting internal discussion of 2015 Audit Committee Work Plan
2. Conducting internal discussion of 2016 PT Bio Farma (Persero) Work Plan
3. Conducting technical discussion of LMP and PKBL 2015 report
4. Conducting evaluation of duty implementation of Djoemarma, Wahyudin & Rekan – Certified Public Accountants;

AUDIT COMMITTEE

18. Conducting evaluation on Audit Committee regarding to the performance decreasing of PT Bio Farma (Persero) in Semester I 2016 where PT Bio Farma (Persero) only achieved net profit of Rp 167.9 billion or 35.91% of Company Work Plan and Budget for Semester I 2016 amounted to Rp 467.8 billion or decreased for 36.41% comparing to Semester I 2015 for Rp 264.2 billion.
19. Review of RKAP Design of PT Bio Farma (Persero) Year 2017.
20. Evaluation of the Audit Committee on the Financial Statements and Management Report of PT Bio Farma (Persero) Quarter III Year 2016.

Audit Committee 2016 Activity Report

No.	Date	Agenda
1	January	Discussion of the Audit Committee 2015 Work Plan and Budget
2	January	Discussion of the PT Bio Farma 2015 Work Plan and Budget
3	January	Technical Discussion of 2014 LMP and PKBL Report
4	February	Assessment of the Duties Implemented by Djoemarma, Wahyudin & Rekan – Certified Public Accountant
5	February	Assessment of Performance and Proposal to Djoemarma, Wahyudin & Rekan – Certified Public Accountant for the 2016 Fiscal Year General Audit.
6	February	PT Bio Farma GCG Self Assessment
7	February	Audit Committee Response to the Request for Approval of the Disposal or Transfer of Damaged or Unproductive Assets.
8	April	Provide Input on the Board of Directors Request for Permission to Undertake Overseas Business Travel
9	April	Audit Committee Assessment of the PT Bio Farma (Persero) First Quarter 2016 Financial Statement
10	April	Audit Committee Assessment of the PT Bio Farma (Persero) First Quarter 2016 Management Report.
11	April	Providing Input on the Board of Directors Request for Permission to Undertake Overseas Travel
12	April	Providing Input on the Board of Directors Request for Permission to Undertake Overseas Travel
13	May	Provide Response to the Request for Approval of the Disposal and/or Transfer of Damaged or Unproductive Assets.
14	May	Providing Input on the Board of Directors Request for Permission to Undertake Overseas Travel
15	May	Audit Committee Feedback on the Request for Approval of the Indonesia Eximbank KMKE Facility
16	June	Synchronizing Depreciation of Fixed Assets Accounting Policy with the Company's Articles of Association
17	June	Audit Committee Assessment of the PT Bio Farma (Persero) Second Quarter 2016 Financial Statement
18	June	Audit Committee Assessment of the PT Bio Farma (Persero) Second Quarter 2016 Management Report.
19	September	Review of Bio Farma Internal Audit Unit Results
20	September	Review and Providing Input on the Draft PT Bio Farma RKAP for Fiscal Year 2017
21	October	Audit Committee Assessment of the Request for Approval to Increase Paid up / Issued Capital in PT Bio Farma (Persero)
22	October	Submission of Findings on Proposed PT Bio Farma (Persero) RKAP and RKA-PKBL for 2016
23	December	Audit Committee Assessment of the Company's (Unaudited) 2015 Management Report



MEETING FREQUENCY AND ATTENDANCE

The Audit Committee conducted regular meeting, 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 2016, the Audit Committee conducted 7 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:

Name	Position	Attendance	% of Attendance
Paruli Lubis	Chairperson	6	85,71 %
Ihsan Setiadi Latief	Concurrent Deputy of Chairperson and Member	4	57,14 %
Abu Bakar	Member (External)	4	57,14 %
M. Asawir Harahap	Member (External)	7	100 %

AUDIT COMMITTEE MEETING AGENDA

2016 AUDIT COMMITTEE MEETING AGENDA

No	Date	Venue	Meeting Agenda	Attendant
1	20 January 2016	Mercure Hotel, Bandung	Technical Discussion on 2015 Management Report of PT Bio Farma (Unaudited)	Paruli Lubis Ihsan Setiadi Latief Abu Bakar M. Asawir Harahap
2	24 February 2016	PT Bio Farma (Persero)	Technical Discussion on 2015 Management Report of PT Bio Farma (Unaudited)	Paruli Lubis Ihsan Setiadi Latief Abu Bakar M. Asawir Harahap
3	27 April 2016	Pakarti Building, Jakarta	Technical Discussion on Quarter I 2016 Management Report of PT Bio Farma	Paruli Lubis Abu Bakar M. Asawir Harahap

AUDIT COMMITTEE

No	Date	Venue	Meeting Agenda	Attendant
4	27 July 2016	Pakarti Building, Jakarta	Technical Discussion on Semester I 2016 Management Report of PT Bio Farma	Paruli Lubis Ihsan Setiadi Latief Abu Bakar M. Asawir Harahap
5	21 October 2016	Pakarti Building, Jakarta	Technical Discussion on Quarter III 2016 Management Report of PT Bio Farma	Paruli Lubis M. Asawir Harahap
6	27 October 2016	Pakarti Building, Jakarta	Technical Discussion of Company Long Term Plan Program for 2017-2021 of PT Bio Farma (Persero)	M. Asawir Harahap
7	27 October 2016	Pakarti Building, Jakarta	Technical Discussion of Company Long Term Plan Program for 2017-2021 of PT Bio Farma (Persero)	Paruli Lubis Ihsan Setiadi Latief M. Asawir Harahap

REMUNERATION FOR THE AUDIT COMMITTEE

Remuneration of the Audit Committee is internally established by the Board of Commissioners of Bio Farma and further stipulated in the Decree of the Board of Commissioners No. KEP-15/DK/BF/VII/2014 dated 1 July 2014 and revised by the Decree of the Board of Commissioners No. KEP-10/DK/BF/07/2015 dated 27 July 2016.

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



Income Determination of Audit Committee Members

No	Type of Income	Amount
1	Monthly honorarium for Audit Committee Members	20% X President Director Salary = Rp17.520.000
2	Allowance: National Holiday Communications Post-Service Transportation	Rp17.520.000 None None None
3	Facilities: Health Facility	None
4	Bonus/Incentive	None



Socialization of Geopark Ciletuh-Palabuhanratu Area, regularly organize by Sukabumi County Tourism Agency in collaboration with PT Bio Farma (Persero) to prepare and to introduce the government and village apparatus including students about the benefit of such area which had been established as international earth garden area or 'UNESCO Global Geopark'

AUDIT COMMITTEE

Remuneration of Audit Committee in 2015

(In Rupiah)

Salary per Year	Allowance per Year	Net Salaries per Year	Bonus + National Holiday Allowance	Total	Net Salaries per Year	Bonus + National Holiday Allowance	Total
			1	2	3 = 1 + 2	4	5 = 3 + 4
Paruli Lubis	Chairperson	22-Nov-12	-	-	-	-	-
Ihsan Setiadi Latief	Concurrent Deputy of Chairperson and Member	30-Sep-15	-	-	-	-	-
Abu Bakar	Member	23-Jan-14	210,240,000	-	210,240,000	17,520,000	227,760,000
M. Asawir Harahap	Member	01-Jul-14	210,240,000	-	210,240,000	17,520,000	227,760,000
Total			420,480,000	-	420,480,000	35,040,000	455,520,000

TRAINING PROGRAM TO IMPROVE AUDIT COMMITTEE COMPETENCY

Training and Competency Development Program for Audit Committee

In order to improve the competencies for each of Audit Committee members by improving professionalism, performance, and self potential development to support Audit Committee duties, each of Audit Committee members has participated in the following training program during 2016:

No	Name	Position	Date	Topic	Venue	Organizer	Training Type
1	Paruli Lubis	Chairperson	-	-	-	-	-
2	Ihsan Setiadi Latief	Concurrent Deputy of Chairperson and Member	-	-	-	-	-
3	Abu Bakar	Member	14 January 2016	Lokakarya Tentang Dampak Implementasi PMK 191 Terhadap Perusahaan	IAI Pusat Menteng	IAI Jakarta	Ekstern
4	M. Asawir Harahap	Member	20 – 22 September 2016	Training Financial Risk Management	Jakarta	IAI Jakarta	Ekstern



NOMINATION AND REMUNERATION COMMITTEE

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of PT Bio Farma (Persero) was formed in 2011 under the Board of Commissioners (?) Decree No. KEP-02/DK/BF/V/2011 dated May 12th, 2011 on the Establishment of the Nomination and Remuneration Committee of PT Bio Farma (Persero).

In 2012, the Nomination and Remuneration Committee of PT Bio Farma (Persero) was split into the Audit and Remuneration Committee and Risk and Nomination Committee in accordance with KEP-02/DK/BF/V/2012 dated 20 January 2012 on the Appointment of the Risk and Nomination Committee of PT Bio Farma (Persero) and Decree No. KEP-10/DK/BF/XI/2012 dated 22 November 2012 on the Discharge and Appointment of the Chair and Deputy Chair of the Audit and Remuneration Committee.

AUDIT AND REMUNERATION COMMITTEE

In accordance with Decree No. KEP-10/DK/BF/IV/2013 dated 15 April 2013, the Audit Committee was formed to assist the Board of Commissioners in its supervisory and regulatory duties, in addition to efficient and, effective business governance of PT Bio Farma (Persero).

In order to limit the number of committees, Decree No. KEP-01/DK/BF/XI/2012 on the Appointment of the Audit and Remuneration Committee and Decree No. KEP-10/DK/BF/XI/2012 on the Discharge and Appointment of the Chair and Deputy Chair of the Audit and Remuneration Committee are rescinded.

The Audit and Remuneration Committee is changed into the Audit Committee following Decree No. KEP-10/DK/BF/IV/2013 dated April 15th, 2013.

RISK AND NOMINATION COMMITTEE

In accordance with Decree No. KEP-11/DK/BF/IV/2013 dated April 15th, 2013, the Risk Committee was formed to assist the Board of Commissioners in its supervisory and regulatory duties, in addition to efficient and effective, business governance of PT Bio Farma (Persero).

In order to limit the number of committees, Decree No. KEP-01/DK/BF/XI/2012 on the Appointment of the Risk and Nomination Committee and Decree No. KEP-11/DK/BF/XI/2012 on the Discharge and Appointment of the Chair and Deputy Chair of the Risk and Nomination Committee are rescinded.

The Risk and Nomination Committee is changed into the Risk Committee following Decree No. KEP-11/DK/BF/IV/2013 dated 15 April 15th, 2013.

In 2014, the nomenclature of the Risk Committee has changed into the Risk, Development, and GCG Committee following the issuance of the Decree of the Board of Commissioners No. KEP-02/DK/BF/I/2014 dated 15 January 2014.

As of 31 December 2016, PT Bio Farma (Persero) has no longer Nomination and Remuneration Committee.

PT BIO FARMA (PERSERO) AS AT 31 DECEMBER 2016 HAD NO NOMINATION AND REMUNERATION COMMITTEE.



Bio Farma does not present any information regarding the names, positions, and brief profiles of the members of the committees that runs the functions of nomination and remuneration; the independence of the nomination and/or remuneration function, the details on the duties and responsibilities, details on the activities of the nomination and/or remuneration committee or function, frequency of meetings and the attendance of members of the nomination and/or remuneration committee or function, nor the statement that there is a charter for the nomination and/or remuneration committee or function, and the policy regarding the succession of the directors.

OTHER COMMITTEES UNDER BIO FARMA BOARD OF COMMISSIONERS

THE RISK, DEVELOPMENT AND GCG COMMITTEES ARE ESTABLISHED BY BOARD OF COMMISSIONERS TO ASSIST BOARD OF COMMISSIONERS IN CONDUCTING THEIR DUTIES

RISK, DEVELOPMENT AND GCG COMMITTEE

The Risk, Development and GCG Committees are the supporting organ which support Board of Commissioners regarding to Board of Directors Policy Issues related to risk management and potential business risk, and implementation of GCG. Regarding to business risk issue, Board of Commissioners then establishes Risk Committee of Bio Farma.

BACKGROUND OF RISK, DEVELOPMENT AND GCG COMMITTEE

1. Republic of Indonesia Law Number 19 Year 2003 of SOE Article 70 Paragraph 3, imposes Board of Commissioners to establish other Committees other than Audit Committee to assist Board of Commissioner to conduct their oversight duties and responsibilities in PT Bio Farma (Persero).
2. The Decree of Minister of SOE Number: 117/M-MBU/ 2002 dated 31 Juli 2002 which are renewed with Regulation of State Minister of SOE Number PER-01/MBU/2011 dated 1 August 2011 on the Implementation of Good Corporate Governance in SOEs Article 17 Paragraph 1, states that organ of Board of Commissioners consist of:
 - a. Secretary to the Board of Commissioners, if required;
 - b. Audit Committee;
 - c. Other Committees, if required.
3. The Regulation of State Minister of SOE Number PER-12/MBU/2012 of Board of Commissioner Supporting Organ.

THE APPOINTMENT AND DISCHARGE OF RISK, DEVELOPMENT AND GCG COMMITTEE

The mechanisms and procedures to appoint and discharge members of the Risk, Development, and GCG Committee are stipulated in the Committee's Guidelines.

The Risk, Development and GCG Committee was established by Board of Commissioners to assist Board of Commissioners in conducting their duties. The Risk, Development and GCG Committee directly responsible to Board of Commissioners.

The Risk, Development and GCG Committee is led by a member of Board of Commissioners. The Committee Member who originates from Board of Commissioners will be automatically discharged if the term as a member of Board of Commissioner has ended. The member of Risk, Development and GCG are appointed and discharged by Board of Commissioners and reported to the General Meeting of Shareholders.

The Risk, Development and GCG of Bio Farma are currently updated with Decrees of Board of Commissioner Number: KEP-06/DK/BF/II/2014 dated Februari 2014 of The Bio Farma (Persero) Risk, Development and GCG appointment.

The maximum tenure for the non-Commission members of the Audit Committee is 3 (three) years and may be extended once during 2 (two) office terms without prejudice to the Board of Commissioners' rights to discharge at any time.



DECREE OF BOARD OF COMMISSIONERS OF THE ESTABLISHMENT, COMPOSITION AND AMENDMENT OF RISK, DEVELOPMENT AND GCG COMMITTEE TITLE

1. The Risk Committee of PT Bio Farma (Persero) had been established in 2009, in accordance with the Decree of PT Bio Farma Board of Commissioner Number KEP-33/DK/BF/V/2009 dated 15 May 2009 on Risk Committee. The membership composition of The Risk Committee are the following below:

No.	Name	Position
1	Triono Soendoro	Chairman
3	Dedy Sopyan	Member (external)

2. The Decree of PT Bio Farma Board of Commissioner Number KEP-01/DK/BF/V/2010 dated 14 May 2010 of the membership extension of PT Bio Farma (Persero) Risk Committee for 1 (one) year are the following below:

No.	Name	Position
1	Triono Soendoro	Chairman
3	Dedy Sopyan	Member (external)

3. The Decree of PT Bio Farma (Persero) Board of Commissioners Number KEP-01/DK/BF/V/2011 dated 12 May 2011 of The Membership Extension of PT Bio Farma (Persero) Risk Committee.
4. The Decree of PT Bio Farma (Persero) Board of Commissioners Number KEP-02/DK/BF/V/2012 dated 201 Januari 2012 of the Appointment of PT Bio Farma (Persero) Risk and Nomination. The Membership Composition of Risk and Nomination Committee are the following below:

No.	Name	Position
1	Triono Soendoro	Chairperson
2	Herman L. Djuni	Concurrent Deputy of Chairperson and Member
3	Dedy Sopyan	Member (external)
4	Sawidjan Gunadi	Member (external)

5. In accordance of Decree of PT Bio Farma (Persero) Board of Commissioners Number KEP-11/DK/BF/IX/2012 dated 22 November 2012 of The Appointment and Discharged of Chairperson and Deputy of Chairperson of The Risk and Nomination Committee.

The Composition of the Risk and Nomination Committee membership consists of 2 (two) Commissioners who serves as a Chairperson, a Concurrent Deputy of Chairperson and a Member and 2 (two) people from the external parties. The Composition of the Risk and Nomination Membership are the following below:

No.	Name	Position
1	Herman L. Djuni	Chairperson
2	Nizar Yamanie	Concurrent Deputy of Chairperson and Member
3	Dedy Sopyan	Member (external)
4	Sawidjan Gunadi	Member (external)

6. The Decree of PT Bio Farma Board of Commissioners Number KEP-11/DK/BF/IV/2013 dated The Appointment of PT Bio Farma (Persero) Risk Committee of Board Commissioners and The Amendment of Risk and Nomination Committee Title into Risk Committee.

The membership composition of Risk and Nomination Committee are the following below:

No.	Name	Position
1	Herman L. Djuni	Chairperson
2	Nizar Yamanie	Concurrent Deputy of Chairperson and Member
3	Sawidjan Gunadi	Member (external)
4	Dadang Epi Sukarsa	Member (external)

7. The Decree of PT Bio Farma Board of Commissioners Number KEP-19/DK/BF/XII/2013 dated 31 December 2013 of The Discharge of PT Bio Farma (Persero) Board Member of Risk Committee of Board of Commissioners.

OTHER COMMITTEES UNDER BIO FARMA BOARD OF COMMISSIONERS

No.	Name	Position
1	Dedy Sopyan	Member (external)
2	Sawidjan Gunadi	Member (external)

8. The Decree of PT Bio Farma (Persero) Board of Commissioners Number KEP-02/DK/BF/II/2014 dated 15 Januari 2014 of The Appointment of PT Bio Farma (Persero) Development, Risk and GCG Committee and The Amendment of Risk Committee Title into Risk, Development and GCG Committee and then renewed with Decree of Board of Commissioner Number KEP-06/DK/BF/II/2014 dated 19 February 2014 of the Appointment of Risk, Development and GCG of PT Bio Farma Board (Persero) Board of Commissioners.

No.	Name	Position	Tenure
1	Afrizal	Member (external)	(three) years
2	Dadang Epi Sukarsa	Member (external)	(two) years

9. In accordance of Decree of PT Bio Farma (Persero) Board of Commissioners Number KEP-06/DK/BF/II/2014 dated 19 February 2014 of the Appointment of PT Bio Farma (Persero) Risk, Development and GCG Committee:

No.	Name	Position
1	Heridadi	Chairperson
2	Nizar Yamanie	Concurrent Deputy I of Chairperson and Member
3	Ihsan Setiadi Latief	Concurrent Deputy II of Chairperson and Member
4	Afrizal	Member (external)
5	Dadang Epi Sukarsa	Member (external)

10. In 2015, the composition of Risk, Development and GCG has been changed in accordance with Decree of Board of Commissioners Number KEP-02/DK/BF/VII/2015 dated 9 July 2015 with Ihsan Setiadi Latief with prior position as Deputy II of

Chairperson of Risk, Development and GCG into concurrent position as Deputy of Chairperson and a member of Audit Committee. He was replaced by M. Subuh as Deputy of Chairperson of Risk, Development and GCG Committee.

No.	Name	Position
1	Heridadi	Chairperson
2	M. Subuh	Concurrent Deputy I of Chairperson and Member
3	Nizar Yamanie	Concurrent Deputy II of Chairperson and Member
5	Afrizal	Member (external)
6	Dadang Epi Sukarsa	Member (external)

11. In accordance with The Decree of PT Bio Farma (Persero) Board of Commissioners Number KEP-01/DK/BF/01/2016 dated 15 Januari 2016 of the Discharge of PT Bio Farma (Persero) Member of Risk, Development and GCG Committee, Decree of PT Bio Farma (Persero) Board of Commissioners Number KEP-02/DK/BF/02/2016 dated 2 February 2016 of the Appointment of PT Bio Farma (Persero) Member of Risk, Development and GCG Committee, Decree of PT Bio Farma (Persero) Board of Commissioners of the Composition of PT Bio Farma (Persero) Risk, Development and GCG Committee.

No.	Name	Position
1	Heridadi	Chairperson
2	M. Subuh	Concurrent Deputy I of Chairperson and Member
3	Nizar Yamanie	Concurrent Deputy II of Chairperson and Member
5	Afrizal	Member (external)
6	Judi Januardi Endjun	Member (external)



THE COMPOSITION OF RISK, DEVELOPMENT AND GCG COMMITTEE

The members of Risk, Development and GCG of PT Bio Farma (Persero), consists of 5 (five) persons which are 3 (three) persons of Board of Commissioners as Chairperson and concurrent Deputy of Chairperson and member and 2 (two) external members. The members of PT Bio Farma (Persero) Risk, Development and GCG Committee are not from the Company employees and do not have conflict of interest. They are not customers or vendors of PT Bio Farma (Persero).

As of 31 December 2016, the composition of PT Bio Farma (Persero) Risk, Development and GCG are the following below:

Name	Position	Decree of Appointment
Heridadi	Chairperson	Decree of Board of Commissioners Number KEP-06/DK/BF/II/2014 dated 19 February 2014 renewed with Decree of Board of Commissioners Number KEP-06/DK/BF/02/2016 dated 4 February 2016.
H.M. Subuh	Concurrent Deputy I of Chairperson and Member	Decree of Board of Commissioners Number KEP-02/DK/BF/VII/2015, dated 09 July 2015 renewed with Decree of Board of Commissioners Number KEP-03/DK/BF/02/2016 dated 4 February 2016.
Nizar Yamanie	Concurrent Deputy II of Chairperson and Member	Decree of Board of Commissioners Number KEP-06/DK/BF/II/2014, dated 19 February 2014 renewed with Decree of Board of Commissioners Number KEP-03/DK/BF/02/2016 dated 4 February 2016.
Afrizal	Member (External)	Decree of Board of Commissioners Number KEP-06/DK/BF/II/2014, dated 19 February 2014 renewed with Decree of Board of Commissioners Number KEP-03/DK/BF/02/2016 dated 4 February 2016.
Judi Januardi Endjun	Member (External)	Decree of Board of Commissioners Number KEP-02/DK/BF/VII/2015, dated 09 July 2015 renewed with Decree of Board of Commissioners Number KEP-03/DK/BF/02/2016 dated 4 February 2016.

NAME, POSITION, BRIEF BIOGRAPHY OF MEMBERS OF RISK, DEVELOPMENT AND GCG COMMITTEE

The membership composition of Risk, Development and GCG Committee consists of 5 (five) persons, 3 (three) Commissioners as Chairperson and Concurrent Deputy of Chairperson and Member, and 2 (two) external members. The tenure of Chairperson and Deputy of Chairperson is 3 (three) years.

The brief biography of member of Risk, Development and GCG Committee are the following below:



Heridadi Ketua
Chairperson of Risk, Development and GCG Committee

The profile of Risk, Development and GCG Committee Chairperson can be seen in Company Profile of this Annual Report.

The legal basis of the appointment of Risk, Development and GCG Committee member is a Decree of Board of Commissioner Number KEP-06/DK/BF/II/2014 dated 19 February 2014 renewed with Decree of Board of Commissioner Number KEP-03/DK/BF/02/2016 dated 4 February 2016. He does not have any affiliation of Board of Directors or Board of Commissioners other members or other Committee members or shareholders.

OTHER COMMITTEES UNDER BIO FARMA
BOARD OF COMMISSIONERS

H.M. Subuh
Concurrent Deputy I of
Chairperson and Member of
Risk, Development and GCG
Committee

The profile of Risk, Development and GCG Committee Concurrent Deputy I of Chairperson and Member can be seen in Company Profile of this Annual Report.

The legal basis of the appointment of Risk, Development and GCG Committee member is a Decree of Board of Commissioner Number KEP-06/DK/BF/II/2014 dated 19 February 2014 renewed with Decree of Board of Commissioner Number KEP-03/DK/BF/02/2016 dated 4 February 2016. He does not have any affiliation of Board of Directors or Board of Commissioners other members or other Committee members or shareholders.



Nizar Yamanie
Concurrent Deputy II of
Chairperson and Member of
Risk, Development and GCG
Committee

The profile of Risk, Development and GCG Committee Concurrent Deputy II of Chairperson and Member can be seen in Company Profile of this Annual Report.

The legal basis of the appointment of Risk, Development and GCG Committee member is a Decree of Board of Commissioner Number KEP-06/DK/BF/II/2014 dated 19 February 2014 renewed with Decree of Board of Commissioner Number KEP-03/DK/BF/02/2016 dated 4 February 2016. He does not have any affiliation of Board of Directors or Board of Commissioners other members or other Committee members or shareholders.



**Afrizal
Anggota (Eksternal)**
Member of Risk,
Development and GCG
Committee

Indonesian citizen. Domiciled in Jakarta. Age as of 31 Desember 2016 is 56. Born in Jakarta, 17 April 1960. Accomplished his Bachelor Degree in Faculty of Economy majoring in Accounting University of Indonesia. Obtain his Master Degree of Post Graduate with Concentration in Tax Policy and Administration Faculty of Social Science and Political Science of University of Indonesia (2002). He has many professional experience as Lecture of Faculty Of Economy of University of Indonesia (1988-1989). Finance and Accountanting Consultant and Auditor (1987-1990), Financial Controller (1990-1995), Assistant of Board of Directors of PT Tarnsweep International (1996-2000), General Manager of Finance and Administration of PT SNC Lavalin TPS (2002-2004), Senior Consultant of Accounting Development Center of Faculty of Economy of University of Indonesia. (2003-2004), Audit Manager of Internal Audit Insitution of University of Indonesia (2005-2008), Accounting Director of University of Indonesia (2008), Head of Internal Audit Insitution onf University of Indonesia (2008-2014), Logistic Director of University of Indonesia (2015-2016). He was appointed as Risk, Development and GCG Committee Member of PT Bio Farma (Persero) since 15 January 2015.

The legal basis of the appointment of Risk, Development and GCG Committee member is a Decree of Board of Commissioner Number KEP-06/DK/BF/II/2014 dated 19 February 2014 renewed with Decree of Board of Commissioner Number KEP-03/DK/BF/02/2016 dated 4 February 2016. He does not have any affiliation of Board of Directors or Board of Commissioners other members or other Committee members or shareholders.



Judi Januardi Endjun
Member (External)
Member of Risk, Development
and GCG Committee

Indonesian citizen. Domiciled in Jakarta. Accomplished his education in Faculty of Medicine Padjadjaran University (1985), Diploma of Ultrasound, University of Zagreb Croatia (1991), Specialist 1 Obstetrics and Gynecology at Faculty of Medical University of Indonesia (1993) and currently he takes Magister of Law of UPN Veteran. He has wide range of experience as Society Medical Clinic Head at Hato Bulico County East Timor (1985-1987), Education Secretary for Bachelor and Magister Program Department OBGIN Army Center Hospital/ Faculty of Medicine UPN Veteran, Head of High Risk Perinatology Army Center Unit Hospital. Currently, serves as Head of Sub Department of Fetomaternal of OBGIN Department of Army Center Hospital. He is active as lecture and examiner in several notable Universities in Jakarta. He is also active in writing of medical books and general topics book. He is appointed as Risk, Development and GCG of PT Bio Farma (Pesero) since 2 February 2015.

APPRECIATION

His dedication as society clinic center in East Timor (1987) and his 20 years dedication as civil servant.

The legal basis of the appointment of Risk, Development and GCG Committee member is a Decree of Board of Commissioner Number KEP-06/DK/BF/II/2014 dated 19 February 2014 renewed with Decree of Board of Commissioner Number KEP-03/DK/BF/02/2016 dated 4 February 2016. He does not have any affiliation of Board of Directors or Board of Commissioners other members or other Committee members or shareholders.

QUALIFICATIONS OF THE RISK, DEVELOPMENT AND GCG COMMITTEE

1. Members of the Risk, Development, and GCG Committee must satisfy the following requirements:
 - a. Sound integrity and in-depth knowledge and experience on the tasks pertaining to the Risk, Development, and GCG Committee.
 - b. Not in a position where personal interests will cause adverse effects to and conflicts with the Company.
 - c. Sufficient knowledge in the Company's business area and adequate time to fulfil his duties.
 - d. Able to communicate effectively..

OTHER COMMITTEES UNDER BIO FARMA BOARD OF COMMISSIONERS

PT Bio Farma (Persero) Risk, Development and GCG Committee Member have satisfied the established requirements as seen in the following below:

Name	Position	Decree of Appointment	Education	Working Experience
Heridadi	Chairperson	Decree of Board of Commissioner Number KEP-06/DK/BF/II/2014 dated 19 February 2014 renewed with Decree of Board of Commissioner Number KEP-03/DK/BF/02/2016 dated 4 February 2016.	- Bachelor at Faculty of Medicine University of Indonesia - Conscript Officer School of Republic of Indonesia Armed Force - Master of Health Planning and Management Post Graduate School University Of Indonesia; - Command School and Army Staff Training - National Defense Agency Training - Doctorate Program at Faculty of Medicine Gadjah Mada University in Biodefense	- Officer of Republic Indonesia Army at Military Health Area II/ Sriwijaya with First Lieutenant Rank as Combat Training Center Medical Doctor - Medical Doctor at Republic Of Indonesia Army Health Directorate – Military Health Area II/ Sriwijaya Deputy Command of Health Batalion Infantry 1 Division Command of Army Strategy - Deputy Command of Health Batalion Infantry 1 Division Command of Army Strategy - Command of Garuda XIV/A Contingent for United Nation duty in Bosnia Herzegovina Head of Health at Command of Army Strategy Head of Health at Jaya Military Area Command Command at Health Education Center of Republic of Indonesia Army Health Director of Republic of Indonesia Army Head of Health Center of Republic of Indonesia Armed Forces; - Deputy of Head of Social Field of Union of Retired Army Jakarta - Chairperson of Health Retired Society of Republic of Indonesia Army - Chairman of Alumni League of Faculty of Medicine Class 1977
H.M. Subuh	Concurrent Deputy I of Chairperson and Member	Decree of Board of Commissioner Number KEP-06/DK/BF/II/2014 dated 19 February 2014 renewed with Decree of Board of Commissioner Number KEP-03/DK/BF/02/2016 dated 4 February 2016.	- Bachelor at Faculty of Medicine University of Indonesia - Master Degree of School of Public Administration, Qualification Master Public Policy (MPPM) di University of Southern California	Director of General Hospital at Sultan Syarif Mohamad Alkadrie, West Kalimantan Head of Public Health Office at West Kalimantan Director of Infectious Disease Control Secretary at Directorate General of Disease Control and Environmental Healthcare Director General of Disease Control and Environmental Health care of Republic of Indonesia Ministry of Health Currently, he serves as a Director General of Disease Control and Environmental Healthcare of Republic of Indonesia Ministry of Health



Name	Position	Decree of Appointment	Education	Working Experience
Nizar Yamanie		Decree of Board of Commissioner Number KEP-06/DK/BF/II/2014 dated 19 February 2014 renewed with Decree of Board of Commissioner Number KEP-03/DK/BF/02/2016 dated 4 February 2016.	- Bachelor Degree at Faculty of Medicine of Airlangga University, Surabaya - Nerve Specialist Education at University of Indonesia Consultant Nerve Specialist Education at University of Indonesia Went to Oxford University - England	- He is still in active duty at Husada Utama Hospital Surabaya Member of Advisory Team at Indonesian Association of Epilepsy Countermeasures (PERPEI) Board of Commissioners Member at PT Indofarma, Tbk - Board of Commissioners Member of PT Surveyor Carbon Consulting Member of Commissioner of Sanglah Hospital, Bali
Afrizal	Member (External)	Decree of Board of Commissioner Number KEP-06/DK/BF/II/2014 dated 19 February 2014 renewed with Decree of Board of Commissioner Number KEP-03/DK/BF/02/2016 dated 4 February 2016.	Bachelor Degree of Faculty of Economy majoring in accounting University of Indonesia Master Degree of Post Graduate School in Taxation Policy Administration Specialist at Post Graduate School of Faculty of Social Science and Political Science University of Indonesia	Lecture at Faculty of Economy University of Indonesia Accounting Consultant Finance and Auditor Financial Controller Assistant of Board of Directors of PT Tarnsweep International General Manager of Financial Administration at PT SNC Laval in TPS Senior Consultant of Accounting Development Center of Faculty of Economy University of Indonesia Audit Manager at Internal Audit Institution of University of Indonesia Accounting Director of University of Indonesia Head of Internal Audit Institution of University of Indonesia Logistic Director of University of Indonesia
Judi Januardi Endjun		Decree of Board of Commissioner Number KEP-06/DK/BF/II/2014 dated 19 February 2014 renewed with Decree of Board of Commissioner Number KEP-03/DK/BF/02/2016 dated 4 February 2016.	- Bachelor Degree of Faculty of Medicine of Padjadjaran University Diploma of Ultra Sound at University of Zagreh Croatia Specialist 1 in Obstetrics and Gynecology - Currently he attends Master of Law Program at UPN Veteran	Society Medical Clinic Head at Hato Bullico County East Timor Education Secretary for Bachelor and Magister Program Department OBGIN Army Center Hospital/ Faculty of Medicine UPN Veteran Head of High Risk Perinatology Army Center Unit Hospital Currently, he serves as Head of Sub Department of Fetomaternal of OBGIN Department of Army Center Hospital He is active as lecture and examiner in several notable Universities in Jakarta. He is also active in writing of medical books and general topics book.

OTHER COMMITTEES UNDER BIO FARMA BOARD OF COMMISSIONERS

INDEPENDENCY OF THE RISK, DEVELOPMENT, AND GCG

The independency of the Risk, Development, and GCG Committee is stipulated in the Committee's Charter. The Charter requires the Committee's members to:

1. To ensure independence in the discharge of its duties, members are chosen from outside the company and are not financially and managerially bound and/or hold shares in the Company.
2. Not in a position where personal interests will cause adverse effects and conflicts of interest to the Company.
3. Members of the Risk, Development, and GCG Committee from outside the Company are prohibited to have kinship or marital ties up to the third-degree horizontally and vertically with any members of the Board of Commissioners, Board of Trustees, and Directors.
4. Members of the Risk, Development, and GCG Committee from outside the Company shall not hold membership to other committees in other Companies.
5. If a member of the Risk, Development, and GCG Committee is from certain institutions, such institutions are prohibited to provide any service to the Company..

Statement of Independence from Potential Conflict of Interest By The Risk, Development and GCG Committee

Heridadi	1. Has no financial, management and / or share ownership involvement
Nizar Yamanie	2. Has no personal interest / involvement that could give rise to negative influences of conflict of interest with the relevant SOE.
H.M. Subuh	3. Has no familial relationship to the third degree either vertically or horizontally or any relationship arising through marriage with members of the Board of Commissioners and/or Directors, Major Shareholder and/or Controller.
Afrizal	4. Has no role as committee member in another company.
Judi Januardi Endjun	5. If members of the Risk, Development and GCG Committee are from another specific agency, then the agency where that member originates from should not provide services to the company.
	6. Conducts none of the following:
	a. Serves on the board of a political party and/or is a candidate or serving legislator and/or candidate or serving regional government head or deputy.
	b. Holds another position that could give rise to conflict of interest related to his role with the company.
	c. Holds another position that could give rise to conflict of interest related to his role with the Avoids conflicts of interest that could influence oversight of the PT Bio Farma (Persero) Risk, Development and GCG Committee.



AFFILIATION OF RISK, DEVELOPMENT AND GCG COMMITTEE

The affiliation between Committee, Board of Directors, Board of Commissioners and Controlling Shareholders, encompasses:

1. Affiliation between member of Risk, Development and GCG Committee with member of Board of Directors;
2. Affiliation between member Risk, Development and GCG Committee with member of Board of Commissioners;
3. Affiliation between member Risk, Development and GCG Committee with Controlling Shareholders;
4. Affiliation between member of Risk, Development and GCG Committee with member of other Committees.

DUTIES, AUTHORITY AND RESPONSIBILITY

DUTIES, AUTHORITY AND RESPONSIBILITY OF RISK, DEVELOPMENT AND GCG COMMITTEE

In accordance with its Charter, the duties and responsibilities of the Risk, Development, and GCG Committee are as follows:

1. The Risk, Development and GCG Committee are responsible to provide recommendations to Board of Commissioners, including but not limited to the following below:
 - a. Review and provide recommendations on the effectiveness of risk management performed by the Division of Compliance and Risk Management Company.
 - b. Review the risk assessment by the Division of Compliance and Risk Management of the investment plan of the material.
 - c. Supervise the activities of the Division of Compliance and Risk Management in monitoring the implementation of risk mitigation by related work units.
 - d. Supervise the implementation of the recommendations of Risk, Development and GCG Committee by the Division of Compliance and Risk Management.

- e. Evaluate business development and expansion plans
- f. Supervise the implementation of GCG principles and policies and assist the Compliance and Risk Management Division (CRM) in regular GCG assessments by external parties;
- g. Analyze and evaluate the Activity Plan and Company Budget Proposal and conduct yearly review on Company Long Term Plan proposed by Board of Directors
- h. A review of information risk and risk management company in the reports that will be published;
- i. Discussion on significant risks on units in a corporate environment, as required.
- j. Develop a system of assessment and nomination of candidates for the Board of Directors and the Board of Commissioners.
- k. Provide evaluation and analysis of the system of selection, recruitment, and succession of the company's employees.
- l. Formulate the types and amounts of salaries, honorariums, allowances, and facilities current and future for Directors and Board of Commissioners to be proposed to the GMS by the Board of Commissioners;
- m. Evaluation and analysis of the payroll system, honorarium, allowances and facilities that have been/will be given to the level of management and employees.

THE AUTHORITY OF RISK, DEVELOPMENT AND GCG COMMITTEE

To support the discharge of its duties and responsibilities, the Committee is authorised to:

1. Access to all documents and unhindered, independent, and unlimited access to company policies on business development strategies, GCG implementation, risk management, and nomination and remuneration systems;
2. Cooperate with its managerial counterpart, including relevant Directors, and in particular the Compliance and Risk Management, HR, Corporate Strategy, Internal Oversight Unit, and other relevant Divisions in the Committee's capacity as Risk/Business Process Owner;

OTHER COMMITTEES UNDER BIO FARMA BOARD OF COMMISSIONERS

3. Review the functions of the Compliance and Risk Management Division, especially in coordinating the implementation and supervision of GCG principles and presence and effectiveness of ERM implementation in PT Bio Farma (Persero);
4. Request input from external professionals/independent parties if required at the company's expense.

CHARTER OF THE RISK, DEVELOPMENT, AND GCG COMMITTEE

The Risk, Development, and GCG Committee bases its duties on its Charter, enacted on February 19th, 2014.

SUMMARY REPORT OF THE RISK, DEVELOPMENT, AND GCG COMMITTEE'S ACTIVITIES

In 2016, The Risk, Development and GCG Committee has conducted their duties in accordance with the approved work plan by Board of Commissioners as seen below:

1. Conducted internal meetings for discussion and preparation of the Work Plan and Budget of the Risk, Development and GCG Committee 2016
2. Conducted internal meetings of GCG implementation assessment follow up by State Development Audit Agency (BPKP) of West Java and conducted review of corporate risk register in RKAP 2015.
3. Attended 2016 Work Meeting (Plan of Action) of PT Bio Farma (Persero) with discussion topic 'Biotech Innovation for Global Competitiveness'.
4. Conducted internal meetings regarding to the establishment of clinic and immunization subsidiary (APKI) between The Risk, Development and GCG Committee with Marketing Director, UBKI Team, Study Consultant and other related Management.
5. Conducted internal meetings regarding to subsidiary establishment plan, the progress/issues regarding to Law of Halal Product Certification, follow up progress of assessment recommendation of GCG by Audit Supreme Board, etc;
6. Continued discussion regarding to PT Bio Farma (Persero) clinic subsidiary establishment and immunization, Board of Commissioners Committee (Audit Committee and Risk, Development and GCG Committee) with Marketing Director, Finance Director, Compliance and Risk Management, Clinic and Immunization and APKI Feasibility Study Consultant
7. Conducted internal meeting to discuss Risk, Development Committee reporting preparation and Committee work plan implementation, etc
8. Discussion of Board of Directors approval for organization restructuring, the utilization of Company allowance and effect of implementation of Indonesian SFAS 24 in 2015, the approval of the excess of investment realization, the proposal of 2016 Board of Directors bonus and salaries and proposal for Public Accounting Firm appointment for 2016 financial statements audit.
9. Discussion of preparation of GCG self assessment implementation and ERM alteration implementation from COSO to ISO 31000
10. Discussion of LMP for first quarter period in 2016
11. Discussion, verification and clarification of letters from PT Bio Farma Employee Forum with Research and Development Director.
12. Discussion, verification and clarification of letters from PT Bio Farma Employee Forum with Human Resources Division Director, related Division Head Compliance and Risk Management Head and Internal Audit Task Force Head
13. Discussion, verification and clarification of letters from PT Bio Farma Employee Forum with Finance Director, related Division Head, Compliance and Risk Management Head and Internal Audit Task Force Head.
14. Discussion, verification and clarification of letters from PT Bio Farma Employee Forum with Production Director, related Division Head, Compliance and Risk Management Head and Internal Audit Task Force Head.
15. Discussion, verification and clarification of letters from PT Bio Farma Employee Forum with PT Bio Farma Employee Forum Caretaker.
16. Discussion, verification and clarification of letters from PT Bio Farma Employee Forum with PT Bio Farma Employee Association Caretaker.



17. Discussion of verification and clarification of PT Bio Farma (Persero) Employee Foring, Board of Commissioners Committee Report to President Commissioner.
18. Discussion of product falsification risk and vaccine supply delay risk, risk of unable to sell to bilateral consumers.
19. Discussion of Management Report for period Semester I 2015 between Board of Commissioners Committee and Company Management;
20. Discussion of corporate risk with management counterpart team of PT Bio Farma (Persero) regarding to foreign exchange loss risk, investment realization delay risk.
21. Discussion of company risk related to policy and regulation which affects to quality: the preparation of halal product certification, discussion on corporate risk "the unpreparation of influenza vaccine product".

Agenda of Risk, Development and GCG Committee Activity in 2016

Agenda
Discussion of Work Plan and Budget of Risk, Development and GCG in 2016.
Discussion of GCG assessment result follow of by State Development Audit Agency and discussion of risk management 2015 final report preparation and discussion of 2015 Corporate Risk Register.
Attending 2016 PT Bio Farma (Persero) Work Meeting (Plan of Action) with theme 'Biotech Innovation for Global Competitiveness'.
Discussion of establishment of clinic and immunization subsidiary (APKI) between Risk, Development and GCG Committee with Marketing Director, Finance Director, UBKI Team, other related Study and Management Consultant.
Conducted internal meetings regarding to subsidiary establishment plan, the progress/ issues regarding to Law of Halal Product Certification, follow up progress of assessment recommendation of GCG by State Development Audit Agency, etc;
Continued discussion regarding to PT Bio Farma (Persero) clinic subsidiary establishment and immunization, Board of Commissioners Committee (Audit Committee and Risk, Development and GCG Committee) with Marketing Director, Finance Director, Compliance and Risk Management, Clinic and Immunization and APKI Feasibility Study Consultant.
Conducted internal meeting to discuss Risk, Development Committee reporting preparation and Committee work plan implementation, etc
Discussion of Board of Directors approval for organization restructuring, the utilization of Company allowance and effect of implementation of Indonesian SFAS 24 in 2015, the approval of the excess of investment realization, the proposal of 2016 Board of Directors bonus and salaries and proposal for Public Accounting Firm appointment for 2016 financial statements audit.
Discussion of preparation of GCG self assessment implementation and ERM alteration implementation from COSO to ISO 31000
Discussion of LMP for first quarter period in 2016
Discussion, verification and clarification of letters from PT Bio Farma Employee Forum with Research and Development Director.
Discussion, verification and clarification of letters from PT Bio Farma Employee Forum with Human Resources Division Director, related Division Head Compliance and Risk Management Head and Internal Audit Task Force Head
Discussion, verification and clarification of letters from PT Bio Farma Employee Forum with Finance Director, related Division Head, Compliance and Risk Management Head and Internal Audit Task Force Head.
Discussion, verification and clarification of letters from PT Bio Farma Employee Forum with Production Director, related Division Head, Compliance and Risk Management Head and Internal Audit Task Force Head.
Discussion, verification and clarification of letters from PT Bio Farma Employee Forum with PT Bio Farma Employee Forum Caretaker.
Discussion, verification and clarification of letters from PT Bio Farma Employee Forum with PT Bio Farma Employee Association Caretaker
Discussion of verification and clarification of PT Bio Farma (Persero) Employee Foring, Board of Commissioners Committee Report to President Commissioner.
Discussion of product falsification risk and vaccine supply delay risk, risk of unable to sell to bilateral consumers.
Discussion of Management Report for period Semester I 2015 between Board of Commissioners Committee and Company Management.
Discussion of corporate risk with management counterpart team of PT Bio Farma (Persero) regarding to foreign exchange loss risk, investment realization delay risk.
Discussion of company risk related to policy and regulation which affects to quality: the preparation of halal product certification, discussion on corporate risk "the unpreparation of influenza vaccine product".

OTHER COMMITTEES UNDER BIO FARMA
BOARD OF COMMISSIONERSMEETING FREQUENCY AND ATTENDANCE RATE OF THE RISK, DEVELOPMENT, AND
GCG COMMITTEE

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 2016, the Risk, Development and GCG Committee held or attended 10 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	% of Attendance
1	Heridadi	Chairperson	10	100%
2	Nizar Yamanie	Deputy I of Chairperson	7	70%
3	H.M. Subuh	Deputy II of Chairperson	0	0%
4	Dadang Epi Sukarsa *	Member (external)	1	100%
5	Afrizal	Member (external)	10	100%
6	Judi Januadi Endjun **	Member (external)	4	40%

* The tenure ended on 15 January 2016

**The tenure ended on 2 February 2016

RISK, DEVELOPMENT AND GCG COMMITTEE MEETING AGENDA

In 2016, the detailed of date, meeting agenda, decision, place and participant of Risk, Development and GCG Committee are the following below:

Agenda of Risk, Development and GCG Committee Meeting

Risk, Development and GCG Committee 2016 Meeting				
No.	Date	Venue	Agenda	Participants
1	January	Meeting Room at Pakarti Building, Jakarta	- Discussion of GCG Assessment Result Follow Up by State Development Audit Agency – West Java - Discussion of 2016 Corporate Risk Register	Heridadi Nizar Yamanie Dadang Epi Sukarsa Afrizal
2	April	Meeting Room at Pakarti Building, Jakarta	- Discussion of Self Assessment Preparation - Discussion of Progress on Alteration ERM Basis to ISO 31000	Heridadi Nizar Yamanie Afrizal
3	April	Meeting Room at Pakarti Building, Jakarta	Discussion of Company Management Reporting Technic for Quarter I 2016 of PT Bio Farma (Persero)	Heridadi Afrizal
4	May	Meeting Room at Pakarti Building, Jakarta	Discussion of Vaccine Product Development Progress, etc	Heridadi Nizar Yamanie Afrizal Judi Januadi Endjun
5	July	Meeting Room at Pakarti Building, Jakarta	- Discussion of Vaccine Suply Delay Risk - Discussion risk of unable to sell to bilateral consumers. Discussion of product falsification risk and its mitigation	Heridadi Nizar Yamanie Afrizal
6	July	Meeting Room at Pakarti Building, Jakarta	Technical Discussion of Company Management Report for Semester I 2016 of PT Bio Farma (Persero)	Heridadi Afrizal

**Risk, Development and GCG Committee 2016 Meeting**

No.	Date	Venue	Agenda	Participants
7	August	Meeting Room at PT Bio Farma (Persero)	- Discussion of Monitoring and Mitigation of Foreign Exchange Fluctuation Risk - Discussion of Investment Realization Delay Risk Monitoring and Mitigation	Heridadi Afrizal
8	September	Meeting Room at Pakarti Building, Jakarta	- Monitoring and Discussion of Regulation Amendment: - WHO/ Drug and Food Control in relation with OPV - Law of Hala Product Certification - Monitoring and Discussion of Pandemic Vaccine Facility Unpreparation Risk	Heridadi Nizar Yamanie Afrizal Judi Januadi Endjun
9	September	Meeting Room at Pakarti Building, Jakarta	Discussion of 2016 Corporate Risk Draft	Heridadi Nizar Yamanie Afrizal Judi Januadi Endjun
10	October	Meeting Room at Pakarti Building, Jakarta	Global Competition Increasing Risk Mitigation, Monitoring and Evaluation	Heridadi Nizar Yamanie Afrizal Judi Januadi Endjun

REMUNERATION FOR THE RISK, DEVELOPMENT & GCG COMMITTEE

Remuneration for Risk, Development and GCG Committee was internally established by PT Bio Farma (Persero) Board of Commissioners and further stipulated in Decree of Board of Commissioners Number KEP-10/DK/BF/2016 dated 27 July 2016. 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 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..

DETERMINATION OF REMUNERATION FOR MEMBERS OF THE RISK, DEVELOPMENT AND GCG OF PT BIO FARMA (PERSERO)

No	Type of Income	Amount
1	Monthly honorarium for members of the Risk, Development & GCG Committee	20% of the remuneration for the President Director: Rp17,520,000
2	Allowances: 1. National Holiday 2. Communications 3. Post-Service 4. Transportation	1. Rp17.520.000 2. None 3. None 4. None
3	Facilities: Health Facility	5. None
4	Bonus/Incentive	6. None

OTHER COMMITTEES UNDER BIO FARMA BOARD OF COMMISSIONERS

The amount of remuneration Risk, Development and GCG Committee is determined based on the decision the Board of Commissioners with the following details:

Remuneration for the Risk, Development & GCG Committee in 2015

(in rupiah)

Name	Position	Decree of Appointment	Salaries per Year	Allowances per Year	Net Salaries per Year	National Holiday Allowance	Total
			1	2	3 = 1 + 2	4	5 = 3 + 4
Heridadi	Chairperson	SK Dekom No. KEP-06/DK/BF/II/2014 tanggal 19 Februari 2014 diperbaharui dengan SK Dekom No. KEP-03/DK/BF/02/2016 tanggal 04 Februari 2016	-	-	-	-	-
H.M. Subuh	Concurrent Deputy I of Chairperson and Member	Decree of Board of Commissioner Number KEP-06/DK/BF/II/2014 dated 19 February 2014 renewed with Decree of Board of Commissioner Number KEP-03/DK/BF/02/2016 dated 4 February 2016.	-	-	-	-	-
Nizar Yamanie	Member (External)	Decree of Board of Commissioner Number KEP-06/DK/BF/II/2014 dated 19 February 2014 renewed with Decree of Board of Commissioner Number KEP-03/DK/BF/02/2016 dated 4 February 2016.	-	-	-	-	-
Afrizal	Member (External)	Decree of Board of Commissioner Number KEP-06/DK/BF/II/2014 dated 19 February 2014 renewed with Decree of Board of Commissioner Number KEP-03/DK/BF/02/2016 dated 4 February 2016.	210.240.000	-	210.240.000	17.520.000	227.760.000
Dadang Epi Sukarsa *	Member (External)	Decree of Board of Commissioner Number KEP-03/DK/BF/02/2016 dated 4 February 2016.	17.520.000	-	17.520.000	-	17.520.000
Judi Januardi Endjun**	Member (External)	Decree of Board of Commissioner Number KEP-06/DK/BF/II/2014 dated 19 February 2014 renewed with Decree of Board of Commissioner Number KEP-03/DK/BF/02/2016 dated 4 February 2016.	192.720.000	-	192.720.000	17.520.000	210.240.000
Total			420.480.000	-	420.480.000	35.040.000	455.520.000

*The tenure ended in 15 January 2016

** Started to serve in 2 February 2016

In relation with GCG implementation, PT Bio Farma established several team as seen below: In relation with GCG implementation, PT Bio Farma established several team as seen below:

1. Based on Decree of Board of Directors of PT Bio Farma (Persero) Number 00012/DIR/I/2016 dated 4 January 2016 on Internal Assessor on 2016 GCG Implementation Assessment
2. Based on Decree of Board of Directors of PT Bio Farma (Persero) Number 03963/DIR/X/2016 dated 19 October 2016 of the Annual Report Preparation Team and 2016 PT Bio Farma (Persero) Sustainability Report.
3. Based on Decree of Board of Directors of PT Bio Farma (Persero) Number 00013/DIR/I/2016 dated 4 January 2016 of the Excellence Performance Assessment Criteria Implementation Report (KPKU) and Excellence Performance Assessment Criteria Implementation Internal Evaluator Team (KPKU) of PT Bio Farma (Persero) in 2016.



DESCRIPTION AND DUTIES AND FUNCTIONS OF THE CORPORATE SECRETARY

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.



**M. Rahman
Roestan**
Corporate
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.

The legal basis of the appointment as Corporate Secretary is Directorial Decree Number 341/TK/ASDM/IV/2008 dated 2 June 2008.

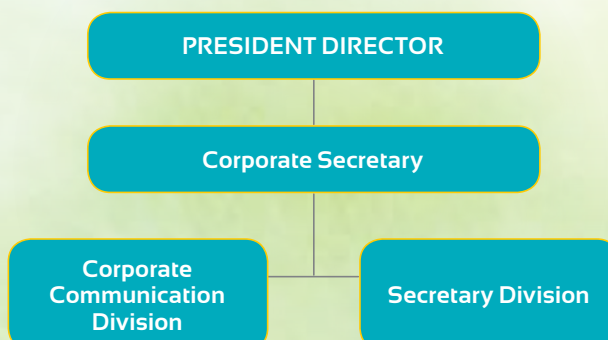
The Corporate Secretary is a Board of Directors supporting organ who plays a vital role to ensure the Company has complied with disclosures requirement aligned with GCG principles, to regularly and/ or at any time provide required information by Board of Directors and Board of Commissioners/ Supervisory Board to be a liaison officer, to arrange and to file the Company documents, Board of Directors, Board of Commissioners, and GSM minutes of meeting.

The Legal Basis of Appointment and Discharges the Function of Corporate Secretary

The legal basis of appointment and discharges the function of Corporate Secretary refers to:

1. SOE Ministerial Decree No. PER-01/MBU/2011, Article 29 dated 1 August 2011 on Implementation of Good Corporate Governance in SOEs as amended with SOE Ministerial Decree No. PER-09/MBU/2012 dated 6 July 2012 on The Amendment of SOE Ministerial Decree No. PER-01/MBU/2011, Article 29 dated 1 August 2011 on Implementation of Good Corporate Governance in SOEs;

Corporate Secretary Organizational Structure



CORPORATE SECRETARY

2. Directorial Decree No. 341/TK/ASDM/IV/2008 dated 2 June 2008 on the Appointment of M. Rahman Roestan as Corporate Secretary.

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 of Bio Farma is in charge of two areas, namely Corporate Communications and the Secretariat.

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.

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.

Name	Position	Decree of Appointment	Educational Background	Working Experiences
M. Rahman Roestan	Corporate Secretary	Directorial Decree No. 341/TK/ASDM/IV/2008, dated 2 June 2008.	- Bachelor of Pharmacy and license to work as a Pharmacist from the University of Padjadjaran, - Master of Business Administration (MBA) degree from ITB - Doctorate Program in Strategic Management at the University of Padjadjaran.	- Head of Formulations and Packaging - Head of Quality Assurance System - Head of Quality Assurance System, and Head of Production Planning and Control Division. - Currently, he is 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



DUTIES AND RESPONSIBILITIES OF THE CORPORATE SECRETARY

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 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.

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 a 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.

CORPORATE SECRETARY

DESCRIPTION OF 2016 CORPORATE SECRETARY DUTY IMPLEMENTATION

During 2016, the Corporate Secretary has performed duties as follows:

Authorities

1. Analyzing implemented system and proposing an implementation in Company;
2. Preparing the senior manager level, Board of Directors, Board of Commissioners and Shareholders management meeting schedule and agenda;
3. Obtaining activity access of all Board of Directors and Board of Commissioners;
4. Preparing division program and approving the department program and Corporate Secretary work unit program
5. Coordinating with national and international stakeholders

Indicator of Success

1. Percentage of successful implemented system to corporate;
2. Percentage of meeting result implementation including a number of work programs which supports Company vision;
3. Percentage of efficiency in managing Company Work Plan and Budget for corporate secretary;
4. Percentage of complain level in management stakeholder system;
5. Percentage of corporate image achievement in national and international.

2016 Internal Media Publication

No	Topic	Media
1.	Biomagz	Company policy, program and event socialization
2.	<i>Corporate Portal</i>	Corporate information, coordinated with IT and HR
3.	<i>Information Desk</i>	Fulfillment of Public Information Disclosure Aspect
4.	Banner, etc	Corporate Event publication, socialization

Corporate Secretary Performance Evaluation in 2016

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 2016 is as follows:

Key Performance Indicators (KPI) Realization of Corporate Secretary 2016

Indicator	Target	Formula	Satuan	Weight	Value (%)	Score
A. Routine						
Ensuring the management of Public Information, Ensuring the preparation of the 2014 Annual Report and Sustainability Report	No later than 3 months after the Company received the Audited Reports	Realization/ Target	%	15	100%	15,00



Indicator	Target	Formula	Satuan	Weight	Value (%)	Score
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 Total				80		76,00
B. Non Routine						
Implementation of an integrated Quality Management System	Integration	Realization/Target	%	10	100%	10,00
2016 Investment Realization Rp 421.199.500	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

TRAINING PROGRAMMES TO IMPROVE THE COMPETENCES OF THE CORPORATE SECRETARY

In order to bolster the performance of the Corporate Secretary and expands the insight in Good Corporate Governance, in 2016 the Corporate Secretary participated in the following training programs:

Competency Development Program of Corporate Secretary

No	Date	Topic	Venue	Organizer	Type of Training
1	29-Nov-16	2016 SOE Prime Performance Evaluation Criteria	Bandung	Inhouse	Workshop
2	05-Sep-16	Leadership strategic thinking for leading corporate action	Bandung	Inhouse	Training
3	28-Jul-16	Leadership Development	Bandung	Inhouse	Training
4	20-Jun-16	Assessment and leadership socialization	Bandung	LPOM MUI	Workshop
5	22-Nov-16	Sosialisasi assessment & leadership commitment	Bandung	Inhouse	Seminar
6	02-Sep-16	Tax Amnesty	Bandung	Kemenkeu RI	Seminar

THE GENERAL MEETING OF SHAREHOLDERS (GMS)

The Company organ (CO), consisted of the General Meeting of Shareholders (GMS), Board of Commissioners (BoC) and Board of Directors (BoD) has a vital role in an implementation of GCG effectively. The CO should conduct their own functions in accordance with the prevailing rules based on principles that each CO has independence in conducting their own duties, functions and responsibilities for Company's interest.

The GMS as CO is a vessel for the Shareholders to make a crucial decision in relation with the investment in the Company, by referring to the provisions in Articles of Association and Rules and Regulation. The decision made in GMS should be based on long-term Company's business interest. The GMS and/ or Shareholders are not able to interfere the BoC's and BoD's duties, functions and authorities without prejudice the Shareholders' authorities to execute their right in accordance with Articles of Association and rules and regulaties.

The GMS decision making should be adequately and transparently conducted by noticing the necessary matters to maintain the long-term Company's business interest.

The GMS as CO has an authority which is not delegated to BoC and BoD in corridor stipulated in Laws and Articles of Association.

The GMS has the authority to promote and discharge members of BoC and BoD, evaluate the performance of the BoC and BoD, and require the BoC's and BoD's accountability in Company management, ratify the Article of Association's amendment and approve the Annual Report, establish the profit utilization allocation, and appoint the accounting firm and determine the amount and type of the BoC's and BoD's compensations.

THE SHAREHOLDERS

The Shareholders as a Capital Owner have the rights and obligations on the Company in accordance with the Company's rules and regulations and Articles of Association.

In excersing their rights and responsibilities, it necessary to notice the following principles below:

1. The Shareholders should realize that in performing their rights and responsibilities, the should also concern to the survival of the Company.
2. The Company should guarantee the Shareholders' rights and obligations are satisfied based on fairness and equality principles in accordance with Company's rules and regulations and Articles of Associations.

THE RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

1. The Shareholders' rights should be protected and able to be executed in accordance with the Company rules and regulations and Articles of Associations. The respective Shareholders' rights are basically consisted of:
 - a. Rights to attend, express the opinion, vote in the GMS based on provision one share one vote;
 - b. Rights to obtain timely, accurate, and regular information of the Company, except for the confidential matters, so it enables Shareholders to make a decision of their investment in the Company based on the accurate information;
 - c. Rights to receive their dividends from Company's profie and in other forms, proportional to their shares invested;
 - d. Rights to have the full and complete and accurate information regarding to the procedures to be satisfied regarding to the GMS organization so the the Shareholders are able to participate in decision making, including the decision of matters that affect the Company's and SH's existence.



- e. In case there are more than one type and classification of shares in Company, every shareholder has a right for the following:
 - Voting in conformity with type, classification and number of shares they own;
 - Having an equal treatment based on type and classification of their own shares.
2. The shareholders should realize their responsibilities as a capital owner by noticing the Company rules and regulations and Articles of Associations. The responsibilities of shareholders, basically consisted the following :
 - a. The Controlling Shareholders should be able to:
 - Concern the non-controlling shareholders' and other stakeholders' interests in accordance with rules and regulations;
 - Disclose the ultimate shareholders to the law enforcement agency in case of alleged violation of rules and regulations or required by relevant authorities.
 - b. The non-controlling shareholders are responsible to well exercise their rights in accordance with prevailing rules and regulations;
 - c. The Shareholders should be able to:
 - Segregate the Company's assets with personal ones; and
 - Segregate their functions as shareholder and their functions as BoC or BoD in circumstances that shareholders serve in one of both Boards
 - d. In circumstances that shareholders are controlling shareholders in several companies, it is necessary to disclose the clear accountability of respective shareholders and relationship between Companies.

Company Responsibilities to Shareholders' Rights and Obligations

1. Company Responsibilities to Shareholders' Rights and Obligations
2. The Company should organize the list of shareholders with order in accordance with the Company rules and regulations and Articles of Associations;
3. The Company should provide the timely, right and regular information to shareholders, except for confidential matters;
4. The Company should be neutral to certain shareholders by not providing the information which is not disclosed to other shareholders. All the informations except for the confidential ones, should be provided to all shareholders with no exceptions;
5. The Company should provide the clear, complete and accurate information regarding to GMS execution.

IN ACCORDANCE WITH THE COMPANY'S ARTICLES OF ASSOCIATION, THERE ARE 2 TYPES OF GMS

1. The Annual GMS

RUPS Tahunan diadakan tiap-tiap tahun meliputi:

- a. GMS for ratification of annual report, organized at the latest in June after the closing of respective financial statements year;
- b. GMS for Company Work Plan and Budget ratification, organized at the latest for 30 (thirty) days after the respective Company Work Plan and Budget year.

2. The Extraordinary GMS

RUPS luar biasa dapat diadakan setiap waktu berdasarkan kebutuhan untuk kepentingan Perseroan.

THE GENERAL MEETING OF SHAREHOLDERS

Implementation Stages of GMS

The Annual GMS



The Extraordinary GMS





GENERAL MEETING OF SHAREHOLDERS OF 2016 COMPANY WORK PLAN AND BUDGET

The Manual of 2016 Bio Farma Company Work Plan and Budget Preparation

1. The SOE Ministerial Letter No. S-485/ MBU/ 08/2015 dated 27 August 2015 Concerning the Delivery of Aspirations of Shareholders/ Capital Owners for 2016 Company Work Plan and Budget Preparation
2. The SOE Ministerial Decree No. KEP-101/ MBU/2002 dated 4 June 2002 Concerning the SOE Work Plan and Budget Preparation;
3. The SOE Ministerial Decree No. KEP.100/ MBU/2002 dated 4 June 2002 Concerning the Assessment of SOE Soundness Level;
4. The SOE Ministerial Regulation No. PER-01/ MBU/2011 dated 1 August 2011 Concerning the Implementation of Good Corporate Governance in SOEs which was amended with the SOE Ministerial Regulation No. PER-09/MBU/2012 dated 6 June 2012 and SOE Ministerial Regulation No. PER-09/MBU/07/2015 dated 3 July 2015 Concerning the Partnership and Community Development Program of SOEs.

THE 2016 GENERAL MEETING OF SHAREHOLDERS OF COMPANY WORK PLAN AND BUDGET

The General Meeting of Shareholders of PT Bio Farma (Persero) domiciled in Bandung, West Java, established by the Notarial Deed of Muhani Salim, SH No. 1 dated 3 February 1997, as amended several times, with the last one of Notarial Deed of Fathiah Helmi, SH No. 26 dated 6 June 2014, organized on:

Day/ date : Wednesday, 22 December 2015
Time : 08.30 AM - finish
Venue : Meeting Room 6th Floor of Ministry of SOE Building Jalan Medan Merdeka Selatan No. 13 Central Jakarta, 10110

THE 2016 GMS OF COMPANY WORK PLAN AND BUDGET AGENDA (RKAP)

The details of discussion and decision agenda of 2016 GMS of Company Work Plan and Budget were as follows:

RUPS Persetujuan Rencana Kerja Anggaran Perusahaan (RKAP) dan Rencana Kerja & Anggaran Program Kemitraan & Bina Lingkungan (RKA-PKBL) Tahun 2016

The GMS of Ratification of 2016 Company Work Plan and Budget (RKAP) and Budget Work Plan of Partnership and Community Development Program (RKA-PKBL);

1. The ratification of 2016 Company Work Plan and Budget;
2. The ratification of Budget and Work Plan of Partnership and Community Development Program;
3. The determination of Operational Aspect Indicators for Soundness Level Measurement of 2016 Company Work Plan and Budget;
4. The determination of Key Performance Indicators stated in 2016 Management Contract between BoD and BoC and the Shareholders;
5. The determination on 2016 BoC's Key Performance Indicators;
6. The approval of the derecognition and/ or transfer of damaged and unproductive assets with book value as 31 December 2015 for Rp 750.122 millions;
7. The approval of pledging part of Company fixed assets as collateral of investment credits draw down for Rp 457.50 billions;
8. The approval of additional paid-in capital and the amendment of PT Bio Farma (Persero) Articles of Association.

The Recap of Presence on GMS of 2016 Company Work Plan and Budget

The 2016 GMS was attended by President Commissioner and all of members of BoC, including the Chairperson and the members of Committees under BoC, President Director and all BoD members.

THE GENERAL MEETING OF SHAREHOLDERS

No	Name	Position	Started to Serve	Presence	
				Present	Absent
Board of Commissioners					
1	Ahmad Ramli	President Commissioners	12 April 2013	√	
2	Paruli Lubis	Commissioners	05 November 2012	√	
3	Nizar Yamani	Commissioners	28 May 2012	√	
4	Ihsan Setiadi Latief	Commissioners	01 May 2013	√	
5	Heridadi	Commissioners	23 January 2014	√	
6	Mohamad Subuh	Commissioners	22 June 2015	√	
Audit Committee					
1	Abu Bakar	Member (external)	30 September 2015	√	
2	M. Asawir Harahap	Member (external)	30 September 2015	√	
The Risks, Development and GCG Committee					
1	Afrizal	Member (external)	2014 tanggal 19 February 2014	√	
2	Dadang Epi Sukarsa	Member (external)	2014 tanggal 19 February 2014	√	
Board of Directors					
1	Iskandar	President Director	07 July 2012	√	
2	Juliman Fuad	Direktur Produksi Director of Production	12 April 2013	√	
3	Sugeng Raharso	Director of Planning and Development	12 April 2013	√	
4	Mahendra Suhardono	Director of Marketing	07 July 2012	√	
5	Pramusti Indrascaryo	Director of Finance	12 April 2013	√	
6	Andjang Kusumah	Director of Human Resources	07 March 2012	√	

THE DECISIONS OF 2016 GMS ON
COMPANY WORK PLAN AND BUDGET

Based on Minutes of Annual General Meeting of Shareholders of PT Bio Farma (Persero) Concerning The Ratification of 2016 Company Work Plan and Budget and Work Plan and Budget of Partnership and Community Development Program No. RIS-03/RUPS/BF/XII/2015, below are the results of such decisions:

1. To ratify the 2016 Work Plan and Budget;
2. To ratify the Partnership and Community Development Program as stated in Minutes of Meeting No. RIS-46/D7.MBU.4/12/2015 dated 2

December 2015 concerning of Development of PT Bio Farma (Persero) Partnership and Community Development Program Work Plan and Budget Preparation;

3. To determine the Operational Aspect Indicators for Soundness Level Measurement of 2016 Company Work Plan and Budget;
4. To determine the Key Performance Indicators stated in 2016 Management Contract between BoD and Boc and the Shareholders as attached in this Meeting Decisions;



5. To determine the 2016 Key Performance Indicators of BoC as attached in this Meeting Decisions;
6. To of the derecognition and/ or transfer of damaged and unproductive assets with book value as 31 December 2015 for Rp 750.122 millions;
7. The approval of pledging part of Company fixed assets consisted of land and building at Jalan Pasteur No. 28 with Certificate of Right to Build No. 28 as collateral of investment credits draw down for Rp 457.50 billions;
8. The approve additional paid-in capital from the capitalization of part of Company allowance as stated in 2014 audited financial statements by Djoemarma Wahyudin & Rekan -Certified Public Accountants; To approve the issuance/ placement of unissued shares for 400 (four hundred) thousand shares with nominal value of Rp 1 (one) million each with total amount of Rp 400 (four hundred) billions which was wholly taken by State of Republic of Indonesia; and
To approve the amendment of Article 4 verse (2) and verse (3) the Articles of Association of PT Bio Farma (Persero) to be adjusted with the issuance/ placement of unissued shares and the additional paid-in capital as mentioned in number 1), 2) and 3) and;

To authorize with rights of substitution to PT Bio Farma (Persero) BoD to state that all aspects decided in number 8 of GMS of PT Bio Farma (Persero) Decision in authentic form before the Notary or authorized party; and

To necessary adjust and improve if required by the authorized parties to obtain the approval of respective Company Articles of Association amendment.

THE FOLLOW UP OF 2016 GMS OF WORK PLAN AND BUDGET

In order to improve the Company good corporate governance, the BoC and BoD have followed the GMS referrals as follows:

The GMS Decision/ Direction Follow Up Concerning the 2016 Company Work Plan and Budget and Work Plan and Budget of Partnership and Community Development Program.

No	Referrals of Shareholders	Status		The Follow Up of Referrals of Shareholders	Deadline
		Effective	Not Yet Effective		
1.	The ratified Company Work Plan and Budget was a manual for BoD in conducting the 2016 business activities, and BoC were required to evaluate and to supervise the implementation of Company Work Plan and Budget based on budget disciplinary and regularly reported to Shareholders	√	-	The BoC through Audit Committee and Risk Committee supervised the business activities regularly by BoD and report them to Shareholders. Such business activities performed based on Company Plan and Budget and dynamic external business environment.	-
2.	The determination of 2016 Company Work Plan and Budget based on realization/ achievement in 2015 prognosis. In case of post release of 2015 audited financial statements, there were material deviation (± more than 10%) between the audited and prognosis figures. Therefore, the 2016 Company Work Plan and Budget and Management Contract was proposed to be revised.	√	-	The 2015 performance achievement in Annual Report audited by Djoemarma Wahyudin & Rekan – Certified Public Accountants, had deviation (± less than 10%) between the audited and prognosis figures. Therefore, the 2016 Company Work Plan and Budget and Management Contract deemed not necessary to be revised (the Total Revenue was 98.07%, Asset was 102.14% and Profit of 108.49% of prognosis).	-

THE GENERAL MEETING OF SHAREHOLDERS

No	Referrals of Shareholders	Status		The Follow Up of Referrals of Shareholders	Deadline
		Effective	Not Yet Effective		
3.	The 2016 Company Work Plan and Budget should be aligned with the Company Long-Term Plan target. Therefore, if the existing Company Long-Term Plan was no longer relevant (if the deviation $\pm 20\%$ of one between the material total assets, revenues or profits), then such long-term plan should be adjusted.	√	-	The current Company Long-Term Plan was 2012-2016 period and currently the Company has proposed The Company Long-Term Plan for 2017-2021 period in EIS	-
4.	As a follow up of Management Contract where contained of Key Performance Indicators and was approved, The Key Performance Indicators should be prepared in order for each management level both in holding and subsidiaries.	√	-	The Key Performance Indicators in order for each of management level had been prepared in Performance Management System aligned in Company Work Plan and Budget and Company Long-Term Plan with Balanced Scorecard approach.	-
5.	The business development plan through the establishment of subsidiary with main activities in health service and integrated laboratory should be preliminary adequately and comprehensively reviewed and studied in terms of financial, operational and legal aspects.	√	-	The comprehensive reviewed has been discussed in meeting with BoD, Risk, Development and GCG Committee, BoD and SOE Ministry. The input and suggestion in meeting have been included in a review including its financial, operational and legal aspects which currently has been in finalization process.	-
6.	The BoD were required to seek for the synergy Across SOEs by referring to SOE Ministerial Instruction No: KEP-109/MBU/2002 Concerning the Synergy Across the SOEs and SOE Ministerial Regulations	√	-	Currently, the Company has synergized across SOEs with: 1. PT Kimia Farma (Persero) for procurement of production supporting materials (Kanamicine and Anesthesia Drug); 2. PT Pembangunan Perumahan (Persero) and PT Adhi Karya (Persero) for construction working; 3. PT Pertamina (Persero) for solar gasoline procurement; 4. PT PLN (Persero) for electricity energy; 5. PT Telkom for information technology; 6. State News Agency (LKBN) for publication.	-



No	Referrals of Shareholders	Status		The Follow Up of Referrals of Shareholders	Deadline
		Effective	Not Yet Effective		
7.	BoD were required to monitor SOE Road Map in Health Service as a company development policy reference in improving Company's contribution in Health Service sector	√	-	The Company development performed in conformity with Pharmaceutical SOE Roadmap to Bio Technology Development and Life Sciences Industry.	-
8.	In order to reduce the import dependence of drug and vaccine material, the Company continuously developed such product material and to encourage other Pharmaceutical SOEs through cooperation to develop and to produce the domestic drug material.	√	-	The development of new vaccine performed through mutual research synergy of domestic universities and research agency with prioritizing the domestic potency	-
9.	The BoD were required to create the joint investment for Hospital Development in Saudi Arabia through 2016 investment fund allocation. Furthermore, the such execution performed in accordance with the prevailing laws and regulations.	√	-	The cooperation program for public health improvement would be BoD center of attention. The 2016 investment and allocation executed in accordance with the Company Work Plan and Budget and through the approval mechanism of BoC.	-

THE GENERAL MEETING OF SHAREHOLDERS

No	Referrals of Shareholders	Status		The Follow Up of Referrals of Shareholders	Deadline
		Effective	Not Yet Effective		
10.	The BoD were required to follow up and to solve the Audit Supreme Board prior years findings and recommendations	√	-	1. The audit result of Republic of Indonesia Audit Supreme Board on 2010 and 2011 Partnership and Community Development and the related expenses of Bird Flu Vaccine until 2011 at PT Bio Farma (Persero), disclosed 7 findings with 11 recommendations. From 11 of them, 10 recommendations has been stated as accomplished and 1 recommendation settlement was in waiting process from Republic of Indonesia Ministry of Health. 2. The audit result of Republic of Indonesia Audit Supreme Board on Procurement, Inventory Management, Sales and Expenses for 2014 and 2015 financial statements year in PT Bio Farma (Pesero) were 17 finding and 52 recommendations to the Republic of Indonesia Audit Supreme Board. As of 31 December 2016 the respective follow ups were still in-waiting progress from Republic of Indonesia Audit Supreme Board review.	-
11.	Board of Directors were required to submit the 2015 audited financial statements by Certified Public Accountants at the latest on February 2016.	√	-	The 2015 audited financial statements Djoemarma, Wahyudin & Rekan -Certified Public Accountants has been uploaded in SOE financial information system on 29 February 2016.	-



PRIOR YEARS OF GMS

AGM of PT Bio Farma (Persero), domiciled in Bandung, West Java, a company established based on Notarial Establishment Deed by Notary Muhani Salim, SH Number 1 dated February 3, 1997, as amended several times, with the most recently by Notarial Deed No. 26 dated June 6, 2014, was held on:

Day/ date : Friday, 10 June 2016
Time : 14.00 – 15.30 Jakarta Time
Venue : Meeting Room at 6th Floor,
Ministry of SOE Building
Jalan Medan Merdeka Selatan No. 13
Central Jakarta - 10110

THE GMS AGENDA

1. The approval of Company's Annual Report, regarding to situation and condition of Company during 2015 financial statements year, including BoC Supervisory Duty Report during 2015.
2. The ratification of 2015 Company's Financial Statements and the grant of fully release discharge of responsibility to members of BoC and BoD for their respective duties during 2015 and the approval of restatement of 2014 financial statements.
3. The approval of Annual Report and ratification of 2015 Financial Statements of Partnership and Community Development and fully release and discharge of responsibility to members of BoC and BoD for their respective duties during 2015 financial statements year.
4. The Establishment of Company Net Profit Utilization for 2015 Financial Statements Year
5. The approval of determination of BoD's and BoC's 2015 bonuses and salaries and allowance and facilities for respective Boards in 2016
6. The approval of appointment of Certified Public Accountants to perform the audit for general purposes of Company Financial Statements and Annual Report of 2016 Partnership and Community Development Program Implementation

THE BASIS OF HOLDING OF GMS

1. Republic of Indonesia Law No. 19 of 2003 Concerning the SOEs (Republic of Indonesia State Gazette of 2003 No. 70);
2. Republic of Indonesia Law No. 40 of 2007 Concerning of Limited Liability Company (Republic of Indonesia State Gazette of 2007 No. 106, Supplement to the Republic of Indonesia State Gazette no. 4756);
3. Government Regulation No. 41 of 2003 Concerning the Delegation of Position, Duties and Authorities of Minister of Finance to Company (Persero), Public Sector Company and Public Service Company to Minister of SOEs (Republic of Indonesia State Gazette of 2003 No. 82, Supplement to the Republic of Indonesia State Gazette No. 4305);
4. Government Regulation No. 45 of 2005 Concerning the Establishment, the Management, the Supervisory and the Dissolution of SOEs (Republic of Indonesia State Gazette of 2005 No. 117, Supplement to the State Gazette No. 4556);
5. The Presidential Regulation No. 47 of 2009 Concerning the Establishment and Organization of State Minister as amended several times, with the latest amendment with The Presidential Regulation No. 13 of 2014;
6. The Presidential Decree No. 121/P of 2014 Concerning the Establishment of Ministry and The Appointment of Work Cabinet Ministries for 2014-2019 period;

THE GENERAL MEETING OF SHAREHOLDERS

7. PT Bio Farma (Persero) Articles of Association established with Notarial Deed of Muhani Salim, SH No. 1 dated 3 February 1997, as several times amended, the latest amendment of Notarial Deed of Fathiah Helmi, SH No. 26 dated 6 June 2014 and has obtained approval as The Amendment of Limited Liability Legal Entity of PT Bio Farma (Persero);
8. The Power of Attorney of Minister of SOE No. SKU-127/ MBU/06/2016 dated 9 June 2016 with substitution rights to Mr. Imam Apriyanto Puto, the Secretary of SOE Ministerial and Mr. Wahyu Kuncoro as a Deputy of Agriculture and Pharmaceutical Industry Area.

RECAP OF PRESENCE IN GMS

The 2016 Annual General Meeting of Shareholders is attended by Shareholders' Representations, Bio Farma's BOC Members, Bio Farma's Board of Directors, and representatives from the Ministry of BUMN and Bio Farma as follows:

No	Name	Position	Attendance	
			Yes	No
Shareholder Power				
1	Wahyu Kuncoro	Deputy Agro and Pharmacy Industry	√	
Board of Commissioners				
1	Ahmad Ramli	President Commissioner	√	
2	Paruli Lubis	Commissioner	√	
3	Nizar Yamani	Commissioner	√	
4	Ihsan Setiadi Latief	Commissioner	√	
5	Heridadi	Commissioner	√	
6	Muhamad Subuh *	Commissioner		√
*) Muhammad Subuh was absent and he authorized Nizar Yamani in conformity with Power to Attorney No. SKU-05/DK/BF/06/2016 dated 9 June 2016				
Board of Directors				
1	Iskandar	President Director	√	
2	Juliman Fuad	Director of Production	√	
3	Sugeng Raharso	Director of Planning and Development	√	
4	Mahendra Suhardono	Director of Marketing	√	
5	Pramusti Indrascaryo	Director of Finance	√	
6	Andjang Kusumah	Director of Human Resource	√	
The meeting participants are from the Ministry of SOE and PT Bio Farma				



THE GMS PROCESSION

1. The GMS was commenced and chaired by Deputy of Agricultural and Pharmaceutical Industry Area as Shareholder Power;
2. The meeting chairperson stated that satisfying the jurisdiction requirements in accordance of Company Articles of Association, the GMS were valid and has the rights to make binding decisions;
3. The elaboration by BoD concerning the 2015 financial statements year business activities results;
4. The elaboration by BoC concerning the 2015 financial statements year business activities results;
5. The discussion and question and answer of the 2015 financial statements year Company activities result;
6. The announcement of GMS' decisions;
7. Remark.

PREVIOUS AGM'S DECISIONS

After the discussion and question and answer session of 2015 financial statements year business activities, then GMS has decided the following issues:

1. To approve the Company Annual Report including the situation and Company's progress during 2015 financial statements year;
2. To ratify the 2015 financial statements year Company Financial Statements including the approval of 2014 restatement of audited financial statements by Djoemarma, Wahyudin and Rekan in conformity with their Independent Auditors' Report No. 384/LAI.15.BF-4/DWR/2016 dated 4 February 2016 with the opinion 'Fairly Presented for All Material Respects', including the fully release and discharge of members of BoC and BoD for their respective duties performed during 2015 financial statements year with condition;
 - a. As long as the actions were not criminal acts or not violating the prevailing rules and regulations;
 - b. As long as such actions were recorded and reported in 2015 Annual Report and Company's Financial Statements including 2014 restatement of Financial Statements.

The Main Points of 2015 Financial Statements:

Descriptions	31 December 2014	31 December 2015
a. Statements of Financial Position (Balance Sheets)		
Assets		
Current Assets	1,824,639	1,995,781
Plant and Equipment (Net)	1,219,969	3,684,882
Total Assets	3,044,608	5,680,663
Liabilities and Equities		
Short-term liabilities	339,668	456,663
Long-term liabilities	161,250	179,868
Equity	2,543,689	5,044,132
Total Liabilities and Equities	3,044,607	5,680,663
b. The Statement of Comprehensive Income		
Operating Sales	2,044,080	2,345,918
Cost of Goods Sold	(780,090)	(867,488)
Gross Profit (Loss)	1,263,990	1,478,430
General and administrative expenses	- 349,010	- 421,759

THE GENERAL MEETING OF SHAREHOLDERS

Descriptions	31 December 2014	31 December 2015
Selling Expenses	- 99,182	- 126,818
Research, development and surveillance Expenses	- 88,779	- 93,443
Other revenues (expenses)	48,882	62,863
Profit (Loss) Before Tax	775,902	899,274
Income Tax Benefit (Loss)	- 193,709	- 228,681
Current year Profit (Loss)	582,193	670,593
Other Comprehensive Income (Expenses)	- 21,323	1,979,954
Current Year Comprehensive Income	560,870	2,650,546

- c. The 2015 Financial Statement Years The Soundness Level : Sound (AA) with score of 88.50
- d. KPI score in 2015 financial statements year : 142.25%
- e. GCG score in 2015 financial statements year : 86.83% with "Very Good) category.

3. To ratify the 2015 Annual Report and financial statements of Partnership and Community Program audited by Djoemarma, Wahyudin and Rekan in conformity with their Independent Auditors' Report No. 384/LAI.15. BF-PKBL/DWR/2016 dated 4 February 2016 with the opinion 'Fairly Presented for All Material Respects', including the fully release and discharge of members of BoC and BoD for their respective duties of Partnership and Community Development Program performed during 2015 financial statements year with condition;
 - a. As long as the actions were not criminal acts or not violating the prevailing rules and regulations;
 - b. As long as such actions were recorded and reported in 2015 Annual Report and Partnership and Community Development Program Financial Statements.

The Main Points of Partnership and Community Development Program 2015 Financial Statements

(In Millions Rupiah)

Descriptions	31 December 15
a. The Statements of Financial Position (Balance Sheets)	
Assets	
Cash and cash equivalent	4,007.33
Loan receivables of Partners	17,366.46
Total Assets	21,373.79
Liability and Equity	
Liabilities	332.88
Net Assets	21,040.91
Total Liabilities and Nett Assets	21,373.79



Descriptions	31 December 15
b. Activity report	
Profit allocation to Instructure SOE	4,711.56
Interest Income	109.06
Administrative service income	718.85
Other incomes	457.08
Total income	5,996.55
Distribution	5,190.74
Charges and expenses	631.96
Total distribution, Charges and Expenses	5,822.70
The Increase (Decrease) of Nett Assets	173.85
Net Assets – Beginning of Year	20,867.06
Net Assets – Year End	21,040.91

4. The Approval of 2015 Company Profit Utilization
 - a. To approve the 2015 Company net profit utilization distributed to Parent Entity's owner for Rp 670.59 billions as follows:
Dividend : Rp 234.71 billions (35%)
General Allowance: Rp 435.89 billions (65%)
Total: Rp 670.59 billions (100%)
 - b. To approve the fund allocation for Community Development Program amounting to Rp 18 billions or equivalent to 2.68% of 2015 net profit which came from Company's expenses.
5. The determination of 2015 bonuses and salaries of BoC and BoD and for their respective allowances and facilities in 2016 would be separately determined.
6. To approve the re-appointment of Djoemarma, Wahyudin & Rekan – Certified Public Accountants to perform the audit for general purposes of Company 2016 Financial Statements and Partnership and Community Development

Program Financial Statements and delegated the financial matters to BoC for the following aspects:

- a. To determine the audit service fee and other requirements for the respective Independent Auditors;
- b. To determine the Successor Independent Auditors in case the Predecessor Independent Auditors for what reasons can not complete the assignment for 2016 Audit of Company and Partnership and Community Development Program Financial Statements.

THE FOLLOW UP OF RUPS GUIDANCE OF 2015 PT BIO FARMA (PERSERO) AND PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM FINANCIAL STATEMENTS

In order to improve the implementation of good corporate governance, the BoD and BoC have followed up the GMS Guidance as follows:
The Follow Up of Decision/ Guidance of GMS concerning the Ratification of 2015 PT Bio Farma (Persero) and Partnership and Community Development Financial Statements.

THE DESCRIPTION OF INTERNAL AUDIT UNIT (IAU)

THE IAU IN BIO FARMA HAS TRANSFORMED TO BE AN INTERNAL SUPERVISORY AND CONTROL FUNCTION (ISC). THIS PROGRESS WAS INTENDED TO PROVIDE VALUE ADDED IN IMPROVING THE COMPANY'S PERFORMANCE BY NOTICING THE GOOD CORPORATE GOVERNANCE PRINCIPLES.



Sri Widayatiningsih
Head of Internal
Audit

Indonesian citizen. Domiciled in Bandung. Age of 31 December 2016 was 53. Born in Ungaran, 3 May 1963. Graduated with a bachelor degree in Management Economics from Universitas Islam Indonesia (UII). Joined Bio Farma on 23 January 1994. She was appointed as Head of Internal Audit in accordance with the Directorial Decree of PT Bio Farma (Persero) No. 317/TM/TKK/XII/2014 dated January 2nd, 2015 and approved by the Board of Commissioners via Approval No. S-52/DK/BF/XII/2014 dated December 18th, 2014. Previously, she served as Head of the Logistics Division.

The legal base of the Appointment as Corporate Secretary is Directorial Decree No: 341/TK/ASDM/IV/2008, dated 2 June 2008.

THE PROFILE OF HEAD OF INTERNAL AUDIT

The Profile of Head of Internal Audit

Aligning with the globalization era concept, there will be a lot more problems that should be faced by the Company in business competition which becomes more complicated. This situation imposes the Company management to be able to effectively and efficiently manage the Company to achieve the determined objective. Management is no longer able to directly supervise the Company's activities, so they have to delegate part of the authorities, duties and responsibilities to Internal Audit Unit.

Management is also pushed to implement the Internal Control which is very useful to safeguard the Company's assets. The variable element which affects the effectiveness of Internal Control is the quality of Internal Audit.

Bio Farma established an Internal Audit led by the Head of the Internal Audit, appointed and dismissed by the President Director upon the approval of the Board of Commissioners. The IA 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).

The Internal audit is an activity to provide assurance and independent and objective consultation to improve value and to fix Company's operational by systematical approach by evaluating and improving the internal control system, risk management and good corporate governance.



IN AN OVERVIEW THE INTERNAL CONTROL CONSISTED OF 2 (TWO) ASPECTS:

1. Structure Aspect;
2. Process Aspect

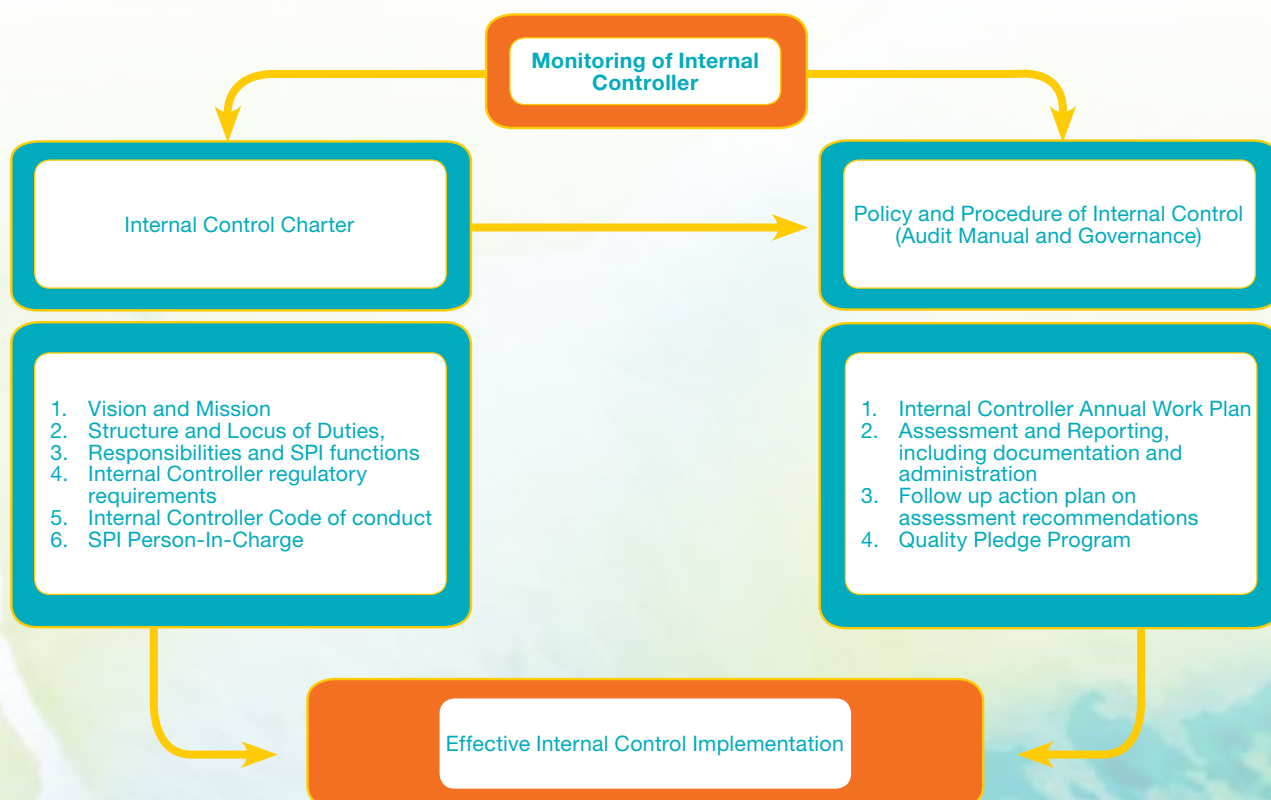
The Structure Aspect, arranges the following below:

1. The position, duties and functions of Internal Audit;
2. The authority of Internal Audit;
3. The accountability of Internal Audit;
4. The Internal Audit Requirements
5. The Internal Audit Charter;
6. The Internal Audit Relationship with BoC and Audit Committee

The Process Aspect, arranges the following below:

1. The planning, execution and reporting of Internal Audit;
2. The monitoring of follow up of internal and external supervisory results;
3. The execution of quality assurance program;
4. The documentation and administration

Both aspects above are stipulated in Ministry Regulation concerning of the Internal Audit Charter and the Internal Control Policy and Procedure which stipulates the following below:



THE DESCRIPTION OF INTERNAL AUDIT UNIT

The Basis of Internal Audit in Bio Farma

1. The State of SOE Ministry Regulation No: PER-01/MBU/ 2011 dated 1 August 2011 Concerning of The Implementation of Good Corporate Governance in SOEs as last amended through the SOE Ministry Regulation No: PER-09/MBU/2012 dated 6 July 2012 Concerning the Amendment of The State of SOE Ministry Regulation No: PER-01/MBU/2011 Concerning the Implementation of Good Corporate Governance in SOEs;
2. The State of SOE Secretarial Letter No. S-168/MBU/2008 dated 27 June 2008 Concerning the Indicators/ Parameters of Assessment and Evaluation of Good Corporate Governance Implementation renewed with the State of SOE Secretarial Decree No. SK-16/S.MBU/2012;
3. The Company's Articles of Association.

NUMBER OF INTERNAL AUDIT AUDITORS (INTERNAL AUDITORS)

As of 31 December 2016, the Internal Audit has 13 (thirteen) employees, consisting of 1 (one) Head of Internal Audit and 12 (twelve) employees working on issues pertaining to Internal Audit. Auditors' educations range from master's, bachelor's, and secondary degrees. Each Auditor has participated in audit training on a continuous basis.

No	Name	Position
1	Sri Widayatiningsih	Head of Division
2	Amar Yuliar S	Head of Division
3	Edi Iskandar	Senior Auditor
4	Satia Permadi Senoputro	Senior Auditor
5	Johnny Hotman Gultom	Senior Auditor
6	Sigit Prakosa	Senior Auditor
7	Dedi Mulyadi	Junior Auditor
8	Ai Sukarni	Junior Auditor
9	Nurdin Wijaya	Junior Auditor
10	Emillina	Junior Auditor
11	Ahmad Agus Romansyah	Junior Auditor
12	Dani Matias	Junior Auditor

Composition of Employee Internal Audit per 31 December 2016

No.	Name	Position
1	Head of Internal Audit	1
2	Senior Auditor	5
3	Junior Auditor	6
Total		12 Person



INTERNAL AUDIT CERTIFICATIONS

In carrying out internal audit tasks, the IA is supported by a host of professional auditors. As of 31 December 2016, the qualifications and competencies of Bio Farma's IA personnel are as follows:

The Certification of Employees' Internal Audit Training

No.	Name	Position	Certification
1	Dani Matias	Junior Auditor	Risk Based Internal Auditing
2	Nurdin Wijaya, ST., M.M	Junior Auditor	Risk Based Internal Auditing
3	Nurdin Wijaya, ST., M.M	Junior Auditor	The Internal Auditing Principles for the Audit Team Member
4	Raden Yanuar Rasyid Hidayat	Staff	The Internal Auditing Principles for the Audit Team Member
5	Edi Iskandar	Senior Auditor	Certified International Project Manager
6	Amar Yuliar	Senior Auditor	Seminar & Musyawarah Nasional FKSPI Tahun 2016
7	Sigit Prakosa	Senior Auditor	Certification in Risk Management Assurance Review Course
8	Sigit Prakosa	Senior Auditor	The Internal Auditing Principles for the Audit Team Member
9	Sigit Prakosa	Senior Auditor	The Internal Auditing Principles for the Audit Team Member

Position	The Number of Personnel	Qualification	Personil
Head of Internal Audit	1	Qualified Internal Auditor (QIA)	-
Senior Internal Audit	5	Certified Fraud Examiners (CFE)	-
		Qualified Internal Auditor (QIA)	-
		Certificate in International Financial Reporting Standards (CIFRS)	1
		Certified PSAK (CPSAK)	1
		Certified International of Information System Auditor (CIISA)	1
Junior Internal Audit	6	Qualified Internal Auditor (QIA)	1
		Certified PSAK(CPSAK)	1
Total	12	Total	5

A number of other auditors have considerable experience and are undergoing certification program. In 2016 5 (five) auditors participated in professional training programs and certification programs.

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 IA 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 IA is expected to produce quality audit reports in order to support all of the Company's activities.

THE DESCRIPTION OF INTERNAL AUDIT UNIT

VISION AND MISSION OF BIO FARMA INTERNAL AUDIT

Vision

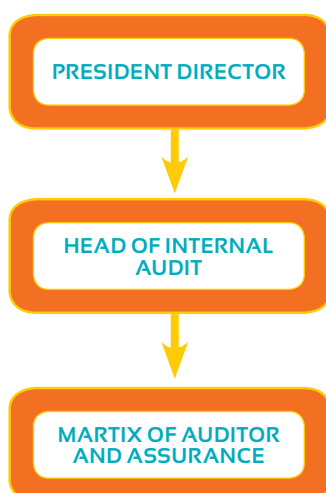
To be a professional, independent, objective supervisory unit to provide consultation and to be trusted management partner and to provide value-added for the Company in their objectives achievement.

Mission

The internal audit is a supervisory unit established to assist President Director in fulfilling his/ her obligations to Shareholders, with the certainty of objectives achievement of Company's operation.

For that matters, then the Internal Audit conduct the regular audit of Company's operational activities, based of risk priority and to control and to implement the Company's operational activities and to provide consultations and recommendations to improve the quality of Company.

The Organizational Structure of Bio Farma Internal Audit



IA POSITION IN THE ORGANIZATIONAL STRUCTURE

In compliance with Board of Directors' Decree No. 05586/Dir/VIII/2015 dated 21 August 2015 regarding the PT Bio Farma (Persero) Organization Structure, the Internal Audit Unit (SPI) has been amended to Internal Audit (PI).

Structurally, the Internal Audit is under the President Director and is lead by the Head of Internal Audit who oversees the Auditor & Assurance Matrix & Assurance Matrix (IA Associate Experts and IA Junior Experts).

The auditors in IA were promoted and discharged by President Directors with the approval of BoC.

EXECUTION OF DUTIES AND RESPONSIBILITIES

In performing its duties and responsibilities, the IA refers to:

1. The internationally recognized COSO – Internal Control Framework;
2. 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 IA, 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.

3. Execution of audit tasks refers to the Audit Manual for the IA, 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 IA

1. Preparing and implementing the Annual Monitoring Work Program (PKPT).
2. Testing and evaluating the implementation of internal audit, risk management, and GCG in accordance with the Company's policy.
3. Performing inspection and assessment on the efficiency and effectiveness of operational, financial, human resources, information technology and other activities in the Company.
4. Providing 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. Monitoring the follow-up implementation of the recommended improvements.
7. Performing consulting tasks to improve the internal control system.
8. Together with the Audit Committee to discuss audit result reports and request necessary input.
9. Conducting special inspections if necessary.

The authorities of the IA include the following:

1. Accessing to all informations, documents and records to BoD and employees, to Company's assets locations, to the information system and to relevant system and procedures related to duties and functions of IA
2. Conducting direct communication with the Board of Directors and the Board of Commissioners, the Audit Committee, and the Risk Committee.
3. Organizing periodic and ad-hoc meetings with the Boards of Directors and Commissioners, and Audit and Risk Committees.
4. Coordinating tasks as the Company is being audited by external auditors (KAP, BPK, etc.).
5. Allocating audit resources, determine the focus and scope and schedule of the audit.
6. Improving knowledge and skills in the field of audits.
7. Obtaining the advice and counsel from professionals/ experts.

THE ACCOUNTABILITY

The Head of Internal Audit is responsible to President Director to:

1. Provide the assessment and recommendation regarding to the adequacy and effectivity of the Company management process in controlling their activities and managing the risks;
2. Report the critical events related to management control system and to report the improvement/ arrangement of internal control system which is need to be done;
3. Regularly report the audit result in conformity with annual audit work plan;
4. Report the KPI achievement of IAU..

THE DESCRIPTION OF INTERNAL AUDIT UNIT

THE INTERNAL AUDIT CHARTER

The Internal Audit Charter is a formal document contained of recognition of existence and commitment of Top Level Management on the function of IAU in Bio Farma

The Internal Audit Charter is a foundation of the implementation of supervisory duties of IAU Auditors to be acknowledged by each of employees and related units/ departments to achieve the better understanding and cooperation to realize the vision, mission and objective of Bio Farma.

THE AUDITORS' REQUIREMENTS

1. To have a professional, independent, honest and objective integrity and attitude in conducting their duties;
2. To have an audit technical experiences and knowledge and other relevant area of sciences with their duties;
3. To have an effective interaction and communication skills both orally and in written form;
4. To have passion to improve and capability in audit area.

THE AUDITORS' REQUIREMENTS

1. The internal auditor should be honest, objective and professional in conducting their duties;
2. The internal auditor should avoid both potential and existing conflict of interest;
3. The internal auditor is strictly prohibited in law violating activities;
4. The internal auditor should be careful and wise in using the information obtain in conducting their duties;
5. The internal auditor should comply with Internal Audit Professional Standards;

6. The internal auditor is strictly prohibited to be involved in actions or activities which discredited the internal audit profession and their professional organizations;
7. The internal auditor should always improve their competencies by participating the continuing the professional education gradually..

THE RELATIONSHIP OF INTERNAL AUDIT WITH ORGAN OF THE BOARD OF COMMISSIONERS AND AUDIT COMMITTEE

1. The duty of Audit Committee is to assist the Board of Commissioners to ensure the internal control system effectivity and the implementation of external and internal auditors' duties effectivity;
2. The duty of Audit Committee is to review the adequacy of internal audit function including the number of auditors, annual work plan and the accomplished assignments;
3. The audit committee assess the implementation of activities and the audit results conducted by IAU or independent auditors.

SUMMARY OF 2015 WORK REPORT OF THE IA

I. The Planning, Implementation and Reporting of Internal Audit

a. 2016 Internal Audits Plans

At the end of every year, the IA prepares the Annual Audit Work Plan or PKPT for the following year. The IA prepares the internal audit schedule by taking into account the risk level of each of the auditees.

In 2016, the Committee plans to audit 8 (eight) objects. 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 IA also prepares the auditors' competence development plan. The Working Supervision Program Annual & Bio Farma Competence Development Activity Plan Year 2016 is as follows:



The Annual Audit Work Plan (AAWP) & Bio Farma Auditor Competence Development Plan in 2016

No	Activity Program	Auditing Period	Month of Publication	Number of Audit Reports
1	Operational Assessment on Virus Vaccine Division (OPV Department)	28 January 2016 – 06 April 2016	April	1
2	Operational Assessment on General Division and Asset Management (Asset Management Department)	28 January 2016 – 06 April 2016	April	1
3	Operational Assessment on Procurement Division (Capex Purchasing and Maintenance)	28 April 2016 – 13 July 2016	July	1
4	Operational Assessment on Business Unit and Immunization	28 April 2016 – 13 July 2016	July	1
5	Operational Assessment on Human Capital Division (Development Management Department)	28 April 2016 – 13 July 2016	July	1
6	Operational Assessment on PKBL, CSR and EHS (CSR Department) Division	02 August 2016 – 10 October 2016	October	1
7	Operational Assessment on Production Planning Division and Supply Management (Production Planning Department)	02 August 2016 – 10 October 2016	October	1
8	Operational Assessment on on Technical Division and Maintenance	02 August 2016 – 10 October 2016	October	1

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 IA coordinates its activities with the risk owners to obtain input on the risk assessment resulted from the risk management process.

b. The Implementation of Internal Audit:

During 2016, the Internal Audit Division had conducted the Annual Supervisory Work Program and the Audit of Non-Annual Supervisory Work Program, as follows:

- Performing the audit on 9 (nine) auditees in conformity of Annual Supervisory Work Program as follows:
 - » The operational audit on Chemistry and Physics Testing Department;
 - » The operational audit on Clinic and Immunization Division;
 - » The operational audit on Marketing Division
 - » The operational audit on Performance and Reward Management Department, Human Capital Division;
 - » The operational audit on Investment Management;
 - » The operational audit on Import Procurement Department, Logistic Division;
 - » The operational audit on Corporate Social Responsibility/ Partnership and Community Development Program Department;

THE DESCRIPTION OF INTERNAL AUDIT UNIT

- » Financial Inspection of the Treasury Section.
- » The operational audit on Management Information System Department, Information Technology Division.
- Performing the audit on Non-Annual Stock taking as of 31 December 2016;
 - » The Company and the Partnership and Community Development Program Cash Count as of 31 December 2014, 31 March 2015, 30 June 2015 and 30 September 2015;
 - » As a counterpart of audit activity on Financial Statements and Activity of Partnership and Community Development Program Statement for 2015 Financial Statements Year by Djoemarma Wahyudin & Rekan – Certified Public Accountants;
 - » Based on PT Bio Farma (Persero) Directorial Decree No: 06574/DIR/X/2015 dated 1 October 2015 Concerning the Establishment of Counterpart Team of Public Accounting Firm for General Audit Performing on 2015 PT Bio Farma Financial Statements dated 1 October 2015;
- The monthly activity routine audit (production, marketing, purchasing and bookkeeping supporting documents)

From the 2016 work program implementation in accordance with Annual Supervisory Work Plan, the IAU has released 9 (nine) audit reports. The internal audit also held the meeting with Audit Committee at least once in three months with the agreed meeting agenda. The internal audit reported the development of audit conclusions, audit conclusion follow up and discussing the financial statements and existing current issues in the Company. The internal audit also developed the good relationship with the Independent Auditors such as Audit Supreme Board, Financial And Development Audit Agency and Certified Public Accountants in order to support the audit performed.

c. The Internal Audit Reporting

- I. The monitoring the Follow Up of Internal and External Audit Result;
- II. The Documentation and Administration

The Internal Audit Competency Training and Development Program

In order to improve the competence and capability as Internal Control, attending various trainings, seminars and workshops during 2016 are as follows:

No	Training Topics	Head of Internal Audit	Senior Internal Audit	Junior Internal Audit	Organizer	Venue	Dates
1	National Seminar and Discussion of 2016 the Internal Auditor Taskforce Communication Forum (FKSPI) 'Strategic Partnership: Optimizing the Partnership of Internal Audit Function in Supporting the Board of Directors and Board of Commissioners to Improve the Company's Excellence in ASEAN Economic Community Era'	1	2	5	FKSPI The Internal Auditor Taskforce Communication Forum (FKSPI)	Jakarta	19-Apr-16 20-Apr-16
2	Leadership	1			Kubik	Bandung	05-Sep-16 06-Sep-16
3	Training Microsoft Word	-	1		Innov8	Bandung	01-Jun-16 02-Jun-16
4	Certified of Accountant	-	2	2	IAI	Jakarta	27-Jan-16 28-Jan-16



No	Training Topics	Head of Internal Audit	Senior Internal Audit	Junior Internal Audit	Organizer	Venue	Dates
5	Creating Database Program with Access 2010 for Non Programmer (Microsoft Access)	-	3	2	Innov8	Bandung	01-Jun-16 02-Jun-16
6	Review & Exam CIPM (Certified Information Project Manager)	-	1	-	-	-	-
7	Assessor KPKU/Kriteria Penilaian Kinerja Unggul	-	1		Forum Ekselen BUMN	Jakarta	03-Aug-16 05-Aug-16
8	CRMA Review Course	-	1		IIA Indonesia	Jakarta	07-Nov-16 11-Nov-16
9	The Training or Personal Financial Management for PT Bio Farma (Persero) Assistant Manager 'Building the Solid Ground'	-	-	4	MUVI	Bandung	25-Apr-16 25-Apr-16
10	The Principles of Internal Auditing for Internal Audit Team Members	-	-	2	YPIA	Jakarta	08-Aug-16 10-Aug-16
11	Risk Based Audit	-	-	1	YPIA	Jakarta	07-Nov-16 09-Nov-16

THE PRINCIPLES OF INTERNAL AUDITING FOR INTERNAL AUDIT TEAM MEMBERS

THE MANUAL OF APPOINTMENT AND DISCHARGE OF THE HEAD OF IA

In accordance with the State of SOE Ministry Regulation No: PER-01/MBU/ 2011 dated 1 August 2011 Concerning of The Implementation of Good Corporate Governance in SOEs as last amended through the SOE Ministry Regulation No: PER-09/MBU/2012 dated 6 July 2012 Concerning the Amendment of The State of SOE Ministry Regulation No: PER-01/MBU/2011 Concerning the Implementation of Good Corporate Governance in SOEs;

THE DIRECTORIAL DECREE OF APPOINTMENT AND DISCHARGE OF HEAD OF IA

The appointment of the new Head of the IA 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 terhitung mulai tanggal 02 Januari 2015.

Structurally, the Internal Audit is under the President Director and is lead by the Head of Internal Audit who supervises the Auditor and Assurance Matrix (Senior Internal Auditor and Junior Internal Auditor). The Internal Auditor is responsible to the Head of Internal Auditor. The Head of Internal Auditor is appointed and discharged by President Director with the approval of BoC.

QUALITY ASSURANCE

THE QUALITY MANAGEMENT IMPLEMENTATION IN BIO FARMA IS INTENDED TO MAINTAIN REQUIRED INTEGRATED SYSTEM.

PROFILE OF HEAD OF QUALITY ASSURANCE DIVISION



Indonesian citizen, domiciled in Bandung. Age as of December 31, 2016 was 49 years old. Born in Semarang, July 20, 1967, obtained his Pharmacy Bachelor degree from Bandung Institute of Technology (ITB) and Master of Management from Padjadjaran University of Bandung. Joined Bio Farma since 1991 as Staff of Bacterial Vaccine Quality Supervision Section (1991-1997), has held various structural positions, such as Head of Quality Control Division of Virus Vaccine (1997-2006), Head of Quality Control Division (2006-2012), appointed As Head of Quality Assurance Division (QA) since 2012 - Now. Has competence in Quality Supervision, Current GMP, etc. Has Qualification as Auditor and Lead Auditor to various Companies at home and abroad.

THE DUTY, AUTHORITY AND RESPONSIBILITY OF HEAD OF QUALITY ASSURANCE)

The duties of Head of Quality Assurance Division are performing following aspects :

1. Quality Management System
2. Environmental Management System
3. Health Management System and Work Safety;

4. Good Management of Production (GMP)
5. Vendor;
6. Customers' Complaints.

The authorities of Head of Quality Assurance (QA) Division

The Head of Quality Assurance and/ or Management Representative (MR) has the authority to approve the audit program and appoint the competent and independent audit team who shall perform the audit of every related Division/ Department and to request for unscheduled audits that have been determined with or without prior announcement to the auditee.

The responsibility of Head of Quality Assurance Division covers on the following points:

1. Integration Implementation of ISO 9001;
2. Integration Implementation of ISO 14001;
3. Integration Implementation of OHSAS 18001.

Head of the QA Service Department 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..

Competency of Head of Quality Assurance Division

1. The Head of Quality Assurance Division has the competencies in quality control area, current, GMP, etc;
2. She is a qualified auditor and lead auditor to various companies both domestic and overseas to ensure Bio Farma vendor to satisfy the aspects of quality management system and environmental friendly.



THE APPOINTMENT AND DISCHARGE OF HEAD OF QUALITY ASSURANCE DIVISION

The Head of Quality Assurance Division is appointed and discharge by Boar of Directors with Bio Farma Directorial Decree No: 0461/TKK/SDM/VIII/2012 dated 16 August 2012 Concerning the Appointment of Head of Quality Assurance Division.

THE POSITION OF QUALITY ASSURANCE IN ORGANIZATIONAL STRUCTURE

Quality Assurance Organizational Structure

According to the Directorial Decree No. 05586/DIR/VIII/2015 dated 21st August 2015 on the Organizational Structure of PT Bio Farma (Persero), the Quality Assurance (QA) Division is structurally under the purview of the President Director and headed by a Head of Division, who supervises QA System, QA Operation, and QA Service. The Organizational Structure of the QA Division of Bio Farma is as follows:



QUALITY ASSURANCE

NUMBER OF INTERNAL QUALITY ASSURANCE AUDITORS

As of 31 December 2016, there are 98 (ninety-eight) Internal Auditors representing the Quality Assurance Division, Quality Control, Production, Technical, Laboratory Animals, Inventory Management, Marketing, and Administration. The following details are as follows:

No.	Auditor Competency	Total
1	Auditor GMP, ISO dan OHSAS	86 persons
2	Auditor ISO dan OHSAS	12 persons
Total		98 persons

The internal auditor educational background is Master Degree and Bachelor in Pharmacy, Biology, Medicine and other sciences. Every auditors has continuously attended the audit trainings.

The Quality Assurance Competency Training and Development Program

In order to improve the competency and capability as members of internal auditor of Quality Assurance in professionalism, performances, self improvement and supporting the Quality Assurance Internal Auditor duties, during 2016, the member of Quality Assurances Internal Audir members had attended the following trainings:

No.	Trainings	date	Number of Auditors Attended The Training (Persons)
1	The training of ISO Integrated Management System Lead Auditor (ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 based on ISO 19011) by BSI (British Standard Institution) Group Indonesia to all Bio Farma Lead Auditors	4-6 January 2016 and 13-15 January 2016	52
2	<i>The Coaching of GMP Insprection Implementation with David Buckley, a GMP Consultant</i>	18 March 2016 dan 8 December 2016	4

CERTIFICATION OF QUALITY ASSURANCE (QA) AUDITOR

In conducting Audit activities, QA is supported by professional Auditors. As of December 31, 2016, the qualifications and competence of BCA Farma QA Auditors are as follows:

No.	Auditor Competency	Number (persons)
1	Lead Auditor	49 persons

A number of other observers with adequate experiences were in process of certification accomplishment. In 2016 there were 14 (fourteen) auditor candidates who were in qualification process as auditor.



THE DESCRIPTION OF 2016 QUALITY AUDITOR ACTIVITIES EXECUTION

THE IMPLEMENTATION OF QUALITY MANAGEMENT SYSTEM (QMS)

The implementation of Quality Management System in Bio Farma was intended to maintain consistency of required integrated system. In practice, the Company has appointed the person in-charge of Management Representative namely, Corporate Secretary and Management Representative (MR) Quality to support the Quality Assurance Division. The team of system integration of ISO 9001, ISO 14001 and OHSAS 18001 was consisted from various work units whose functions were to coordinate, to ensure the integrated system implementation and as internal auditor and Bio Farma vendor auditor in accordance with Decree which was renewed every year, Decree No: 00167/DIR/I/2015 dated 9 January 2015. The implementation of Quality Management System in 2015 were as follows:

No.	Date	Activities	Remarks
1.	3 February 2015 – 3 July 2015	Internal Audit Performing the Internal Audit Periode I of 55 work units	Internal audit was performed by qualified auditor to monitor and to evaluate the implementation integrated management system, encompassed of quality, environmental, and Work Safety and Health.
2	3 July – 22 September 2015	Performing the Internal Audit Periode II of 36 work units	
3	23 September 2015 – 21 Desember 2015	Performing the Internal Audit Periode II of 44 work units	
4.	23-25 June 2015	- Quality Management System Audit – ISO 9001:2008 - Performing the supervisory phase 3,4 and 5 - Bio Farma was recommended to have the extension of ISO 9001:2008 certification and reflected the ultimate commitment and quality awareness	Supervisory Audit was performed by Lloyd;s Register Quality Assurance (LRQA) a certification institute to assess the effectiveness of Quality Management System implementation in PT Bio Farma (Persero)
5.	23-26 June 2015	- Environmental Management System Audit – ISO 14001:2008 - Performing the supervisory of certification renewal - Bio Farma was recommended to have the extension of ISO 14001:2004	Supervisory Audit was performed by Lloyd;s Register Quality Assurance (LRQA) a certification institute to assess the effectiveness of Environmental Management System implementation in PT Bio Farma (Persero)
6.	23-26 June 2015	- Health and Work Safety System Audit – OHSAS 18001:2007 - Performing the supervisory of certification renewal - Bio Farma was recommended to have the extension of OHSAS 18001:2007	Supervisory Audit was performed by Lloyd;s Register Quality Assurance (LRQA) a certification institute to assess the effectiveness of Health and Work Safety mplementation in PT Bio Farma (Persero)
7.	25-27 March 2015	Audit Praktik Produksi yang Baik (GMP) - Melakukan Audit GMP - Performing audit on GMP implementation	The GMP audit was perform by the Indonesia National Agency of Drug and Food Control (BPOM) as an authorized national regulatory to assess Company compliance to Regulation of Good Manufacturing Practice
8	2015	Vendor Audit As part of Bio Farma Quality Management System, 75 vendors were audited in 2015 with the 59 existed ones and the rest were audited potential vendors, as part of vendor qualification process	Referred to ISO 9001:2008 and the GMP requirements, the vendor audit was performed to evaluate the vendor qualification in their capacities to provide goods and products for PT Bio Farma (Persero).
q	Tahun 2015	The Customer Complaints In 2015 there were 28 complaints with 10 of related to Post Immunization Subsequent Even (KIPI) and 1 related to unexpected event and 17 related to Product Technical Complaints	All AEFI and AE reports was concluded as no relation with product quality.
10	2015	Continous Improvement	
11		Product Quality of Vaccine Products of bPOV types 1 and 3 (vial 10 doses)	Bivalent types 1 & 3 Oral Poliomyelitis Vaccine (bPOV) is used to routine immunization and to protect baby/children from 0 to 5 years of age from poliomyelitis types 1 and 3 infection

THE 2017 QUALITY AUDIT PLANNING

QUALITY ASSURANCE

The audit planning performed by Quality Assurance Auditor in 2017 will be as follows:

1. The administrative department is audited at least once a year (quality, environmental, 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).

The internal audit was performed to monitor and to evaluate the integrated management system, encompassed quality, environmental and work safety and health.



The 2016 Palabuhanratu Ciletuh Geopark Festival, opened by Deputy of Governor of West Java Province, Deddy Mizwar.



CERTIFIED PUBLIC ACCOUNTANTS

The function of independent oversight to the financial aspects of the Company is done by conducting an external audit performed by Certified Public Accountants (Kantor Akuntan Publik/ KAP). Based on the results of the General Meeting of Shareholders (GMS) of Bio Farma on 21 March 2014, the Company appointed the Djoemarma, Wahyudin & Rekan – Certified Public Accountants 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 Certified Public Accountants has a license from the Minister of Finance No. KEP-350/KM.17/2000 dated 18 September 2000 and BAPEPAM No. 320/PM/STTDAP/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.

Djoemarma, Wahyudin & Rekan – Certified Public Accountants has audited the Financial Statements of PT Bio Farma (Persero) Tbk for the years ended 31 December 2015 and 2014, along with the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years ended 31 December 2015 and 2014, as well as examined the Company's compliance with certain regulations and internal control.

Djoemarma, Wahyudin & Rekan – Certified Public Accountants 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 Djoemarma, Wahyudin & Rekan's – Certified Public Accountants Report No. 384/LAI.15. BF-4/DWR/2016 dated 30 January 2016, 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.



The sum of periods of Certified Public Accountants performed the audit service of annual financial statements.

TOTAL FEE PAID TO CERTIFIED PUBLIC ACCOUNTANTS

The audit of PT Bio Farma (Persero)'s Financial Statements and the fees paid to external auditors for the past 6 years are detailed as follows:

Company's Audited Financial Statements for the last 6 years

Audit Period	Certified Public Accountant	Certified Public Accountants (As A Firm)	Audit Fee (Rp)	Opinion	Non Assurance Services
2015	Djoemarma No. Registrasi Akuntan Publik: NRAP: AP.0190	Djoemarma, Wahyudin & Rekan	215,000,000	Fairly presented in all material respects	Yes
2014	Djoemarma No. Registrasi Akuntan Publik: NRAP: AP.0190	Djoemarma, Wahyudin & Rekan	200,000,000	Fairly presented in all material respects	None
2013	Djoemarna No. Registrasi Akuntan Publik: NRAP: AP.0190	Djoemarma, Wahyudin & Rekan	200,200,000	Fairly presented in all material respects	None
2012	Aryanto, Amir Jusuf, Mawar & Saptono No. Registrasi Akuntan Publik: R/108.AGA/sat.3/2012	Aryanto, Amir Jusuf, Mawar & Saptoto	200,200,000	Fairly presented in all material respects	None
2011	Aryanto, Amir Jusuf, Mawar & Saptono No. Registrasi Akuntan Publik: R/134.AGA/4.2/2011	Aryanto, Amir Jusuf, Mawar & Saptoto	242,000,000	Fairly presented in all material respects	None
2010	Aryanto, Amir Jusuf, Mawar & Saptono No. Registrasi Akuntan Publik: R/123. AGA/4.1/04/2010	Aryanto, Amir Jusuf, Mawar & Saptoto	187,000,000	Fairly presented in all material respects	None
2009	Aryanto, Amir Jusuf, Mawar & Saptono No. Registrasi Akuntan Publik: R/077.S/7/03/08	Aryanto, Amir Jusuf, Mawar & Saptoto	187.000.000	Fairly presented in all material respects	None



NON ASSURANCE SERVICES PERFORMED BY CERTIFIED PUBLIC ACCOUNTANTS

In 2015, Djoemarma, Wahyudin & Rekan – Certified Public Accountants performed non assurance services, such as:

Assessment Service on Internal Audit Taskforce Quality

1. The primary objective of this assessment is to obtain the reasonable and objective assurance of quality of internal audit task taskforce performance in accordance with the Institute of Internal Auditors.
2. The other objective is to identify the possibility of quality improvement to improve the internal audit process effectivity and efficiency and to provide value added for the Company

Assessment Service on ERP Implementation

Currently, the Company is converting its information systems by implementing the ERP (Enterprise Resources Planning) system to enhance its capabilities and competitiveness. The information system implementation requires significant adjustments in business process and human resources. Therefore, in a transitional period, it is a requirement an assessment on infrastructures to support such ERP system implementation success in Company, primary related to the organizational changing, internal control system and standard operating procedures whether or not they were aligned with ERP implementation.

The assessment objective of the applied ERP system is to ensure that the organizational changing, standard operating procedures and internal control system had been aligned with ERP to generate various information and reporting required by the Company.



DESCRIPTION OF RISK MANAGEMENT

HEAD OF COMPLIANCE AND RISK MANAGEMENT DIVISION



Indonesian citizen, domiciled in Bandung. Age 46. Born in Cirebon, 1970. Graduated as Bachelor of Pharmacy (1994) and Pharmacist (1995) from Bandung Institute of Technology and Master of Management (2005). Started his own career at Bio Farma as Staff of Purification and Diagnostic/ Reagents Division (1997), Head of Sera and Diagnostic Division (2002), Head of Formulation and Filling Division (2003), Head of Tetanus Vaccine Production Division (2009), Head of Viral Vaccine Production Division (2012), Head of Compliance & Risk Management Division (2015 – now).

Legal basis of his appointment as Head of Compliance & Risk Management Division was Board of Directors' Decree No. 313/ TM/TKK/XII/2015 dated 2 January 2015.

THE DESCRIPTION OF COMPANY RISK MANAGEMENT

CORPORATE RISK MANAGEMENT

Corporate risk management is an effort to effectively identify, to analysis/ evaluate, to manage and to review the Company risks so the determined Company's objective could be achieved with minimum risks.

The Company's obligation to implement Risk Management was referred to The SOE Ministerial Decree No: PER-01/MBU/2011 dated 1 August 2011 Concerning the Implementation of Good Corporate Governance in SOE and renewed with the SOE Ministerial Decree No: PER-09/MBU/2012 dated 6 July 2012. The Corporate Risk Management in Bio Farma was stated in Bio Farma Manual (MBF-01 and MBF-02)

THE DESCRIPTION OF RISK MANAGEMENT SYSTEM IMPLEMENTED IN BIO FARMA

Risk managing is a responsibility for everyone, therefore every employee should understand every risk related to their works and how to proactively manage them.

Bio Farma is fully aware that the operational risks were integrated with various risks both controllable and uncontrollable. Therefore, such risks should not be ignored and should be integrally, optimally, continuously managed as an integral part of good corporate governance practices.

Since 2009, The Risk Management System implemented in Bio Farma is referred to COSO Enterprise Risk Management – Integrated Framework. In parallel with the design of Integrated Management System of Bio Farma, Bio Farma Risk Management System has been changed by bridging the COSO Enterprise Risk Management – Integrated Framework to ISO 31000 (2009).



THE BASE OF RISK MANAGEMENT IMPLEMENTATION

1. The SOE Ministerial Decree No: 117/M-MBU/2002 dated 31 July 2002 renewed with The State SOE Ministerial Decree No: PER-01/MBU.2011 dated 1 August 2011 Concerning the Implementation of Good Corporate Governance in SOEs as amended with The SOE Ministerial Regulation No: PER-09/MBU/2012 dated 6 July 2012 Concerning the Amendment of The SOE Ministerial Decree No: PER-01/MBU/2011 Concerning the Implementation of Good Corporate Governance in SOEs.
2. The Bio Farma Corporate Risk Management is stated in Bio Farma Manual (MBF-01 and MBF-02).
3. The General Manual of GCG is established by KNKG (2006).

Based on the existing rules and regulations and the State SOE Ministerial No: PER-01/MBU/2011 Article 25, Bio Farma had implemented the following below:

1. Board of Directors, in every decision makings/ corporate actions, should consider the business risks;
2. Board of Directors are obliged to develop and to implement the integrated corporate risk management program which is an integral part of GCG program implementation;
3. The implementation of risk management program can be implemented by establishing the special work unit under Board of Directors; or assigning to existing relevant work unit to operate the risk management function.
4. Board of Directors are obliged to submit the risk management profile and solution report at the same with the submission of Company regular report.

Organizational Structure of Compliance and Risk Management Division



DESCRIPTION OF RISK MANAGEMENT

In managing the risk management, Bio Farma has developed the Division who supervised the Compliance function called Compliance and Risk Management Division. Head of Compliance and Risk Management Division was responsible to Director of Finance and supervised 3 departments consisted of GCG &ERM Department and Corporate Policy Matrix.

In relation with the risk management in Bio Farma, therefore the Board of Directors' duties are the primary responsibility of Corporate Risk Management, while the Board of Commissioners are the ultimate supervisor in supervisory implementation of corporate risk management implementation.

DUTIES AND RESPONSIBILITIES OF COMPLIANCE AND RISK MANAGEMENT DIVISION

The duties and responsibilities of Head Compliance and Risk Management Division is to ensure the Corporate governance and compliance has been confirmed with the prevailing rules and regulation through integrated, consistent and continuous planning, implementation and supervisory of Governance, Risk and Compliance implementation to support the achievement of GCG and Company's vision based on prevailing procedures and regulations both nationally and internationally.

THE POLICY OF RISK MANAGEMENT

Since 2009, Risk Management System implemented in Bio Farma has referred to COSO Enterprise Risk Management – Integrated Framework. Along with the design of Bio Farma Integrated Management System, Bio Farma Risk Management System has been changed by bridging COSO Enterprise Risk Management – Integrated Framework to ISO 31000 (2009).

GOVERNANCE BASED RISK MANAGEMENT

The Corporate Governance Principles in risk management implementation are transparency, accountability, responsibility, independence and fairness.

The governance based risk management are urgently needed by Bio Farma:

1. Risk management is an integral part of Company's governance implementation for the risk management role is to fairly ensure the unreplaceable business success target achievement;
2. The good risk management implementation requires governance principles as follows:
 - a. Transparency: the risk management should be transparent, for the risk effect occurs in all departments/ units instead one unit or department. The risk management should be inclusive and transparent meaning such action should involve all relevant and related parties with respective risks, in terms of risk source solution or risk effect treatment;
 - b. Accountability: It should have the clear accountability in Corporate risk management implementation. The ultimate accountability in risk management implementation lies on Board of Directors and risk management implementation supervisory accountability lies on Board of Commissioners. In addition, the risk management accountability should be clear in each level, even in every business process.
 - c. Responsibility: the elaboration of risk management implementation accountability requires clearer description of responsibility in risk management of each levels, even in risk management of Company's process. Therefore, every risk owners should be able to comprehend their own duties and responsibilities in relation with risk management in scope of work and authority.



- d. Independence: the logical consequence of accountability and responsibility principles, where units or individuals who are loaded with accountabilities and responsibilities in risk management of their scope of works and authorities should be having freedom in formulating the solutions of respective risks.
- 3. Risk is an integral part of organizational process. Risk management is inseparable with the main activities or other process in a Company.

The risk management is inseparable with management responsibility and to ensure the achievement Company's target as well. Therefore, the risk management should be fully integrated in Company's governance so there will be certainty in achieving the Company's target. With the effective management, such effort will ensure to the Company's target achievement.

THE INTENTION AND OBJECTIVE OF RISK MANAGEMENT IMPLEMENTATION IN BIO FARMA

1. To improve the relationship of stakeholders in implementing the mandatory risk management to identify all stakeholders' expectation and to each others. Through intensive two ways communications, it was expected to build the mutual perception and interest, therefore the better relationship among them were improved;
2. To improve Company's reputation. With the good communication with stakeholders, then the management were able to identify that the Company was able to deal with the risks well. In consequences, the trust from customers, suppliers, creditors, business community and public were improved as well;
3. To improve the management effectivity and efficiency. All risks that could inhibit the Organizational process had been well identified. Furthermore, such obstacles had been priorly anticipated. Should such disturbance occurred, the Company were ready to solve well.
4. To ensure more on Company's target achievement for more effective and efficient management has been organized, the relationship with stakeholders has improved, the Company's ability to solve the risks has improved as well including the compliance and regulation risks;
5. To improve the awareness on effect of business action and activity and/ or from external factors with risks;
6. To reduce potential endanger event which possibly occurs at present time or in the future;
7. To improve shareholders' value;
8. To provide comprehensive illustration to stakeholders or Company management regarding to potential opportunities or losses, therefore the decision makes and the internal policy makers are fully equipped with data and information availability regarding to Company's performance to effectively and efficiently make decisions;
9. Bio Farma continuously develops and improves the risk management system framework and integrated and comprehensive internal control structure, so it can provide the early information of potential risks and furthermore the management is able to take adequate and proper steps to minimize the risk effect. This risk management framework are stated in policies, procedures, authorities and other provisions and all effective risk management in every business activity scope.

DESCRIPTION OF RISK MANAGEMENT

**THE DESCRIPTION OF 2016 REVIEW
RESULT OF RISK MANAGEMENT
SYSTEM**

To ensure the sustainability of risk management implementation in Bio Farma environment, therefore every year the review and evaluation were conducted to risk management implementation through risk management maturity risks.

The objective of measurement:

1. To identify and to map the progress effectiveness of risk management implementation in Bio Farma;
2. To acknowledge the quality of risk management implementation in Bio Farma for management's benchmark in preparing the risk management strategy and program in the future.

In reviewing and evaluating the risk management, there are maturity measurement model with 5 (five) modules: introduction, beginner, competent, advance to leader at the top who represents the capability and/ or Company as an entity to manage risk in achieving the determined objective/ goals

Review and evaluation performed on risk management system effectivity by measuring 8 (eight) elements of Key Risk Indicator as follows:

1. Awareness, which measured the internal stakeholders awareness level, in terms of risk in general or the on-going risk management implementation;

2. Reputation, which measured the view and acceptance of internal stakeholders to risk management implementation;
3. Culture, which measured the level of risk awareness culture of risk management practice;
4. Competence, which measured the competency level of internal stakeholders in risk management to support risk management implementation;
5. Trust, which measured the level of trust of internal stakeholders of the result of risk management implementation
6. Resources, which measured resources especially the adequacy of Company Human Resources availability to support risk management implementation;
7. Implementation, which measured the progress of risk management practice and the maintenance data/ information base of company risk management supported with information technology based automation;
8. Process, which measured the progress of Risk Management implemented based on referred methodology of risk management implementation best practices.

Based on the above measurement, then the risk management system in Bio Farma was well implemented effectively and was continuously developed in accordance with Bio Farma Risk Management Road Map. Those could be reflected as follows:

To provide certainty of Company target achievement, the risk management was fully integrated into Corporate Governance.



1. The awareness of risk owner to perform risk self assessment;
2. The risk awareness culture had embedded to risk owner reflected with their efforts to perform risk review in Company operational activity;
3. The stakeholders in Risk Management area were deemed capable enough to perform risk review effectively such as semi quantitatively risk analysis utilization.
4. The available resources are sufficient.

There were 916 risks identified from all work units evaluated and measured based on probability value and effect to have prioritized risk to be controlled.

RISK MANAGEMENT INFORMATION SYSTEM

In parallel with the advanced technology, Bio Farma developed real time risk management information system and was accessible through media such computer, tablet, and cellphone. In 2016 Bio Farma performed the development of web based risk management system. The objective was to ease risk administrators in Bio Farma in monitoring and renewing the related information data with risks in respective work unit by real time and well documented anytime anywhere.

CORPORATE RISKS

In 2016, there are 6 (six) corporate risks, consisting of 4 (four) risks from routine activities and 2 (two) risks from corporate projects, as follows:

1. Risk of Routine Activity
 - a. Change of National and International Policy/ Regulation
 - b. The Fluctuation of Foreign Currency Exchange
 - c. Increasing global competition
 - d. Vaccine supply delay

2. Project Risk
 - a. Delayed Realization of Investment
 - b. Unpreparedness of Influenza Vaccine Production In facing pandemic

The highest risks of the above were the increasing of global competition, vaccine supply delay and change of national/ international policy/ regulation.

After determining the corporate related risks and strategic actions taken to handle the respective risks, the Corporate and Risk Management Division as a corporate risk division in-charge shall evaluate and monitor the risk handling activity performed in each units. Each of Head of Risk Unit Division shall be person in-charge of every risk and solution which is in whole shall be a parameter of Bio Farma risk management implementation activity.

Bio Farma has developed real time risk management information system and could be accessed through media, such computer, tablet, and cellphone

DESCRIPTION OF RISK MANAGEMENT

The Details of Corporate Risks

No	Risk Category	Risk Faced	
1	Risks from Regular Activities	1. Change of National and International Policy/Regulation	The Company has exported its products to various countries to fulfill the needs of their country's immunization program, which among others supplied through UNICEF, of which the products must meet requirements of WHO prequalification. Product quality recognition by WHO plays an important role in the swift export sales. Therefore, the Company must always stay updated about policy changes and international requirements, particularly the regulations of WHO as well as regulatory changes that may occur in the government. These risks have a considerable impact on the company's ability to make a profit so that when this risk occurs, the company can immediately adjust the regulatory / policy with new strategy as soon as possible and prepare a mitigation for any change of global regulation in the future.
		2. The Fluctuation of Foreign Currency Exchange	In conducting its business, the Company also deals with financial risks, the fluctuation of foreign currency exchange which had domino effect. The USD currency fluctuation had a significant impact on production expenses. To settle the liability on purchasing transactions of imported goods, the Company shall optimize the availability of foreign exchange currencies which are ready to be settled for such transactions. The most probable risks is the difference of foreign exchange rate of L/C initial value when the goods/ material are ordered with liability value when they are received.
		3. Increasing global competition	In today's era of free market, competition in the pharmaceutical sector and biological products will be intense with the increasing number of emerging international companies. The competition arises in various aspects, such as the more powerful operational capabilities of international competitors, innovative products, changes in market demand, as well as the people's limited purchasing power. 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.



No	Risk Category	Risk Faced
		4. Vaccine supply delay 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 its 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..
2	Project Risk	5. Delayed Realization of Investment 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.
		6. Unpreparedness of Influenza Vaccine Production In facing pandemic 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.

DESCRIPTION OF RISK MANAGEMENT

PENGELOLAAN RISIKO

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:

1. Ensuring that the culture of compliance is espoused by all levels of the organization and in all business activities of the Company.
2. Managing the compliance risk faced by the Company.
3. Ensuring that all policies, provisions, procedures and business activities are aligned with the prevailing laws and regulations and business ethics.

The risk management in Bio Farma were risk management policy, implementation accountability, integrated risk management planning, adequate resources supply, communication mechanism, risk management implementation reporting both internal and external with the same language,

RISK MANAGEMENT POLICY

To reflect current practical standards of Enterprise Risk Management, Bio Farma's Risk Management policy is based on bridging the COSO Enterprise Risk Management – Integrated Framework to ISO 31000:2009 on Risk Management – Principles and Guidelines. The ISO Standard has been adopted as SNI ISO 31000:2011.

RISK MANAGEMENT CONCEPT

Risk management concept of Bio Farma was referred to Bio Farma Manual MBF-01 and MBF-02, Risk Management Manual SM-02 and Standar Operating Procedures: 100K-SIS-QRM, Quality Risk Managemeng; 100k-SIS-IAP, Critical Aspectss Identification; 100K-SIS-ORM; Operational Risk Management; 235-SIS-KBS, Financial, Business and Strategic; and 235K-SIS-ERM, Enterprise Risk Management

THE ACCOUNTABILITY OF RISK MANAGEMENT IMPLEMENTATION

The ultimate risk management implementation in Bio Farma is Director of Finance assigned to encourage the risk management implementation and as a facilitator for such implementation is a Compliance and Risk Management Division, GCG and ERM Department. Head of Division is a risk holder in each respective divisions and also a person in-charge of risk management in their respective divisions.

RISK MANAGEMENT ROLLOUT

In order to improve risk awareness culture, 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.

COMPONENTS OF RISK MANAGEMENT

The risk management system consists of three interrelated components namely:

1. The principles of risk management.
The principles of risk management are the foundation (ground rules) for the development of risk management framework which are the cornerstones for the implementation of the risk management process.
2. Framework of risk management
3. The process of risk management.
The risk management process is an elaboration of the risk management framework in order to facilitate the application of the principles of risk management, both at the corporate level, at the work unit level, as well as individuals.



RISK MANAGEMENT PROCESS

Risk management process is a systematical implementation of management policy, procedures, and practice in duty execution to communicate and to consult, to determine the context, and to assess the risk. The risk management proses of

Bio Farma consisted of risk identification, analysis and evaluation, treatment and monitoring and reviewing. The process of risk management is a risk management framework implementation in each of type of risks which specifically differs in characters depending on the context.

The Risk Management Process Implementation in Bio farma



The Bio Farma Risk Management Process consisted of 5 (five) activity stages:

1. Communication and Consultation

The interactive information and opinion exchange of risk and its management and communication between the Company with stakeholders of certain issues related to decision making and determination of certain actions in risk handling

2. Determining the Context

Determining the context was performed by determining the relevant parameters with the Company both internally and externally which was going to be used in risk management especially in order to determine the scope and criteria of risks;

3. The Risk Assessment

- to identify all relevant risks n carefully, including uncontrollable risks.
- to conduct a Risk Analysis encompassed the determination of magnitude of possible risk occurred, the magnitude of loss effect by considering the source and cause of risk and existing risk management and its activity;
- to evaluate the Risk by determining the risk which needed to be treated based on priority scale.

DESCRIPTION OF RISK MANAGEMENT

4. The Risk Treatment was performed to select one or more alternative method of approached used to reduce risk exposure. The choice of risk treatment alternative should be based on risk treatment cost analysis compared to future benefit of related aspects.

Below are alternative of risks treatment :

- a. Risk avoiding by not performing certain corporate actions;
 - b. Risk mitigation by such as improving the work safety, maintenance, human resources' competence, system and procedur updating
 - c. Risk sharing with other parties, such as insuranve, hedging, performing joint venture/ partnership;
 - d. Risk acceptance by performing certain corporate activities by accepting the tolerable risks
 - e. Combination of the above point 4a to 4d
5. Monitoring and Review
- The continuous monitoring by risk owner was regularly performed by internal auditors or external auditors. While the review was regularly performed to the effectivity of risk treatment to be continuously improved.

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:
 - a. Reducing the possibility of events that may disrupt business processes.
 - b. Minimizing the potential losses as the impacts from the occurrence of such events.

RISK MANAGEMENT EFFORTS

To manage risks, the following measures may be taken:

1. 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.
2. 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.

Duties and responsibilities of Head of Compliance and Risk Management Division are to manage compliance risk and to ensure the compliance in Bio Farma in conformity with the prevailing rules and regulations.



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 2016, the Compliance & Risk Management Division conducted the following activities:

1. Disseminated the importance of compliance function and role in encouraging the culture of compliance in all of the Company's activities
2. 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.
3. 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.
4. Prevented, whenever necessary, any policy or decision made by the Board of Directors from straying from the prevailing regulations.
5. Monitored and maintained the Company's compliance with all agreements and commitments between the Company and other parties.
6. 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.
7. 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.
8. 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 ERM MANAGEMENT

Bio Farma ERM consisted of 2 (two) category:

1. Risk Unit ERM; and
2. Corporate ERM

Risk Unit ERM

Risk Unit ERM was prepared by all risk units in accordance with standard procedures/ SOP 100K-SIS-ERM, meaning each of risk units prepared the yearly risk units ERM with report format as follows:

1. Introduction Chapter, contained purpose and objective of ERM implementation in each of unit risks, among others was to comprehensively discover and to comprehend all existing risks in the Company so such risks were able to be managed and controlled;
2. Scope Chapter, contained of company business process descriptions;
3. Risk Register, described the identification and risk measurement steps to determine possible event and risk occurred by Poisson, Binomial, Z-Score, Approximation and impact method by using Value at Risk (VaR). The risk status was determined, the risk map then prepared whether or not there was Quadrant I (Minor/ Prevention), Quadrant II (Major/ Catastrophic/ Avoidance), Quadrant III (Insignificant/ Acceptance) or Wuadrant IV (Moderate/ Mitigation).
4. Discussion Chapter, contained information regarding to:
 - a. Number of risks successfully identified and stated as risk unit risk;
 - b. Risk status sorted from the highest value to smallest one as priority base of risk treatment;
 - c. Risks categorized as Acceptance, Prevention, Mitigation or Aviodance;

DESCRIPTION OF RISK MANAGEMENT

5. Conclusion, the resume of risks that would be or were categorized into corporate risk and the action taken to treat it.
- Follow Up Report on Risk Treatment, consisted of table which described how to treat and mitigation action on possible risk occurred, contained of
 - Type of risk treatment activities;
 - Cost estimation of risk treatment;
 - The schedule of risk treatment execution
 - Personnel in-charge

Corporate ERM

While Corporate ERM was complied by Compliance and Risk Management by analyzing and recommending the Unit Risk ERM Report of all departments, to be further submitted to management (Board of Directors) for corporate risk profile amount/ scale determination.

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.

Risk management activities of each corporate risk faced by PT Bio Farma (Persero) in 2016:

No.	Event	Risk Mitigation Activities	Person In-Charge
1.	National and International Regulatory / Policy Changes	- Consistently and continuously implementing quality management system in accordance with WHO requirements, so the Company was able to maintain its pre-qualification status; - Cooperating and supporting the bulk customers in order to maintain quality management system to avoid WHO delisting list; - Actively participating in WHO's or other organization's international activities especially related to vaccine so the Company would be updated with industry and vaccine market development; - Looking for another bulk customers to reduce bulk sales dependence to several customers	- QA Service - Export Corporate Sales
2.	Fluctuation of Foreign Exchange Rate	- Analyzing the foreign exchange rate for L/C opening of such imported goods/ materials; - Maintaining the communication with vendor regarding to such goods/ materials arrival schedule considering the time difference of ordering time and arrival schedule with the fluctuation of foreign exchanged rate.	Treasury Department



No.	Event	Risk Mitigation Activities	Person In-Charge
3.	Investment Realization Behind the Schedule	- Aligning the investor program plan with research needs and new product development or market needs for existing products; - Determining the priority scale on investment program which had a huge impact on Company's revenue; - Improving procurement system quality and supervisory on investment execution project; - Accelerating the new infrastructure and facility qualification process to be timely utilized	Project of Building Development No. 43
4.	Unpreparation of Influenza Vaccine Production During Pandemics	- Coordinating with the Republic of Indonesia Ministry of Health to keep monitoring the possibility of the respective project continuity and influenza pandemic status in Indonesia. - Independently preparing the seasonal influenza vaccine production infrastructure and facility to reduce the dependence on seasonal influenza bulk import. This facility could be at any time utilized for influenza pandemic production if needed even in small scale.	Influenza Vaccine Production Departmen
5.	Increasing Global Competitiveness	- Conducting the production research policy which was fit with trend and trying to accelerate research so product time to market produced satisfied the market demand - Cooperating with another vaccine research/ producers agency to accelerate the product availability in market.	PV. sIPV Department
6.	Delays in Vaccine Supplies	- Continuously coordinating with Republic of Indonesia Ministry of Finance and other customers so the contract could be timely signed; - Optimizing the information technology baed management supply chain; - Optimizing the production schedule and QC in parallel with marketing needs.	- Polio Vaccine Production Department - Packaging Department - HiB Vaccine Production Department - Soluble Vaccine Formulation & Filling Deparment - Measles Vaccine Production Department

DESCRIPTION OF RISK MANAGEMENT

TRAINING AND COMPETENCY PROGRAM OF RISK MANAGEMENT AREA

In order to improve risk management quality in Bio Farma environment and to develop competencies of personnel in-charge in risk management, Bio Farma had determined the public training programs organized by professional institutions or in-house training in collaboration with resourceful person and trainer who were experienced in risk management. The competency improvement program are as follows:

Name	Position	Training Code	Training Topics	Organizer	Venue	Start Date	Finish Date
Mohammad Tarmizi	Middle expert	Training	Business continual management (BCM)	Expertindo Training	Yogyakarta	01-Feb-16	03-Feb-16
Mudi Risandi	Head of Section	Training	Business continual management (BCM)	Expertindo Training	Yogyakarta	01-Feb-16	03-Feb-16
Mudi Risandi	Head of Section	Training	Manajemen risiko proyek	CRMS Indonesia	Hotel Sensa Bandung	02-Mar-16	04-Mar-16
Nadia Khaerunisa	Staff	Training	Business continuity management	IT Governance Indonesia	Jakarta	04-Apr-16	06-Apr-16
Basuki Harjo	Head of Department	Workshop	Corporate portfolio risk management "risk analysis, modeling and optimization"	Risk Workshop International-Jakarta	Jakarta	09-May-16	10-May-16
Mudi Risandi	Head of Section	Workshop	Corporate portfolio risk management "risk analysis, modeling and optimization"	Risk Workshop International-Jakarta	Jakarta	09-May-16	10-May-16
Basuki Harjo	Head of Department	Workshop	Project risk management	Risk Workshop International-Jakarta	Jakarta	26-May-16	27-May-16
Rian Dwi Oktavian	Junior Staff	Workshop	Project risk management	Risk Workshop International-Jakarta	Jakarta	26-May-16	27-May-16



Bio Farma Exhibition Hall demonstrates the role of Bio Farma in the past, present and future.



DESCRIPTION OF THE INTERNAL CONTROL SYSTEM

BIO FARMA EMPLOYEES ARE AN INTEGRAL PART OF INTERNAL CONTROL SYSTEM AND IN THEIR DAILY FUNCTIONAL DUTIES, THEY ARE OBLIGED TO LEARN AND TO COMPREHEND THE INTERNAL CONTROL SYSTEM POLICY.

BRIEF DESCRIPTION OF INTERNAL CONTROL OF FINANCIAL AND OPERATIONAL ASPECTS

The internal control system is a supervisory continuous process mechanism established by Bio Farma management which design and implementation quality are affected by Board of Commissioners, Board of Directors and all of Bio Farma employees, designed to ensure the following purposes :

1. Safeguard and secure the Company assets;
2. Ensure the availability of an accurate financial statements;
3. Improve Company compliance to prevailing rules and regulations
4. Decrease financial loss effect;
5. Prevent deviation including fraud and
6. Prudence aspects violation and to improve organizational effectivity and
7. Operational efficiency;
8. Ensure the information reliability and truthfulness;
9. Ensure the Company compliance to prevailing rules and regulation, procedures and work plan policy;
10. Improve resources empowering economically and efficiently;
11. Encourage the achievement of goal, target, and program
12. Encourage the compliance of management policy.

THE IMPLEMENTATION OF INTERNAL CONTROL SYSTEM OF BIO FARMA BOARD OF COMMISSIONERS, BOARD OF DIRECTORS AND EMPLOYEES

Board of Commissioners

Performing the supervisory and advice in relation to adequate and reasonableness of financial statements preparation and risk management supported by its Committees.

Board of Directors

Consistently implementing the Company policy and procedure and complying the prevailing rules and regulations. Such implementation among them related to operational activity, risk management, strategic plan, job distribution, authority delegation and reasonable accounting policy.

BIO FARMA EMPLOYEES

All of Bio Farma employees are an integral part of internal control system and in their daily functional duties, they are obliged to learn and comprehend Company internal control system policy. The internal control are an integrated part in system and procedure in all activities in each working unit, therefore, each deviation could be promptly detected and improved by the respective working unit.

Bio Farma has Internal Supervisory Division in evaluating an internal control adequacy and effectivity performed by Company management. The Internal Supervisory Division always performs internal control with systematic approach in order to maintain good corporate governance principles implementation.

THE GUIDELINES OF INTERNAL CONTROL SYSTEM IMPLEMENTATION IN BIO FARMA

Bio Farma has performed a control system and internal control as mandated in in the Minister of SOE Regulation No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance Article 26 as follows:

1. Board of Directors establish an effective internal control system to secure investments and assets.
2. The internal control system in Bio Farma encompassed the following matters:
3. Internal control environment in Bio Farma is performed with discipline and sistematically, consisted of:
4. Employees' integrity, ethics value and competencies;
 - Management philosophy and style;
 - The way management takes to implement its authority and responsibility;
 - Human resources organization and development;
 - Attention and direction from Board of Directors.
 - The review of risk assessment is a process to identify, analyze and assess the relevant risk management;
5. The control activity are actions performed in a control process to Company activities in each level and unit in Company organizational structure, such as authority, authorization, verification, reconciliation, assessment of work achievement, job distribution and security of Company assets.
6. The information and communication system is a process of financial statements preparation regarding to operational, financial and compliance to prevailing laws and regulations activities.
7. Monitoring is an assessment process of internal control system quality, including internal audit function on each level and unit in Company organizational structure, hence it can be optimally performed.

The Minister of SOE Regulation No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance Article 28 as follows:

1. Board of Directors organize the Internal Supervisory.
2. The internal supervisory is performed by:
 - Establishing internal supervisory taskforce; and
 - Establishing the Internal Supervisory Charter
3. The Internal Supervisory Taskforce is led by a Head Division level who is appointed and discharged by President Director based on Company internal mechanism with the approval of Board of Commissioners/ Supervisory Board.
4. The function of internal supervisory is:
 - Evaluating the effectivity of internal control implementation, risk management and corporate governance process in accordance with prevailing rules and regulations and Company policy;
 - Examining and assessing the efficiency and effectivity in finance, operational, human resources, information technology and other activities.
5. The Board of Directors are obliged to periodically submit the report on internal supervisory function implementation to Board of Commissioners/ Supervisory Board.
6. The Board of Directors are obliged to maintain and to evaluate the internal supervisory function quality in Company

In order to detect the Bio Farma compliance level in internal supervisory performed by working units, Bio Farma has developed supervisory and control system as stipulated in Directorial Decree Number 05097/DIR/VII/2012 dated 27 August 2012 regarding to Internal Control General Policy. Such policy encompassed:

1. The improvement the internal control environment with discipline and structure;
2. The implementation of business risk review and management, consisted of continuous identification, analyzing, managing relevant business risks;



3. Performing control activity in each level and unit in organizational structure, among others regarding to authority, authorization, verification, reconciliation, work achievement assessment, job distribution, and Company asset security.
4. The improvement and development information and communication system consisted of financial statements preparation regarding to operational, financial and compliance of prevailing rules and regulations;
5. Monitoring the internal control system assessment including the involvement of internal audit function in each level and unit of Company organizational structure.

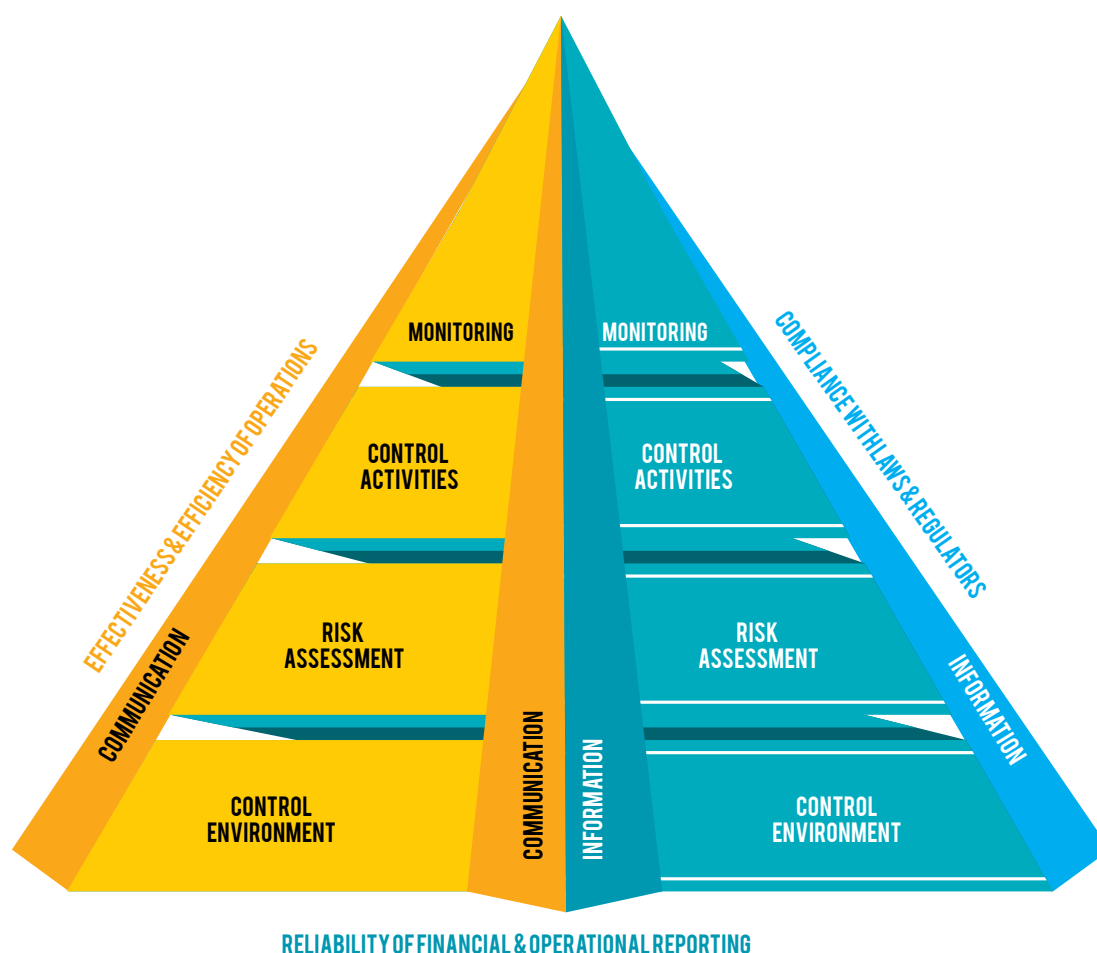
The above activities are synergistic and proportionally managed across the division by involving activities of Internal Supervisory, Compliance Division, Risk Management, Information Technology, Quality Assurance Division and other related divisions.

THE INTERNAL CONTROL ENCOMPASSES FINANCIAL AND OPERATIONAL CONTROL

Bio Farma has taken the following efforts for financial controlling:

1. Preparing work plan which discusses Bio Farma whole strategy which encompasses business development direction;
2. Controlling the investments;
3. Allocating the expenses;
4. Monitoring Company Work Plan and Budget by realizing it in regular reporting and discussed in Board of Directors when it requires the Board of Directors follow up
5. Earning profit in order to run the Company plan.

The Bio Farma effort for Operational Control is to effectively and efficiently implement operational activities.



DESCRIPTION OF THE INTERNAL CONTROL SYSTEM

1. The Company operational control uses standard operating procedures which elaborates working procedures in each operating activities performed by Bio Farma regarding to new product and activities including mitigating the related operating risks.
2. The decision rule had been preliminary determined in relatively short term. The Company identifies operations and activities related to important identified environmental aspects which is complied with policy, intention and objective.
3. Bio Farma generates a good Organizational Structure completed with Supervisory/ Control Division to support operational control.

The control system in Bio Farma involves each of Bio Farma employees including Board of Commissioners and Board of Directors. The Control Activity should be planned prior to the implementation to control risks which affect the performance or cause Company loss. The control activity also encompassed the policy establishment and control procedures and early verification process to ensure that such policy and procedure are consistently complied and has been an integral part of each of Bio Farma daily functions and activities. The control activities are applied to every functional level in conformity to Company organization.

THE REVIEWS PERFORMED BY BIO FARMA IN IMPROVING THE INTERNAL CONTROL SYSTEM

Management Reviews – Top Level Reviews

Bio Farma Board of Directors regularly has required an explanation/ information and operational performance report from all management levels to enable the review the progress or realization comparing to the achieved target, such as financial statements compared to determined budget plan. Based on such review, the Board of Directors promptly could detect all issues such as control weaknesses, financial statements error or other deviations (fraud).

Operating Performance Review – Functional Review

This review has been performed by Internal Supervisory Division with more frequencies, in terms of daily, weekly or monthly reviews

1. This review is also performed on risk assessment by Compliance and Risk Management Division, GCG and ERM Division
2. To analyze the operational data related to corporate risks or financial data by verifying the transaction details and activities compared with report (output) generated by Compliance and Risk Management and GCG and ERM Division
3. A review on the realization of work plan and budget has been performed by the following purposes:
 - a. To identify the significant deviation causes;
 - b. To determine the requirement for corrective and improvement action.

Internal Control Review

1. The internal control review had been exercised from control environment through Company Culture consisted of Professionalism, Integrity, Teamwork, Innovation, Customer Oriented abbreviated as PITIC by Code of Conduct pocket book which had been socialized and distributed to Bio Farma Board of Commissioners, Committees, Board of Directors and each of employees. Each of respected individuals in Bio Farma should sign the Integrity Pact, therefore the Bio Farma control environment had been aligned with COSO Framework.
2. Risk management is risk mapped and mitigated. Such monitoring was performed by Internal Supervisory and Quality Assurance Division based on Risk Based Audit..
- 3.



INFORMATION SYSTEM AND INFORMATION TECHNOLOGY CONTROL

1. Bio Farma has verified the accuracy and completeness of activities and performed the authorization procedures in conformity with internal regulations.
2. The information system control are categorized in two criterias, namely General Control and Application Control
 - a. General control consisted of control on data center operational, software procurement and maintenance system, access security, and existed application system development and maintenance. This general control was implemented on mainframe, server, and user workstation and internal-external network;
 - b. Application control had been performed on programs utilized by Bio Farma in processing the transaction and to ensure that all transactions were correct, accurate and properly authorized.

Moreover, the application control should be able to ensure the availability of effective audit process and to check the correctness of respective audit process.

PHYSICAL ASSET CONTROL

1. The physical asset control was performed to ensure the occurrence of physical securitization of Bio Farma's assets
2. This activities consisted of asset, record, securitization and access limitation to computer programs and data files and comparing the assets and liabilities value of Bio Farma with values in control documents especially regular asset value checking.

DOCUMENTATION

1. Bio Farma at least properly has formalized and documented their policies, procedures, system and accounting standards and audit process.

2. Such documents should be regularly renewed to depict the actual Bio Farma operational activities and should be informed to officers and employees.
3. For certain requirement, the respective documents should be available for internal and independent auditors.
4. The document accuracy and availability should be assessed by internal auditor when they performed both routine and non-routine audit.

THE CONFORMITY DESCRIPTION OF INTERNAL CONTROL SYSTEM WITH THE INTERNATIONAL ACCEPTED FRAMEWORK (COSO)

THE OBJECTIVE OF BIO FARMA INTERNAL CONTROL SYSTEM

1. The compliance objective is to ensure that all of Bio Farma activities had been performed in conformity with prevailing rules and regulations both governmentally or internally established such as Bio Farma policies, provisions and internal regulations.
2. The information objective is the availability of correct, complete, timely and relevant financial statements and management report information which were required for making the right and accountable decision making.
3. The operational objective is to improve effectivity and efficiency in asset and other resources utilization to protect Bio Farma from loss risk.
4. The risk culture is to continuously identify the weaknesses and to early assess the deviations and to reassess the fairness of existed policies and procedures in Bio Farma
5. Moreover, this objective is to reduce the effect of loss, deviation including fraud and prudence aspect violation.

DESCRIPTION OF THE INTERNAL CONTROL SYSTEM

While, on the other hand, the control environment reflects the whole attitude, commitment and behavior, concern, and steps of Board of Commissioners and Board of Directors in exercising Bio Farma operating control activities.

The attitude of the importance of this internal control on control environment elements consisted of:

1. The adequate Company organizational structure;
2. The Bio Farma leadership style and management philosophy;
3. The integrity and ethics value and competency of all employees;
4. The policy and procedure of human resources;
5. The attention and direction of Bio Farma management and other Committees such as Risk Committee;
6. The external factors effected Bio Farma operational and risk management implementation.

THE 5 ELEMENTS OF INTERNAL CONTROL – COSO INTERNATIONAL FRAMEWORK

The internal control performed by Bio Farma had been in conformity with COSO internal control framework consisted of 5 elements as follows:

1. Control Environment,
 - a. Through Company's PITIC – Professionalism, Integrity, Teamwork, Innovation, Customer Oriented
 - b. Good Corporate Governance Implementation through Code of Conduct pocket book which had been socialized and distributed to Bio Farma Board of Commissioners, Committees, Board of Directors, and all employees;
 - c. The signing of Integrity Pact;
 - d. The competency of employee, human resources organizing and development
 - e. The attention and direction performed by Board of Directors is Bio Farma control environment.
2. Risk Assessment
GCG & ERM Department , under the Compliance and Risk Management Division has reviewed and managed business risks, i.e.: to identify, analyze, evaluate, assess and manage relevant business risks.

3. The Control Procedures

The actions performed in a control process on Company activity in each level and work units in Company organizational structure, Bio Farma had performed the relevant control activities, among others:

- a. The proper authorization for an activity;
- b. The delegation of duties and responsibilities for relevant activities;
- c. The segregation of operational functions and storage of accounting function (recording);
- d. The preparation and utilization of adequate documents and records;
- e. The documentation and recording of annual audited financial statements and performing the independent performance audit by internal audit and external audit (Certified Public Accountants, Audit Supreme Board, Financial and Development Audit Agency).

4. Information and Communication

Information and communication are the vital elements of company internal control. Information regarding to control environment, risk assessment, control procedures and monitoring were required by management with operational guidelines to ensure the compliance with prevailing rules and regulations.

The information and communication control had been performed by Bio Farma by work meeting, coordination meeting, socialization, mail moderator, company website, intranet, Bio Farma portal, biolibrary and other medias.

5. Monitoring

Monitoring had been performed with performance check by technical instructor, internal audit by Internal Supervisory and Quality Assurance Division and audit by external audit (Certified Public Accountants, Audit Supreme Board, Financial and Development Audit Agency).



THE DESCRIPTION OF REVIEW AND EVALUATION RESULT PERFORMED ON INTERNAL CONTROL SYSTEM EFFECTIVITY

Review and evaluation on Bio Farma internal control system effectivity had been performed on entity and operational level. The review and evaluation on internal control system effectivity was regularly performed by both internal and external audit in conformity with prevailing audit procedures.

The Internal Supervisory Division performed review and evaluation on Audited Divisions as determined in Yearly Audit Work Program. In entity view, Bio Farma had been audited by Certified Public Accountants in audit for general purposes engagement at the end of financial statement period. The audit result of internal control system effectivity had been stated in Independent Auditors' Report on Compliance of Prevailing Rules and Regulations and Internal Control.

In order to safeguard and to improve the control system and internal control effectivity, the Company regularly reviews and evaluates the internal control system.

THE PURPOSE AND OBJECTIVE OF INTERNAL CONTROL SYSTEM REVIEW AND EVALUATION

- a. The above purpose and objective was to ensure the Board of Directors to express their assertion on internal control effectivity to be further providing the assurance to other stakeholders that our internal control system is adequate to achieve the expected objective, namely compliance to prevailing rules and regulations, the availability of proper, complete and timely financial and management information and our effective and efficient activities.
- b. The above purpose is also to provide recommendation to Board of Directors in relation to the areas of improvement of Company internal control system implementation in the future.

ACTIONS TAKEN BY BIO FARMA TO ENSURE THE EFFECTIVE MONITORING ACTIVITIES

1. To ensure the monitoring function had been clearly and well-structured established in the Company;
2. To determine the work unit assigned to monitor internal control effectiveness;
3. To determine the proper frequency for monitoring activities based inherent risks in Bio Farma and based on change nature or frequency occurred in operational activities;
4. To integrate internal supervisory in operational activities and to provide routine report such as journal entries, management review and report of approval of exception of established policies and procedures which had to be reviewed;
5. To review evaluation documentation and result from work unit assigned to monitor;
6. To determine the feedback in appropriate form and frequency.



The Company has reviewed and evaluated internal control system to safeguard and to improve Company internal control system and supervisory system.

LEGAL CASES CURRENTLY SERVED BY THE COMPANY

LEGAL CASES CURRENTLY SERVED BY THE COMPANY, ITS SUBSIDIARIES, AND MEMBERS OF THE BOARD OF COMMISSIONERS AND DIRECTORS IN THE CURRENT ANNUAL REPORT YEAR

As of 31 December 2016, the Company, its subsidiaries, and members of the Board of Commissioners and Directors are not involved in both civil and criminal law proceedings. The Company's finances and operations are unaffected. As such, Bio Farma does not disclose information on court cases/suits, and status of the cases/suits settlements and administrative sanctions charged to Company, members of Board of Commissioners and Board of Directors by the relevant authorities (financial service authority, banks and others) in recent financial years (or not been charged with administrative sanction).

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 SANCTION

In 2106, there not administrative sanctions subjected on the company, members of the Board of Commissioners, and Directors by the relevant authorities (financial service authority, banks, and others) in the previous financial year, nor there are statements of such administrative sanctions.

TRANSACTIONS WITH CONFLICT OF INTEREST

In 2016, there were no transactions with conflict of interest which may be detrimental to the Company.

COURT CASES/ SUITS

In 2016 financial statements year, there were no court cases/ suits, therefore Bio Farma did not disclose such information.

COURT CASES/ SUITS SETTLEMENT STATUS

In 2016 financial statements year, there were no court cases/ suits settlement, therefore Bio Farma did not disclose such information.

RISK FACED BY THE COMPANY AND NOMINAL AMOUNT OF COURT CASE/ SUITS

In 2016 financial statements year, there were no risks faced by the Company and nominal amount of court case/ suits, therefore, Bio Farma did not disclose such information.



ACCESS TO CORPORATE INFORMATION AND DATA



The Award of 2016 The Public Information Transparency presented by The Vice President of Republic Indonesia Jusuf Kalla to Bio Farma Director of Production, Juliman were the commitment of Bio Farma to continuously implement the Republic of Indonesia Law Number 14 of 2008 Concerning The Disclosure of Public Information.

Bio Farma always facilitates the stakeholders to access the Company information and data by telephone, website (bilingual), mass media, mailing list, bulletin, Facebook, Twitter and Instagram.

THE PUBLIC INFORMATION TRANSPARENCY

BIO FARMA WON 4 TIMES THE AWARD OF DISCLOSURE OF PUBLIC INFORMATION

Bio Farma yet again won the 2016 Public Information Transparency Award from the Central Information Commission. The award was directly presented at the State Palace on Monday, 19 December 2016 by the Vice President of the Republic of Indonesia, Jusuf Kalla, to the Director of Production of Bio Farma, Juliman. The award, won four times by Bio Farma since 2013.

This award is a recognition to Bio Farma's commitment to implement consistently the Republic of Indonesia Law Number 14 of 2008 Concerning

Disclosure of Public Information, which imposes State-owned Enterprises (SOEs) to disclose information in the public's interests.

Bio Farma won the third position in the SOE category with a score of 81.27.

The implementation of public information transparency encouraged the Company to globally compete and this award was an achievement for Bio Farma who has entered in the informative qualification.

The Central Information Commission-led strict assessment began in November 2015 with the Self Assessment Questionnaire (SAQ) to gauge Public Entities' adherence to the disclosure of information law.

In its later stages, the Commission visits the given Legal Entity to assess its Public Information Service and Information Management and Documentation.

Bio Farma has done many innovation in public service area in terms of hard facilities and soft facilities supported by integrated information technology such as information providing in Bio Farma Museum and Exhibition Hall.

By providing this public information service, the society rights to obtain company's information, business process, governance, financial statements, corporate social responsibilities, and other related information were facilitated.

Bio Farma had equipped themselves with complete facilities and mechanisms of public information transparency yearly updated. Even Bio Farma has prepared public information classification consisted of regular information, necessary information and mandatory information.

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 to online media, the Company also utilizes TV and radio for adlibs / radio spots, information on Bio Farma and talk shows. In addition, Bio Farma also uses outdoor media, such as digital wall magazines. This digital media presents photographic information on the activities of the Bio Farma management.

Print media is used to disseminate information such as news and financial statements. Published news relates to Company activities that the public need to know, such as annual reports, company profiles and brochures. During 2015, Bio Farma issued 36 press releases, as detailed below:

Press Releases in 2016

No	Title	Date	Category
1	Bio Farma organized Health Socialization in Islamic Boarding School	25 January 16	Corporate
2	Bio Farma took part in 2016 in National Information Center	26 January 16	Corporate
3	Bio Farma had fulfilled 2/3 of World Poliomyelitis Vaccine	2 March 16	Corporate
4	The Declaration of West Java National Information Center of Poliomyelitis at Bio Farma	8 March 16	Corporate
5	The Bio Farma Laboratory Won Accreditation	11 March 16	Corporate
6	Bio Farma organized a Microbiology Laboratory Gathering Customers	17 March 16	Corporate
7	Saudi Arabia Used Indonesian Vaccine	18 March 16	Corporate
8	Bio Farma contributed CRS fund for West Java	19 March 16	CSR
9	17 Ambassadors Visited Bio Farma	20 March 16	Corporate
10	Bio Farma Won Tax Payer Award	4 April 16	Corporate
11	Bio Farma invited Media to visit Vaccine Cold Chain System in Mataram	10 April 16	Corporate



No	Title	Date	Category
12	Bio Farma Executed the Integrity Pact Signing (Photo News)	24 April 16	Corporate
13	Bio Farma Supports the Improvement of SMEs Productivity	11 April 16	CSR
14	Bio Farma Won The 2016 Best IGA Award	24 April 16	Corporate
15	Bio Farma Shared Happiness to 1120 Orphans and Organized 1437 Hijriah Ramadhan Safari	21 June 16	Corporate
16	Bio Farma Clarified the Findings of Counterfeit Vaccine	23 June 16	Corporate
17	Bio Farma Participation: SOE for Nation	27 June 16	Corporate
18	Bio Farma Clarification of Counterfeit Vaccine	30 June 16	Corporate
19	Re-vaccination Used Global Quality Products	18 July 16	Corporate
20	About the Advanced Production Process and Vaccine Testing at Bio Farma	18 July 16	Corporate
21	Bio Farma Invites National Media to Visit Vaccine Production Process Facility	19 July 16	Corporate
22	Bio Farma Clarification on Counterfeit Vaccine	21 July 16	Corporate
23	Indonesia National Agency of Drug and Food Control Guaranteed the Qualified Vaccine to Support National Immunization Program	24 Juli 16	Corporate
24	20 Students of West Java High Schools and Vocational High Schools Well Prepared to Take Part 2016 SMN at North Sulawesi.	24 July 16	Corporate
25	Five SOEs at West Java Sent 20 High Achieving Students to North Sulawesi	24 July 16	Corporate
26	Bio Farma Won Child Protection Award from Indonesian Child Protection Commission	28 July 16	Corporate
27	5 SOEs of West Java for West Java	16 August 16	Corporate
28	Release – 5 West Java SOEs Presented Aid for House Renovation for Veterans	18 August 16	Corporate
29	Through Life Science Research Forum – The Independent Affordable Biopharmaceutical Are Here	23 August 16	Corporate
30	Bio Farma Unites the Cross-Elements Synergy for Creating National Independence on Life Science.	24 August 16	Corporate
31	Bio Farma Actively Participated in Asset Repatriation and Tax Amnesty Socialization for Employees	2 September 16	Corporate
32	Cimahi Major Inaugurated Vaccine Park	10 September 16	Corporate
33	UNPAD – BUMN Center of Excellence (BCE) Organized Pentahelix Seminar for Pharmaceutical Raw Material Independence	16 September 16	Corporate
34	Bio Farma Supported Garut Inhabitants Casualties of Flash Flood and Serve Free Health Service	23 September 16	Corporate
35	Bio Farma-Indonesia promotes the CSR activities in Developing Geopark at the UNESCO Conference on Global Geopark in England	26 September 16	Corporate
36	Keep Consistent, Bio Farma Promotes SOE Role in Ciletuh Development in UNESCO Geopark Conference in Englang	26 September 16	Corporate
37	Applying the Information Transparency, Bio Farma Won 2015 Annual Report Award	27 September 16	Corporate
38	UNESCO Geopark Conference in England – Raising Issue of Geology, Health and Welfare Conservation	28 September 16	Corporate

ACCESS TO CORPORATE INFORMATION AND DATA

No	Title	Date	Category
39	Ministry of Religious Affairs Validates Hilal Monitoring	4 October 2016	Corporate
40	Release Bio Farma Supplies HPV Vaccine to Jakarta Special Region	6 October 2016	Corporate
41	Commission V of Banten Regional People's Representative Assembly Visits Bio Farma	9 November 2016	Corporate
42	Bio Farma – Indonesia is trusted to be host of Vaccine training for Islamic Countries	9 November 2016	Corporate
43	The escalation cases, The Consortium Pursued the Independence of Dengue Vaccine	9 November 2016	Corporate
44	The waste management becomes vital issue in Islamic Countries	9 November 2016	Corporate
45	The Vaccine Acceleration with New Technology Platform Expenditure	9 November 2016	Corporate
46	Bio Farma, a Vaccine Producer of SOE trusted by Organization of Islamic Cooperation to be Host of Vaccine Production Training Program for Islamic Country	11 November 2016	Corporate
47	Bio Farma are trusted to be Workshop Host of Islamic Countries Vaccine Production	11 November 2016	Corporate
48	The Strategic Vaccine Product for today and tomorrow	14 November 2016	Corporate
49	Indonesia is Encourage to be Center of Excellence of Vaccine Product in Islamic Country	16 November 2016	Corporate
50	Release Organization of Islamic Centre: Vaccine Producers Targeted The Collaboration Acceleration of Hala Product Research Centre	17 November 2016	Corporate
51	Release: Bio Farma participates in Exhibition in Aljazair	29 November 2016	Corporate
52	Bio Farma Signed MoU of Ciletuh-Pelabuhan Ratu National Geopark Expansion	2 December 2016	Corporate
53	Bio Farma again Won Gold PROPER for Third Times	8 December 2016	Corporate
54	Bio Farma Won the Best Champion of 2016 Sustainability Report	14 December 2016	Corporate
55	Bio Farma Won The Award of Public Information Transparency	19 December 2016	Corporate
56	Bio Farma Organizes the partnership agreement contract signing and provides SME Entrepreneurship Education for development partners	20 December 2016	CSR

Bio Farma also distributes press release not only domestically but internationally via ACN Newswire network, quoted by various international media companies, especially in Asia and the Middle East.

Year	Number of Guest Visited (people)	Group Numbers
2014	4,211	76
2015	4,639	77
2016	4,889	70

A COMPANY 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 2016 came from within and outside of Java.



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.

CORPORATE PORTAL

Bio Farma maintains a corporate 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 such as presence system, e-correspondent, employee health service.

NEW CLIPPINGS

The Company regularly distributes news clippings related to the Company to the Board of Directors and employees through its intranet network.

Year	Updated News	Number of reader
	1	2
2014	2,400	2,650
2015	1,635	1,797
2016	2,719	2,086

BULETIN BIO MAGZ

Bio Magz is the quarterly internal bulletin containing the information of Company activities distributed by e-bulletin

During 2016, the design and E-bulletin production of 2016

1. Edition 3 : Bio Farma fulfilled 2/3 of Poliomyelitis Vaccinee Needs in the World
2. Edition 4 : Bio Clarifies the Counterfeit Vaccine
3. Edition 5 : National Life Science Research Forum
4. Edition 6 : SOE for State

NEWSLETTER

Newsletter related to general information was distributed by e-mail and was pinned on announcement board. During 2016 there were 147 of Newsletter distributions..

Year	Number of Newsletter Distributions (times)
2014	150
2015	125
2016	147

COFFEE MORNING

Coffee morning is an informal knowledge sharing activities, routinely organized by Bio Farma

Each employee who have been participating the strategic seminar, training and formal education is required to share every knowledge both in oral presentation or in written form which will be compiled as Bio Farma's Books of Competency. This book is expected to contain related knowledge for Bio Farma business development in the future. Bio Farma also invites external resource person to broaden employees insights.

During 2016, there were 10 knowledge sharing sessions which involved all employees from various level of management and various educational backgrounds. Such activity had a mission to increase the solidarity among employees and to create harmonic communication and sustainability in the Company.

ACCESS TO CORPORATE INFORMATION AND DATA

2016 Coffee Morning Sessions

No	Date	Theme
1	18 February 2016	Seroprotection, Seroconversion, Geometric Mean Titer, Avidity and Bacteriocidal Anti-Polyribosylribitol Phosphate Ability after Giving the Primary Dose of Hib Pentavalent Vaccine (DTwP/HB/Hib) Compared with Hip Monovalent Vaccine (PRP-T) Simultaneously Given with DTwP/HB Vaccine to a Baby.
2	3 March 2016	The Answer the Vaccine Doubt
3	31 March 2016	Identification and Modification of Vero Cell Genetically as a Substrate for Influenza H1N1p-2009 Vaccine Production.
4	21 April 2016	Bioinformatics
5	21 April 16	Digital Asset
6	25 May 2016	"Business Continuity Management Systems Implementer"
7	2 September 2016	'Tax Amnesty' – A socialization of Tax Amnesty as an appreciation and participation to government program in supporting state development
8	26 October 2016	'The Strategic Value behind World Class CSR as A Company Value Added': Sharing Presentation of Bio Farma at UNESCO concerning Global Geopark
9	November 2016	Analytical Method in Development and Manufacture of Drugs and Biologics
10	December 2016	Workshop on Biorisk Management (BRM) as per GAP III: implementation for Diagnostic Facilities

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 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:



Coffee Morning becomes an event for information sharing concerning the updated activity organized by the Company.



MENU CUSTOMER CARE

Pada website perusahaan www.biofarma.co.id

Portal Kementerian BUMN:

<http://www.bumn.go.id/biofarma/kontak-kami/>

Corporate blog : www.infoimunisasi.com

Telepon : (62-22) 2033755

Faksimile : (62-22) 2041306

Email : 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

IN ORDER TO ACHIEVE THE COMPANY'S LONG-TERM OBJECTIVES, A HIGH INTEGRITY AND A CODE OF CONDUCT GUIDANCE WILL BE THE FUNDAMENTAL ASPECTS TO IMPLEMENT GCG.

CODE OF CONDUCT

In order to achieve the Company's long-term objectives, a high integrity and a Code of Conduct guidance will be the fundamental aspects to implement GCG. as a reference of Company's organ and all of Bio Farma's employees in implementing business values and ethics as a part of Company's culture.

BIO FARMA'S PRINCIPLES OF CODE OF CONDUCT IMPLEMENTATION

1. The Company's value reflected the Company's moral behavior in conducting their business.
2. In order to realize such moral, Bio Farma has already provided a business ethics formulation agreed by Company's organ and employees. Such continuous business ethics implementation has formed the Company's culture as a manifestation of Company's value.
3. The values and formulation of Company's business ethics are stated and elaborated in a Code of Conduct to be further comprehended and implemented.

Business ethics is a reference for the Company in conducting their business including the interaction with stakeholders. The continuous implementation of Company's values and business ethics supported the realization of Company's culture. Every Company should own the agreed business ethics formulation and this is further elaborated in Code of Conduct.

THE FUNCTION OF BIO FARMA CODE OF CONDUCT

1. The Code of Conduct is an elaboration of Company's business values and ethics in conducting business for a reference to Company's Organ and all of the employees.
2. The Code of Conduct covers a manual of conflict of interest, a presentation and acceptance of gifts and donations, compliance of rules and regulations, information confidentiality, and whistleblower system on unethical behaviours

THE 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.

THE MANUAL OF CODE OF CONDUCT IMPLEMENTATION IN BIO FARMA

As a manifestation of Bio Farma's concern to implement the Code of Ethics, Bio Farma's BoD has issued the Directorial Decree as follows:

1. Company's Articles of Association;
2. Decree of the Board of Directors No. 00223/Dir/I/2009 dated 12 January 2009 on the Code of Conduct;
3. 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. The guidance is expected to create a professional and convenient working environment, to optimize all employees potential.

POINTS OF CONDE OF CONDUCT

The manual of Code of Conduct is one of Bio Farma's commitments to implement and enforce the Good Corporate Governance covering obligations, prohibitions and relationships with other stakeholders.

The obligations for all Bio Farma employees have been stipulated in the Company's Code of Conduct as listed below:

CHAPTER I INTRODUCTION

Content

Vision, Mission, Philosophy, Value

CHAPTER II BUSINESS ETHICS

THE WAY COMPANY RUNS ITS BUSINESS

1. Ethics towards offenders
2. Ethics towards suppliers/business partners
3. Ethics towards creditors
4. Ethics towards competitors
5. Ethics towards the mass media
6. Ethics towards law enforcers
7. Ethics towards the Government of Indonesia
8. Ethics towards communities and the environment
9. Ethics towards employees
10. Ethics towards shareholders

CHAPTER III WORK ETHICS, MANAGEMENT AND EMPLOYEE BEHAVIOR

1. Compliance with the law
2. Conflict of interest
3. Giving and accepting gifts, souvenirs, meals, entertainment, donations and other facilities
4. Equal opportunities to employment and promotions
5. Care for occupational health and safety, and environmental conservation

6. Recording & compiling Company data and financial statement integrity Protecting Company information
7. Protecting Company assets
8. Political activity
9. Immoral behavior, narcotics, illegal drugs and gambling
10. Ethical behavior for management and employees

CHAPTER IV MECHANISM OF WHISTLEBLOWING AND SANCTION ON VIOLATION

1. The whistleblowing mechanism of violation;
2. The treatment of the alledged Code of Conduct violation;
3. The sanctions of Code of Conduct violation.

THE INTEGRITY PACT FOR BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

THE IMPLEMENTATION OF GOOD CORPORATE
GOVERNANCE AT PT BIO FARMA (PERSERO)

INTEGRITY PACT FOR CUSTOMERS

THE IMPLEMENTATION OF GOOD CORPORATE
GOVERNANCE AT PT BIO FARMA (PERSERO)

THE DISCLOSURE THAT CODE OF CONDUCT IS
MANDATORY FOR EACH MANAGEMENT LEVEL IN
BIO FARMA)

CODE OF CONDUCT



EACH OF BIO FARMA'S EMPLOYEE MUST HAVE A COMMITMENT TO ALIGN THEMSELVES WITH VALUE AND WORK CULTURE SYSTEM IN THE COMPANY.

Therefore, each of Bio Farma's employee is obliged to harmonize all their believes and endeavor to implement their attitude and work behavior with value and work culture system of the Company codified in Code of Conduct. The success of implementing of such Code of Conduct is a responsibility of each employee.

In 26 April 2016, located at Bio Farma's Hall, the Company had implemented the internalization and socialization of 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).

This event was attended by all of Bio Farma's employees and each of employee signed a Compliance Statement on Code of Conducts

Periodically, once a year, all of Bio Farma's employees are obliged in formal written form to declare their readiness to comply and implement every point of Code of Conduct by signing a Compliance Statement Letter as one of the requirements to continue the work relationship with the Company.

THE DISTRIBUTION OF CODE OF CONDUCT

For this action, Bio Farma has socialized its Code of Conduct to provide all of its elements to have the same understanding and awareness in implementing the Code of Conduct.

The Code of Conduct has been disseminated in the following manner:

1. 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).



2. The management made employees understand and aware of the Code of Conduct by means of socialisations and general meetings.
3. Application of the code of conduct consists of a questionnaire on employees' understanding of the code of conduct.
4. Website, intranet, banner

MECHANISM 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 subsection 4.5: Sanctions for Violations of the Code of Conduct.

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. 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.

3. Reporter should state clearly their identity and back their report with the relevant supporting evidence for the alleged violation of the Code of Conduct.
4. The Company will retain the identity of the reporter in accordance with the applicable procedures.
5. 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.

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 Violations of the Code of Conduct Handling Team

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
Direksi	Board of Commissioners

SANCTION FOR VIOLATIONS OF THE CODE OF CONDUCT

Bio Farma has stipulated sanction of violations of Code of Conduct under the following conditions:

1. Penalty for each employee is determined by the Board of Directors.

CODE OF CONDUCT

2. Penalty for members of the the Board of Commissioners, Directors and Supporting Organs of the Board of Commissioners is determined by the Board of Commissioners.
3. If the violation is performed 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:

Ramifications of the violation:

1. Violation of the laws and regulations as well as corporate regulations.
2. Losses for the Company and/or other parties both financially and non-financially.
3. Disruption of the running of the processes or activities in the Company.
4. Disturbance to the security and/or safety of Bio Farma's elements or other parties.
5. Libel for Bio Farma or its employees or other parties.
6. Violation of the decency and norms prevailing in the community and/or the rights and dignity of other individuals.
7. Degree of intentionality:
 - a. It should be detected whether the violation is made intentionally or not.
 - b. It should be checked carefully if the violator has received a warning sign. previously.
 - c. It should be considered if there is any financial or non financial motivation
8. 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.

9. 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.

THE ENFORCEMENT LEGAL BASE OF BIO FARMA

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.

NUMBERS OF CODE OF CONDUCT VIOLATIONA AND THEIR SANCTIONS ON THE LAST FINANCIAL STATEMENTS YEAR

As of 31 December 2016, there were no violations on code of conduct therefore there were no 2016 disclosures regarding of them.



BENTURAN KEPENTINGAN

Benturan kepentingan adalah situasi dimana terdapat konflik antara kepentingan ekonomis Perusahaan dan kepentingan ekonomis pribadi pemegang saham, anggota Dewan Komisaris dan Direksi, serta karyawan Perusahaan.

MANUAL OF CONFLICT OF INTEREST

1. The SOE Minister Regulation No: PER-01/MBU/2011, The SOE Board of Directors are prohibited to conduct the conflict of interest action and to take the personal advantage, both directly and indirectly from the respective SOE's decision making of its activities related to the valid income;
2. The Manual of Conflict of Interest Treatment stipulated in Directorial Decree No: 07882/DR/XII/2015 dated 30 December 2015, where the respective purpose and objective are to be a manual for Bio Farma's employees to comprehend, to prevent and to treat the Conflict of Interest in the Company, as a manual for a strict action taken on Conflict of Interest in the Company and to realize the company management which is free from all the form of corruption, collusion and nepotism.

In relation to these provisions, all members of the Board of Directors of Bio Farma signed a Statement of No Conflict of Interest on 26 April 2016, whose contents are as follows:

STATEMENT OF FREE FROM CONFLICT OF INTEREST

In order to uphold the Good Corporate Governance (GCG) in PT Bio Farma (Persero), I hereby declare that:

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.

CODE OF CONDUCT

Throughout 2016, there were no events related to conflicts of interest regarding the members of the Board of Commissioners and Board of Directors.

Points to be noted by BoC, BoD, Employees, and Shareholders of Bio Farma in performing duties and obligations

1. The members of BoC and BoD and employees of Bio Farma always prioritize the Company economic interest over the personal or family or any other parties economic of interest
2. The member of BoC and BoD and employees of Bio Farma are strictly prohibited to abuse their positions for personal, family other parties vested of interest or advantage.
3. In discussion and decision making with conflict of interest, then the respective individual were prohibited to join.
4. The shareholders who had conflict of interest should exclude their votes in GMS in conformity with the decisions made by shareholders who did not.
5. Each of members of BoC and BoD and employees of Bio Farma who had authorities for decision making were required every year to make formal statement of free from conflict of interest in each of decisions made by them and had implemented the Code of Conduct Manual established by the Company..
4. Double positions in several companies which were directly/ indirectly related or had the similar/ not similar activities, that caused the taking advantage for such positions regarding the Company's business;
5. A situation where a Bio Farma's employee provided a special access to certain parties without a proper standard procedures;
6. A situation which caused the supervisory process was incomplicated because of persuasion and expectation from the parties who observe or being observed;
7. A situation where the assessment of results which had been accomplished by the respective Bio Farma's employee;
8. A position/ authority abuse;
9. A privilege information provided for a certain parties to win a goods/ services procurement bidding process;
10. Moonlighting.

TYPES OF CONFLICT OF INTEREST IN BIO FARMA

The one-sidedness of Bio Farma Employee's Policy was an effect of closeness, dependence and/ or gratification giving

THE FORM OF CONFLICT OF INTEREST IN BIO FARMA

1. A situation which caused an individual received a graft or a gift presentation for a decision/ a position;
2. A situation which abused the Company asset/ position for personal/ group interest;
3. A situation which caused the misuse of Company's information/ official position confidentiality for personal/ group interest;
1. The authority abuse, by making a decision or action which was not aligned with purpose and beyond his/ her authorities;
2. The affiliated relationship, the relationship of Bio Farma's employee with certain parties because of blood relationship, marital relationship or closeness friendship which affected his/ her own judgment;
3. Gratification, a gift in wide sense of meaning, consisted of money giving, gifts, discount, commission, non-interest loan, trip tickets,



accommodation, tour trio, free medical treatment and other facilities. Such gratification could be both received in domestic or overseas by electronic or manual;

4. The organization system weakness was a condition which became obstacles for the authority implementation objective achievement of Bio Farma's employee caused by rules, manual, standard procedures or unclear job descriptions
5. The vested interest was a desire/ needs of Bio Farma's employee regarding to personal matters.

THE SOURCES OF BIO FARMA'S CONFLICT OF INTEREST

1. The authority abuse, by making a decision or action which was not aligned with purpose and beyond his/ her authorities;
2. The affiliated relationship, the relationship of Bio Farma's employee with certain parties because of blood relationship, marital relationship or closeness friendship which affected his/ her own judgment;
3. Gratification, a gift in wide sense of meaning, consisted of money giving, gifts, discount, commission, non-interest loan, trip tickets, accommodation, tour trio, free medical treatment and other facilities. Such gratification could be both received in domestic or overseas by electronic or manual;
4. The organization system weakness was a condition which became obstacles for the authority implementation objective achievement of Bio Farma's employee caused by rules, manual, standard procedures or unclear job descriptions
5. The vested interest was a desire/ needs of Bio Farma's employee regarding to personal matters.

THE TREATMENT OF CONFLICT OF INTEREST SITUATION

Basic Principles

1. The employee should avoid his/ herself from attitude, behavior and action which could result the conflict of interest;
2. The employee who was potential or had been in conflict of interest situation was PROHIBITED to proceed his/ her respective activities/ responsibilities/ duties. Furthermore such individual should disclose the occurrence/ situation of conflict of interest he/ she had/ acknowledged and could not participate in decision making
3. The double position which potential caused conflict of interest in Bio Farma were possible to be continued with the clear and strict rules to stipulate the respective condition;
4. The employee who was potential or had been in conflict of interest situation were obliged to make and to submit The Statement of Potential Conflict of Interest for such condition to his/ her immediate superior;
5. The head of work unit or immediate superior should adequately control and treat such conflict of interest

The Mechanism of Conflict of Interest Report

Should there is a situation of Conflict of Interest, then the Employee is obliged to report such occurrence through:

1. Immediate Superior
The report to immediate superior is effective for internal Bio Farma's employee who has directly involved or potentially involved in Conflict of Interest situation. Such report conducted by submitting the Statement Letter of Potential Conflict of Interest to immediate superior.
2. The Whistle Blowing System
The whistle blowing system has been conducted by the internal Employee or other parties (customers, business partners or publics) who was not directly involved to such situation but acknowledged such occurrence or potential conflict of interest;

CODE OF CONDUCT

The whistle blowing system has been conducted in accordance with the specific mechanism which ranged the system in the Company;
Such above report should be based on goodwill and has not a personal complaints of the Company policy or not based on bad intention/ slender.

The Supporting Factors of Conflict of Interest Treatment Success

1. Management Commitment and Role Model
The Management has obliged to properly, well and rightly execute their authorities by considering the best interest of the Company, employee and public and other factors interests;
2. The Employee's Participation and Involment
The policy implementation to prevent a Conflict of Interest shall require the Employees' involvement. The Employees should be aware and understand of the Conflict of Interest issue and should be able to anticipate and prevent the occurrence of Conflict of Interest. In order to encourage the Employees' participation and involvement of the Employees, there were several initiatives below:
 - a. Conduction the socialization to improve the understanding of the Employees regarding to the Conflict of Interest treatment policies;
 - b. Supporting the ones who did not yet understand the policies of Conflict of Interest treatment by organizing the internal consultation service
3. Special Attention on Certain Issues
Such special attention should be required for certain issues which had high risk for the occurrence of conflict of interest. Such certain issues were as follows:
 - a. The affiliation relationship'
 - b. Gratification;
 - c. Additional works;
 - d. Insider information;
 - e. Personal interest in goods/ services procurement in the Company;
 - f. Position in other organization where one received honorarium/ salary/ fee;
 - g. Intervention from the previous position; and
 - h. Double position.

4. The Preventive Actions
Such preventive actions could be taken to avoid the Conflict of Interest situation.

For the Conflict of Interest situations, then the Employees should be conducting the the following below:

1. Professionally avoid the Conflict of Interest situation and always prioritizing the Company's best interests prior to personal/ other interests;
2. Should resign oneself from decision making process if one is in position with Conflict of Interest;
3. Do not conduct transaction and/ or use Company's assets for personal, family or group interest;
4. Do not receive and/ or give gifts/ benefits in any forms related to the positions in Company;
5. Do not take advantage of confidential information and Company's transaction for interest outside the Company;
6. Do not take advantage and use the Company's Intellectual Property which harmed the interest or inhibited the Company's development;
7. Do not invest or business contracy with other parties who had business relationship with the Company;
8. Do not give privilege to customers, suppliers, business partners, government and/ or other Parties beyond the policies established by the Company;
9. To comply with Code of Conduct established by the Company

Bio Farma's employees should comply with the good corporate governance principles and protect themselves from the action of conflict of interest.

SANCTIONS ON VIOLATION

The violations of provisions in Conflict of Interest Manual shall be sanctioned based on the prevailing regulations in the Company.



GIVING AND RECEIVING GIFTS AND DONATION

Giving and receiving gifts and donation:

1. Each of members of Bio Farma's BoC and Bod and employees are prohibited to give or offer something, both directly or indirectly to government authority/ officer and/ or individuals who represented business partners which is able to affect the decision making;
2. Each of members of Bio Farma's BoC and Bod and employees are prohibited to receive something for his/ her own interest, both directly or indirectly from business partners which is able to affect the decision making;
3. Donation by the Company or a grant of Company's assets to political parties or one or more candidates of legislative of executive house of representative, are only allowed in conformity with the prevailing Laws and Regulations. In the corridor as established in The Company's regulations, the donation for charity are allowed;
4. Each of members of Bio Farma's BoC and Bod and employees are mandatory required every year to make statements of not giving something and/ or receiving something which is able to affect the decision making.

THE CORPORATE CULTURE

The Statement of Corporate Culture

In developing its business, Bio Farma requires a Corporate Culture in formal written manual which can be a guidelines for Company's organ to excute their duties and obligations.

THE GUIDELINES OF CORPORATE CULTURES

The guidelines containing these Corporate Cultures 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 → Profesional

Professional Committed to carrying out all duties with full responsibility, efficiency, effectiveness, forward looking orientation, and compliance with procedures.

I → Integritas

Integrity Honest, transparent and credible in accordance with the objectives of the Company.

T → Teamwork

Teamwork In cooperation with respect to the role and the opinions of others.

I → Innovation

Innovation Make improvements and continuous development to result in new ideas.

C → Customer Oriented

Customer Oriented Understand the needs and provide the right solutions to customers.

In its effort to improve its corporate culture, Bio Farma has conducted an employee satisfaction survey on 904 from a total of 1480 respondents in 2014, with the following expectations:

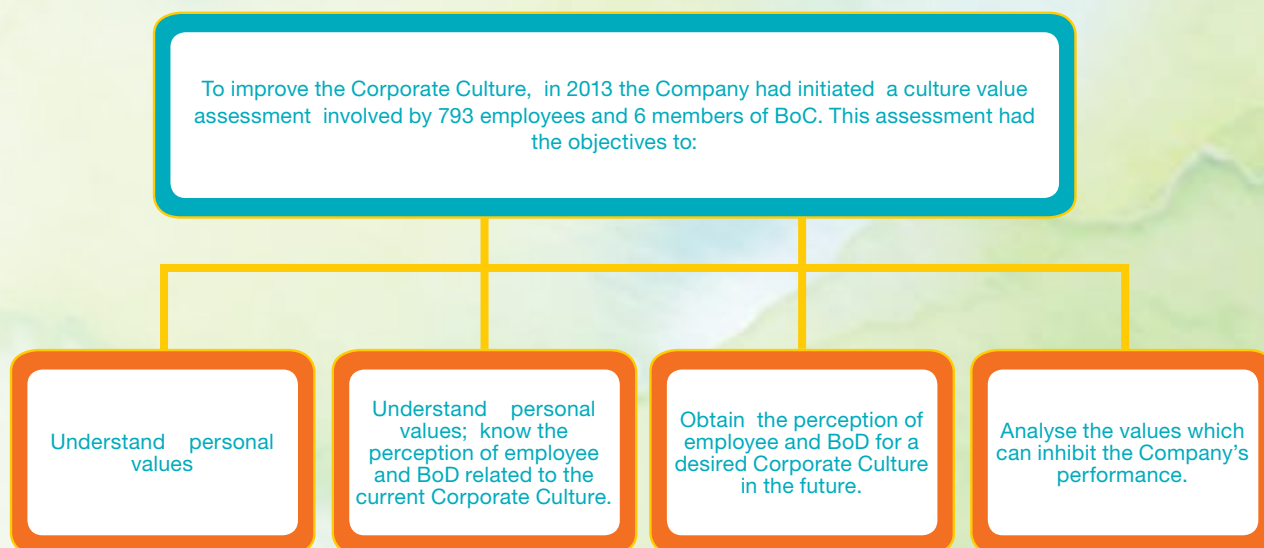
1. The employee needs from Bio Farma.
2. Organisational weaknesses from employees' observations.
3. Policy recommendations on employee needs and organisational weaknesses observed by consumers and stakeholders..

CODE OF CONDUCT

As the follow up of the culture value assessment, the Company plans to implement systematic and comprehensive programmes on internalisation of corporate values based on internal corporate activities, to enable each employee has a strong positive values that bring a positive culture for the Company's growth. .

THE COMPLIANCE TO REGULATION

1. The Company's organ and employees implemented the Company's rules and regulations.
2. The BoC ensured that BoD and the Employee had executed the prevailing Company's rules and regulations.
3. The Company should properly, accurately and adequately record the Company's assets, liability and equity in conformity with generally accepted accounting principles.



THE INFORMATION CONFIDENTIALITY

1. The members of BoC and BoD, shareholders and employees of Bio Farma should maintain the Company's information confidentiality in accordance with the prevailing rules and regulations, the Company's regulations and the best practices in business world.
2. Each of members of BoC and BoD, shareholders and employees of Bio Farma are strictly prohibited to abuse the information related to the Company, including but not limited to informations of takeover, merger and acquisition and share buy-back.
3. Each of member of BoC and BoD, shareholders and employees of Bio Farma who had sold their shares, are strictly prohibited to disclose the Company's confidential information which had been obtained during their tenure or share ownership in the Company, unless it was required by Laws to disclose it or were no longer confidential for the Company.



DISCLOSURE OF 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.

DISCLOSURE OF WHISTLEBLOWING SYSTEM

Whistleblowing is a disclosure action of violation of ethics, rules and regulation, other immoral acts by Bio Farma's employees or management to management or other institutions which harms the Company of other stakeholders. Such disclosure has been confidentially conducted with goodwill and has not a personal complaints of a Company regulations and is not intended based on bad will or vilification.

Whistleblowing Sytem (WBS) is a system which confidentially, anonymously and independently manages the complaints/ disclosure of violation of regulations act, unethical acts that is used to optimize the participation of Bio Farma's employees and other parties in disclosing the violation of regulations and ethics in Company environment.

THE VIOLATION ACTS

1. Breaching the laws and regulations such as signature forgery, corruption, fraud, mark-up, drugs abuse, asset destructions;
2. Violating the Company's Code of Conduct such as, conflict of interest, harassment, involving the prohibited activities.
3. Departuring from the generally accepted accounting principles;
4. Violating the Company policies and operational procedures or other policies, procedures and regulations which deemed necessary by the Company;
5. Other fraud which financially and non-financially harms the Company .
6. Actions that endanger the work safety

Basically, the Whistleblowers are Employees (Internal Parties) while not limiting external parties (customers, suppliers, general public) to be Whistleblowers. The whistleblower should demonstrate the clear evident, information or indication of the reported violation to be further able to trace and to follow up with.

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.

WITNESS VERSUS WHISTLEBLOWER

A witness is an individual who sees, hears and personally has the experience of violation act conducted by violators and is willing to testify before the Court. A whistleblower can possibly be a witness, but not all whistleblower can be a witness.

A Whistleblower is an individual who reports the violation act. He/ she may not be seeing or hearing such violation, but he/ she has evidence letters or leading evidences of such violations.

THE BENEFIT OF WHISTLEBLOWING SYSTEM

1. The availability of mechanism to share an important and critical information for the Company to the authorized parties who have to promptly and safely handle such issues;
2. The hesitation of to violate the rules, regulations and ethics and to improve the willingness to report the violation acts because of the trust of effectiveness reporting system;
3. The availability of early warning system mechanism of the possibility of potential problems caused by a violation
4. The availability the opportunity to internally handle the violation issues prior to public issues;
5. Reducing the risk dealt by the Organization, caused by the violation in terms of financial, operational, legal, work safety and reputation;
6. Reducing the expenses to handle the aftermath of violation;
7. Improving the Company's reputation before stakeholders', regulators' and public's point of view;
8. Providing inputs for organization to emphasis the critical area and weaknesses of working process internal control and to design the necessary improvement actions.

LEGAL BASES OF THE WHISTLEBLOWING SYSTEM (WBS) POLICY

1. Law No. 28 Year 1999 on Organisation of Clean Government and Corruption-free, Collusion-free, and Nepotism-free Government (State Gazette of the Republic of Indonesia Year 1999 Number 75, Supplement to the State Gazette of the Republic of Indonesia Number 3851).
2. Law No. 31 Year 1999 as amended by Law No. 20 Year 2001 on Eradication of Corruption.
3. The Government Regulation No. 71 of 2000 Concerning The Implementation Mechanism and Public's Participation dan Reward Presentation

in Prevention dan Eradication of Corruption Crime Article 6

4. Law No. 15 of 2002 in conjunction with Law No. 25 of 2003 Concerning the Money Laundering Crime Article 39 to 43
5. The Government Regulation No.57 of 2003 Concerning of Mechanism of Special Protection for Whistleblower and Witness on Money Laundering Crime
6. Law No. 13 of 2003 Concerning the Manpower Article 153 verse (1) letter I and Article 158 verse (1) letter I;
7. Law No. 19 Year 2003 on State-owned Enterprises (State Gazette of the Republic of Indonesia Year 2003 Number 70, State Gazette of the Republic of Indonesia Number 4297).
8. Law No. 7 of 2006 Concerning The Ratification of United Nations Convention Against Corruption (UNAC), Section 33 UNAC
9. Law No. 13 Year 2006 on Protection of Witnesses and Informants.
10. Law No. 40 Year 2007 on Limited Liability Companies.
11. Government Regulation No. 1 Year 1997 on the Change of Incorporation of Bio Farma from a Public Company to a Limited Liability Company (Persero)
12. Government Regulation No. 45 Year 2005 on the Establishment, Management, Supervision, and Dissolution of SOEs.
13. The Regulation of Republic of Indonesia Chief of Police No. 17 of 2005 Concerning of The Special Protection for Whistleblower and Witness on Money Laundering Crime
14. SOE Ministerial Regulation No. PER-01/MBU/2011 dated 1st August 2011 on Implementation of Good Corporate Governance in SOEs as amended with SOE Ministerial Regulation No. PER-09/MBU/2012 dated 6 July 2012 Concerning of The Amendment of The SOE Ministerial Regulation Concerning of Implementation of Good Corporate Governance in SOEs;
15. Secretarial Letter of the SOE Ministry No. S-16/S. MBU/2012 dated 6th June 2012 on Indicators/ Parameters of Assessment and Evaluation of Good Corporate Governance Implementation in SOEs.



THE COMPANY POLICY ON IMPLEMENTATION OF WHISTLE BLOWING SYSTEM

1. Article of Association of PT Bio Farma (Persero)
2. Collective Labour Agreement (CLA) between PT Bio Farma (Persero) and Labour Union for the 2012-2014 Period, dated 31 May 2012;
3. Joint Decree of the Board of Commissioner and Directors of PT Bio Farma (Persero) No. KEP-04/ DK/BF/II/2013 - No. 01023/DIR/II/2013 dated 22 February 2013 on Guidelines on the Implementation of GCG in PT Bio Farma (Persero);
4. Joint Decree of the Board of Commissioner and Directors of PT Bio Farma (Persero) No. KEP-05/ DK/BF/II/2013 - No. 01024/DIR/II/2013 dated 22 February 2013 on Code of Conduct in PT Bio Farma (Persero) which had been renewed with Joint Decree of the Board of Commissioner and 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 Joint Decree of the Board of Commissioner and Directors of PT Bio Farma (Persero)
5. Directorial Decree No: 01026/DIR/II/2013 dated 22 February 2013 on The Policy of Whistle Blowing System Implementation in PT Bio Farma (Persero)

AIMS OF THE POLICY

1. To guide the management of violation reports from both inside and outside the Company, ensure external violation reports, and ensure the effectiveness of the Whistleblowing System.
2. To disclose violations of ethics and legal norms within the Company.
3. To serve as chilling effect in the event of frauds, legal and ethical violations, and other misconducts. The policy also assists in detecting and reporting future misconducts.
4. To provide the opportunity to settle issues internally before publicly known.
5. To reduce organisational risks from financial, operational, legal, safety, and reputation damages.

SCOPE OF THE GUIDELINE

The policy is effective on Bio Farma Employees given the following conditions:

1. Violation Whistleblowers are Bio Farma Employees and other Stakeholders.
2. Violators are Bio Farma Employees suspected of violations.

Violation Reporting System is used if complaints/ disclosures are considered ineffective when reported using formal channels (to direct superiors or relevant functionaries).

GENERAL CRITERIA OF VIOLATION REPORTS

1. Whistleblowers may opt to use discernible identity (name, address, contact number) or remain anonymous.
2. Reports are submitted using available channels.
3. Contents of the suspected violations consist of:
 - a. Type of violation reported
 - b. Violators and their accessories
 - c. Location of violation
 - d. Time of violation
 - e. Chronology of the violation
 - f. Damages/effects of the violation
 - g. Supporting evidence

THE DELIVERY OF WHISTLE BLOWING REPORT

MECHANISM OF DIRECT REPORT OF WHISTLE BLOWING

1. Admission of Complaint;
2. Formation of Complaint Administration;
3. Formation of the Whistleblowing System (WBS) Management Team;
4. Formation of the Investigation Team;

DISCLOSURE OF WHISTLEBLOWING SYSTEM

5. Communication with the Whistleblower;
6. Monitoring of Complaint Handling

Delivery mechanisms to report violations or disclose unlawful acts, unethical/ immoral or other prohibited behavior that could damage the company are set out in Board of Directors' Decree No. 01 026/DIR/II/2013, dated 22 February 2013 as follows:

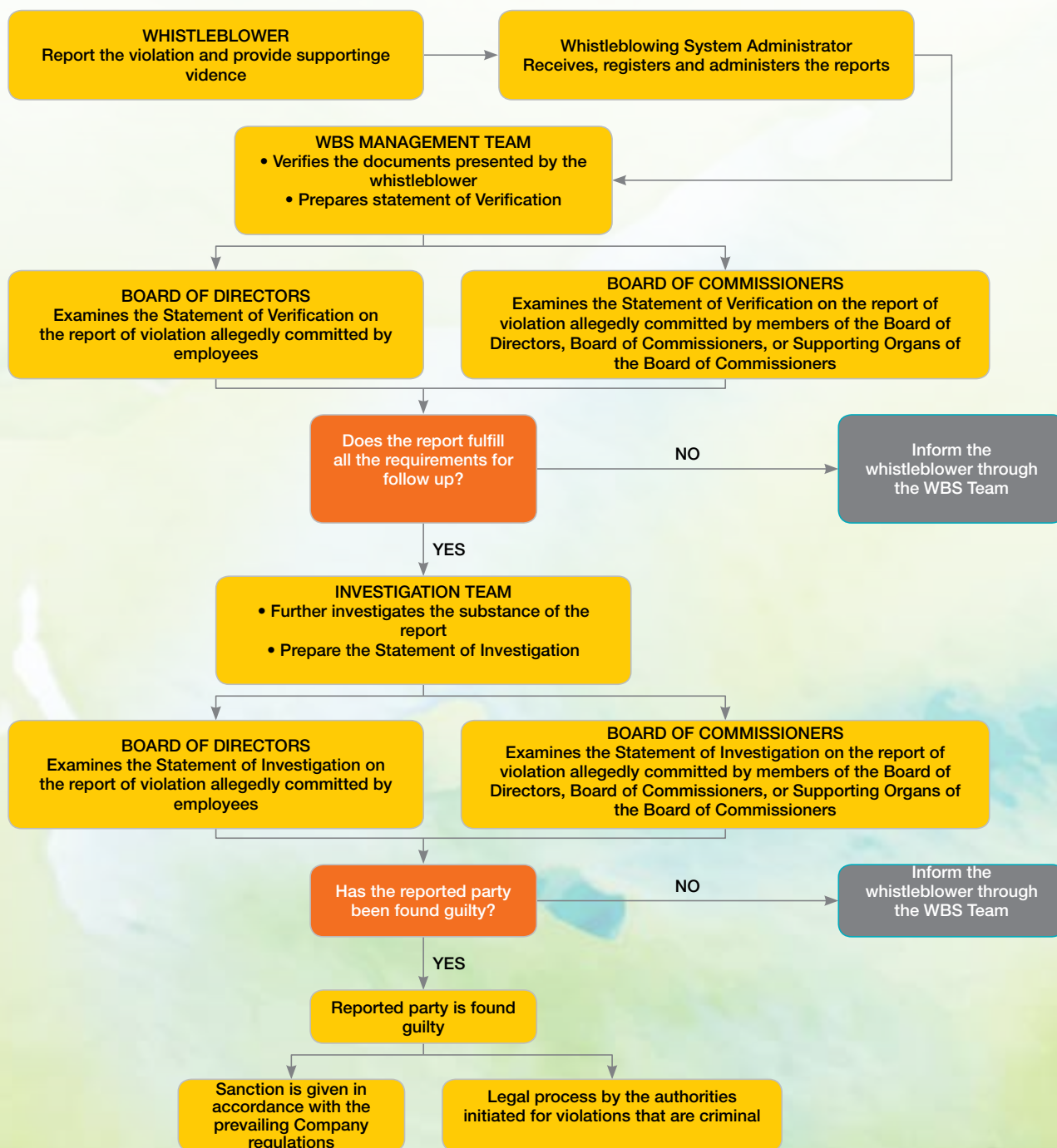
1. The mechanism to report violations is basically through formal channels, namely to a direct supervisor and to related functions, such as the HC Division and Internal Audit Unit. However, if the person making the report views these means to submit a complaint as being ineffective or if they are in doubt, the complaints can be submitted through the Whistleblowing System (WBS).
2. 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. Reporting Suspected Violations must be in good faith and not grounded on personal displeasures of certain Company policies or based on bad faith or intent of slander/libel;
3. Whistleblowers are Employees (Internal Parties) while not limiting external parties (customers, suppliers, general public) to be Whistleblowers.
4. Whistleblowers may be appointed as Witness if he was observing or listening or personally experiencing the reported violation.
5. Whistleblowers using the Whistleblowing System may opt to use discernible identity (name, address, email, fax, contact number) or remain anonymous.
6. The report must be completed by supporting evidence of the violation, which must convey, among others:
 - a. Issue 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.
7. Whistleblowing Officials receive, register, and administer Whistleblowing Reports submitted by e-mail, traditional mail, and drop box to be forwarded to the Directors as the WBS Management Team for suspected violations by employees. If the suspected violations are done by the Directors, Board of Commissioners, or supporting organs of the Board of Commissioners, such reports must be submitted directly to the Board of Commissioners. Violation Reports must be sent directly to the President Director if the Informant observed that the violation is done by the WBS Management Team or employees. Reports must be sent directly to the President Commissioner for suspected violations by the Directors, Board of Commissioners, or supporting organs of the Board of Commissioners.

MECHANISM OF WEB BASED WHISTLE BLOWING SYSTEM REPORTING

In 2015, Bio Farma has started to develop web based whistle blowing system reporting called Whistleblowing System application.

The WBS is one of Bio Farma efforts to enforce business ethics, work ethics and the effort to eradicate the corruption, collusion and nepotism. The WBS enables all of Bio Farma employees and other stakeholders to report alleged violation and fraud and other form of violations occurred in the Company.

The whistleblower is able to report by online through web based system with the following address <http://aplikasi.biofarma.co.id/gcg>. The mechanism of violation reporting are as follows:



DISCLOSURE OF WHISTLEBLOWING SYSTEM

PROTECTION FOR WHISTLEBLOWERS

In exercising WBS, the Company provides the protection to Whistleblowers as follows:

1. To guarantee the confidentiality of a whistleblower and shall be used any means necessary to keep whistleblower's identity confidentiality. This is meant to encourage the reporting of violation occurred in Bio Farma and to guarantee the safety of whistleblower and his/ her family;
2. All the violation report shall be secretly and safely kept by the Company. When the whistleblower clearly inform his/ her own identity, then his/ her right is guaranteed to have the information of the follow up on his/ her report. This action is an evident of Company's commitment to protect the whistleblower;
3. How can a whistleblower share an information if he/ she is threatened and pressured by the violators;
4. The protection from suspension, demotion, or promotion postponement, pressure and other physical abuse;
5. The harmful record protection in his/ her own private file

In addition to the above, for whistleblower who had good intention, the Company also provided the legal protection, as stipulated in the following below:

1. Article 43 Law No. 15 of 2002 in conjunction with Law No. 25 of 2003 Concerning the Money Laundering Crime Act;
2. Article 13 Law No. 13 of 2006 Concerning the Protection of Witness and Victim;
3. Article 5 Government Regulation No. 57 of 2003 Concerning the Special Protection Mechanism for Whistleblower in Money Laundering Crime namely
 - a. The Protection from Crime and/ or Civil Charge;
 - b. The protection on safety of personal and/ or whistleblower's family from physical and/ or mental threat;
 - c. The protection of whistleblower's assets;

- d. The concealment and disguise of whistleblower's identity and/ or
- e. Information delivery without meeting with the whistleblower, in every stage of case investigation with condition that such violation had been entered in Court dispute.

If necessary, the whistleblower may request assistance from the Witness and Victim Protection Agency (LPSK).

Policies for the protection and guarantee of confidentiality are not granted to Whistleblowers proven to have made false reports and / or committed defamation. Should the investigation results conclude that the Whistleblower has submitted a false report that is slanderous and without clear basis, the Whistleblower may be prosecuted or sanctioned in accordance with applicable legislation or the Company's internal regulations.

COMPLAINT HANDLING

Complaint Handling / Reporting Alleged Violations is regulated through Board of Directors' Decree No. 01026/DIR/II/2013 dated 22 February 2013.

HANDLING REPORTS OF ALLEGED VIOLATIONS

1. Reports of alleged violations (whistleblowing) committed by employees should be addressed to the Board of Directors via:
 - a. Email: pelaporan.wbs@biofarma.co.id
 - b. Official letter addressed to the Board of Directors either delivered in person or sent by post to:
PT Bio Farma (Persero) Board of Directors
Attn: Whistleblowing Management Team Jalan Pasteur No. 28, Bandung 40161
 - c. Drop Box in the company's offices



2. Reports of alleged violations committed by the Board of Directors, Board of Commissioners or Supporting Bodies to the Board of Commissioners should be addressed to the Board of Commissioners and submitted by:
 - a. Email: pelaporan.wbs@biofarma.co.id
 - b. Official letter addressed to the Board of Directors either delivered in person or sent by post to:
PT Bio Farma (Persero) Board of Commissioners Attn: Whistleblowing Management Team Jalan Pasteur No. 28, Bandung 40161
 - c. Drop Box in the company's offices.
3. The Whistleblowing Admin appointed by the Company shall receive, register and follow up on Reports of Violations (Whistleblowing) in accordance with established methods. If the Whistleblowing recipient receives information outside the prescribed paths, then the report must be processed using the prescribed paths. The Whistleblowing Admin is responsible for maintaining the confidentiality of the Whistleblower. The Whistleblowing Admin is responsible to the President Director.
5. Verification by the Whistleblowing System (WBS) Management Team of the submitted alleged violation must be undertaken within a period of 30 (thirty) working days and can be extended by no longer than a further 30 (thirty) days.
6. In the case that the Board of Directors / Board of Commissioners decides that there is insufficient evidence to move ahead with the alleged violation to the investigation stage, this decision shall be conveyed to the Whistleblowing System (WBS) Management Team. Further the Whistleblowing System (WBS) Management Team shall inform the Whistleblower of this decision.
7. In the case that the Board of Directors / Board of Commissioners decides that there is a sufficient evidence to move forward with the alleged violation to the investigation stage, the Statement of Verification and supporting documents shall be submitted to the Investigation Team.

FOLLOW UP TO REPORTS OF ALLEGED VIOLATIONS

1. Investigation Team

HANDLING REPORTS OF ALLEGED VIOLATIONS

1. The Whistleblowing System (WBS) Management Team receives reports and verifies any supporting documents submitted by the Whistleblower.
2. Compiles the Statement of Verification, which contains a summary and recommendation to the President Director / Board of Commissioners (depending on the reporting route) on whether or not the report submitted by the Whistleblower has sufficient evidence for further action.
3. Submits the Statement of Verification to the President Director / Board of Commissioners (depending on the reporting route) and, if necessary, makes a presentation to the President Director / Board of Commissioners.
4. The Board of Directors or Board of Commissioners studies the report and the conclusions of the Whistleblowing System (WBS) Management Team, along with the supporting evidence, to establish whether the report needs to be followed up to the investigation stage or closed.
- a. The Investigation Team receives the report from the Whistleblowing System (WBS) Management Team.
- b. The Investigation Team will then conduct its investigation. The Investigation into the alleged violation by the Investigation Team shall take place within 30 (thirty) working days and can be extended for no longer than a further 30 (thirty) working day.
- c. A Statement of Investigation shall be made and submitted to the President Director (for alleged violations by employees) or to the Board of Commissioners (for violations allegedly by Directors, the Board of Commissioners or the Supporting Bodies to the Board of Commissioners); if required, the Investigation Team shall present its work to the Board of Directors / Board of Commissioners.
- d. Documentation shall be made of the entire investigation process as related to supporting evidence, working documents, minutes of meetings and other documentation.

DISCLOSURE OF WHISTLEBLOWING SYSTEM

2. Board of Directors

- a.. The Board of Directors receives the report of alleged violations from the Whistleblowing System (WBS) Management Team.
- b. The Board of Directors assigns an investigation team to conduct the investigation.
- c. The Board of Directors shall study and make a decision based on the Statement of Investigation.
- d. A decision on the investigation results shall be submitted by the Board of Directors to the Whistleblowing System (WBS) Management Team in accordance with the appropriate reporting route and this decision passed on to the Whistleblower.
- e. Documentation shall be made of the entire investigation process as related to supporting evidence, working documents, minutes of meetings and other documentation.

3. Board of Commissioners

- a. The Board of Commissioners shall receive the report from the Whistleblowing System (WBS) Management Team on alleged violations committed by the Board of Directors / Board of Commissioners;
- b. In follow up, the Board of Commissioners shall investigate in accordance with the principles established in the Whistleblowing System Guidelines.
- c. The Board of Commissioners studies the report and makes a decision based on the Statement of Investigation.
- d. This decision on the investigation results shall be submitted by the Board of Commissioners to the Whistleblowing System (WBS) Management Team in accordance with reporting routes and passed on to the whistleblower.
- e. Documentation shall be made of the entire investigation process as related to supporting evidence, working documents, minutes of meetings and other documentation.

COMMUNICATING WITH THE WHISTLEBLOWER

1. Communication with the Whistleblower shall be through the Whistleblowing System (WBS) Management Team. Through this communication, the whistleblower shall be informed of the handling of the case and whether or not it is to be followed up.
2. If the whistleblower is an employee of the Company, then the Company shall provide information on developments in the handling of the alleged violation. This information is provided bearing in mind the right to confidentiality between the whistleblower and the company. Any leak of confidential information from the whistleblower shall nullify the Company's obligation to maintain the confidentiality provided to the whistleblower and, in certain cases, can result in the whistleblower losing their protection.
3. In the case that the whistleblower is not employed by the Company, the communication policy may be provided to the whistleblower. This will occur if the whistleblower agrees to sign a written agreement to maintain the confidentiality of information provided by the Company or to the Company.

**HANDLING OF ALLEGED VIOLATION
REPORT RESULTS**

1. Upon the recommendation of the Investigation Team, the Board of Directors shall impose sanctions according to prevailing regulations. If the results of the investigation prove guilt, sanctions will be in accordance with the prevailing provisions in the Company. If the results of the investigation prove the existence of violations that break the law, these will be followed up with the appropriate legal process through law enforcement agencies. If the results of the investigation show no evidence of a violation, then the party under investigation shall be declared innocent.
2. Upon the recommendation of the Board of Commissioners, should the claim involve a Director, the Commissioners shall follow up in accordance with prevailing regulations. If the case involves a Commissioner, then the Shareholders shall follow up in accordance with prevailing regulations.



3. If the case is unproven or has ended, the complaint report shall be closed and entered in the Follow Up Completed Records.

REPORTING SUSPECTED VIOLATIONS

1. The Whistleblowing System (WBS) Management Team shall monitor the handling of Violation Reports.
2. The Whistleblowing System (WBS) Management Team shall make periodic reports to the Board of Directors / Board of Commissioners in accordance with the Whistleblowing reporting routes on the number of submissions, investigations and completed cases.
3. The Board of Directors shall report to the Board of Commissioners periodically on developments to the Suspected Violations Reporting System.
4. A summary of developments to the Suspected Violations Reporting System shall be reported in the Annual Report.

MONITORING AND EVALUATION

To ensure effective implementation of the Suspected Violations Reporting System, monitoring and assessment of the Suspected Violations Reporting

System is required periodically, no less than once a year. This is implemented to fulfill the target established when the system was first designed and also to ensure that the system's achievements are in line with the Company's business demands and prevailing regulations and legislation. This monitoring and assessment is conducted by the Board of Directors through the Internal Audit Unit, or by an independent outside party. The monitoring and assessment is conducted to generate recommendations to improve the Suspected Violations Reporting System and to monitor the recommended improvements. The results of the monitoring and assessment are entered into a report submitted to the Board of Directors.

DISSEMINATING INFORMATION ON THE WHISTLEBLOWING SYSTEM

The Company disseminates information on the Whistleblowing System (WBS) to all Bio Farma employees to provide understanding of the Whistleblowing System (WBS) policies. The information is also disseminated to the other Stakeholders through the Company's website.



Whistleblowing System enables each of Bio Farma's employees and other stakeholders to deliver report of violation and fraud and other ethics violations alleged by Bio Farma's employees.

DISCLOSURE OF WHISTLEBLOWING SYSTEM

WHISTLEBLOWING MANAGEMENT PARTY

The party that manages complaints / Suspected Violations is regulated under Board of Directors' Decree No.: 01729/DIR/III/2013 dated 25 March 2013, recently amended by Decree No.: KEP-16/DK/BF/X/2014, No.: 05021/DIR/X/2014 on the Appointment of a Whistleblowing Admin.

FORMATION OF THE WHISTLEBLOWING ADMINISTRATOR

1. The Board of Commissioners and Board of Directors have established a Whistleblowing Admin for suspected violations by Employees, Directors, the Board of Commissioners and the Supporting Bodies to the Board of Commissioners.
2. The compilation and duties of the Whistleblowing Admin are determined based on the Joint Decision of the Board of Commissioners and Board of Directors.
3. The Whistleblowing Admin receives, registers and administers Violation Reports (Whistleblowing) submitted by email, letter or drop box for further follow up to the Board of Directors as the Whistleblowing System (WBS) Management Team for alleged violations committed by Employees, or to the Board of Commissioners as the Whistleblowing System (WBS) Management Team for alleged violations committed by the Directors, Board of Commissioners or the Supporting Bodies to the Board of Commissioners.
4. In the case that a Whistleblower witnesses a violation by the Whistleblowing System (WBS) Management Team, the report of the violation shall be sent directly to the President Director of the Company (for suspected violations by Employees) or the President Commissioner (for suspected violations by the Board of Directors, Board of Commissioners or the Supporting Bodies to the Board of Commissioners).
5. The Whistleblowing Admin shall safeguard the confidentiality of the Whistleblower in accordance with established policies, specifically the aspect of confidentiality and ensured safety of the Whistleblower.

MANAGEMENT STRUCTURE

1. Formation of the Whistleblowing System (WBS) Management Team for violations allegedly by Employee .
 - a. The Board of Directors has formed the Whistleblowing System (WBS) Management Team based on a Board of Directors' Decree in accordance with the level of the suspected violator, with the following composition:

Suspected Violator	WBS Management Team
Duty employees as WBS Management Team	Coordinator: President Director Member: Board of Director
Employees other than WBS handling team	Members: IAU Officers, Compliance & Risk Management Division and HR Division

- b. The compilation and duties of the Whistleblowing System (WBS) Management Team for alleged violations by Employees are determined based on Decree No. 1390/DIR/III/2013 dated 8 March 2013, which has been updated by Decree No. 04043/DIR/IX/2014 dated 4 September 2014 on the Formation of a Whistleblowing System (WBS) Management Team for Complaints on Alleged Violations by Employees..
2. Formation of the Whistleblowing System (WBS) Management Team for violations allegedly by the Board of Directors, Board of Commissioners or the Supporting Bodies to the Board of Commissioners
 - a. The Board of Commissioners has formed a Whistleblowing System (WBS) Management Team in which the President Commissioner serves as Coordinator with other members of the Board of Commissioners and members of the Audit Committee serving as members in accordance with their competence and expertise.
 - b. The compilation and duties of the Whistleblowing System (WBS) Management Team for alleged violations by the Board of Directors, Board of Commissioners or the Supporting Bodies to the Board of Commissioners are determined in a Board of Commissioners' Decree.



- c. Should the party being reported or a party involved in the violation being reported be a member of the Board of Commissioners or a member of the Supporting Bodies to the Board of Commissioners, then those parties shall not be involved in the follow up process on the violation report.

WHISTLEBLOWING SYSTEM (WBS) MANAGEMENT TEAM

The team manages violation reports and protects whistleblowers. The team receives violation reports, selects which violation reports should be further processed by the investigation team without disclosing the whistleblower's identity. The team is responsible for the implementation of the whistleblower protection program, in accordance with established policy, particularly the aspect of confidentiality and safeguarding the whistleblower. For the purposes of reporting management and protection of the whistleblower, the team receives legal, financial and operational support as needed. Establishment of the Whistleblowing System (WBS) Management Team is contained in Board of Directors' Decree No: 01 390/DIR/III/2013 dated 8 March 2013, which has been amended by Decree No. 04043/DIR/IX/2014 dated 4 September 2014 and is led by the President Director.

DUTIES OF THE WHISTLEBLOWING SYSTEM (WBS) MANAGEMENT TEAM

1. Receiving reports of suspected violations from whistleblowers.
2. Safeguarding the confidentiality of the whistleblower and storing the identity of the whistleblower in a secure place.
3. Verifying received reports of alleged violations by ensuring that these reports are in accordance with established categories.
4. Creating Statements of Verification on reports of suspected violations and recommending follow up actions.
5. Facilitating protection for whistleblowers.
6. Creating periodic reports to be submitted to the Board of Directors no less than once every 3 (three) months that contain the number of complaints, category of complaints, status of suspected violation reports and the media used by the whistleblower.

Investigation Team

The investigation team is tasked with finding and collecting the evidence necessary to ensure that there has, in fact, been a violation. If there is already sufficient evidence, the Investigation Team makes a recommendation to the President Director for sanctions to be implemented for misconduct. However, if insufficient evidence is available, the investigation process is stopped and the violation report does not continue. For the purposes of the investigation team, legal, financial and operational assistance is provided for all units being investigated.

Investigation Team Duties

1. Investigate reports of violations.
2. Ensure sanctions are implemented if a sufficient evidence is available.
3. Determine the loss / impact of the violation.
4. Coordinate with external investigators, law enforcement and / or other agencies, if required, with the approval of the Board of Directors.
5. Create Statements of Investigation, which shall contain recommendations and / or sanctions for the violation, to be submitted to the Board of Directors.
6. Document the entire investigation process related to supporting evidence, working papers, minutes and other documentation.

BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS

The team handling reports of violations committed by Directors / Commissioners.

DUTIES OF THE BOARD OF COMMISSIONERS

1. Receive Reports from the Report Management and Whistleblower Protection Team for suspected violations by the Board of Commissioners / Board of Directors.
2. Ensure sanctions are implemented by the Board of Directors / Board of Commissioners provided there is sufficient evidence.
3. Determine the loss / impact of violations by the Board of Directors / Board of Commissioners.

DISCLOSURE OF WHISTLEBLOWING SYSTEM

4. Coordinate with external investigators, law enforcement and / or other agencies.
5. Create Statements of Investigation, which shall contain recommendations to be submitted to the President Commissioner for violations by the Board of Directors and to the Shareholders for violations by the Board of Commissioners.
6. Document the entire investigation process related to supporting evidence, working papers, minutes and other documentation.

NUMBER OF WBS REPORTS AND THEIR HANDLING IN 2016

In 2016, the WBS Management Team did not receive any reports related to violations by the Company's management or by Bio Farma's employees, thus there was nothing to handle in the current year.

SANCTION/ FOLLOW UP ON 2016 SETTLED WHISTLEBLOWING

In 2016, the WBS Management Team did not receive any report related to violations by the Company's management or by Bio Farma's employees, thus there was nothing to follow up in the current year.

As manifestation of the implementation of effective Good Corporate Governance, the dissemination and upholding of the Whistleblowing System shall always be improved and periodic improvements to the system shall be made in the interest of sustainable improvements in line with developments within the Company's business



The implementation of WBS initiated in 2013 becomes a positive action for Bio Farma to keep the business adequately and properly running, therefore it is expected that there no law violaton in every decisions The Board of Directors take.



THE POLICY OF COMPOSITION DIVERSITY OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

THE DESCRIPTION OF COMPANY POLICY CONCERNING THE COMPOSITION DIVERSITY OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS IN MAJOR EDUCATIONAL BACKGROUND, EXPERIENCE AND AGE

THE COMPANY MANUAL CONCERNING THE COMPOSITION DIVERSITY OF BOARD OF COMMISSIONERS

The manual of Bio Farma diversity composition of Board of Commissioners are referred to:
The Regulation of State Ministerial of SOE Number: PER-02/MBU/02/2015 Concerning The Requirements, The Appointment and Discharge Mechanism of Member of SOE Board of Commissioners

THE COMPANY POLICY CONCERNING THE COMPOSITION DIVERSITY OF BOARD OF COMMISSIONERS

Bio Farma Policy on Composition Diversity of Board of Commissioners refers to:

1. PT Bio Farma (Persero) Article of Association;
2. The Mutual Decision of PT Bio Farma (Persero) Board of Commissioners and Board of Directors Number KEP-06/DK/BF/II/2013, Number 01025/DIR/II/2013 Concerning the Board Manual of PT Bio Farma (Persero) Board of Directors and Board of Commissioners.

THE COMPOSITION DIVERSITY OF BOARD OF COMMISSIONERS

In order to improve Company competitiveness to deal the competitive business world in today's global era, it is an urgency to have a reliable human resources for Board of Commissioners position.

The Board of Commissioners is one of Company's organs supervising the Company management performed by Board of Directors and giving an advice the Board of Directors. To implement those responsibilities, some requirements to have a competent human resources for this position should be met, as follows : requirements as follows:

1. Integrity;
2. Dedication;
3. Understand the Company management issues
4. An adequate knowledge in Company's area of business where one is going to be nominated;
5. Well management in providing a sufficient time to implement any duty.

Each of Bio Farma member of Board of Commissioners has an adequate and relevant competencies with their position to perform their duties and responsibilities and had a diversity in ages, major educational backgrounds and work experiences.

In 2016 the Composition Diversity of Bio Farma Board of Commissioners are as follows::

Name	Ahmad M. Ramli
Position	President Commissioner
Tenure	12 April 2013 & 23 Januariy- 11 April 2018
Age	55 years of age
Sex	Male
Education	1. Bachelor degree of Faculty of Law Padjadjaran University (UNPAD), Bandung (1985) 2. Master of Law of Post Graduate Program of Internal Law Study (1992) 3. Doctor of Doctorate Program majoring in International Law, Padjadjaran University (UNPAD)
Work Experiences	1. Assistant Lecture in Faculty of Law Padjadjaran University (1986) 2. Member of Formulator Team of Bill Concerning the Arbitrage and Dispute Alternative Settlement and member of Law Reviewer Team (Law Reformation Team) of Republic of Indonesia Department of Judiciary (1998 – 1999) 3. Lecture of Post Graduate Program at Padjadjaran University (1995 – now) 4. Adjunct lecture on Post Graduate Program of Information Technology System at Bandung Institute of Technology (1998) 5. Vice Dean II (1999-2001) 6. Vice Dean I (2001-2004) 7. Professor of Faculty of Law of Padjadjaran University (2002-now) 8. Special Advisers of Republik of Indonesia Minister of Communication and Information (2004-2007) 9. Arbitrator on Indonesian National Arbitrage Agency (BANI) (2004-now) 10. Member of Telecommunication Regulation Agency (BRTI) (2005-2007) 11. Head of Inter Departemental of Bill of Freedom to Access Public Information, Ministry of Communication and Information and Ministry of Law and Human Rights (2006) 12. Head on National Law Establishment Agency, Ministry of Law and Human Rights (2007-2010_ 13. Task executor of Director General of Laws and Regulations Republic of Indonesia Ministry of Law (2010) 14. Director General of Intellectual Property Rights Republic of Indonesia Ministry of Law and Human Rights (2010-2015) 15. Director General of Intellectual Property Rights Republic of Indonesia Ministry of Law and Human Rights (2015 – 2016) 16. Inaugurated as Director General of Information and Pos Organization, Ministry of Communication and Information
Expertise/ Certification	Expert of Intellectual Property Rights and Cyber Law – Holder of Certificate on Industrial Property Rights, Japan Institute of Invention and Innovation

Name	Paruli Lubis
Position	Commissioner
Tenure	5 November 2012 – 4 November 2017
Age	63 Years of Age
Sex	Male
Education	1. Bachelor degree at State College of Accountancy, Jakarta (1980) 2. Master Degree at Master of Business Administration Program at Washington University – Saint Louis, United States (1986)
Work Experiences	1. Republic of Indonesia Ministry of Finance 2. Head of Regional Office XXVII Directorate General of Budgetary at Manado (2002) 3. Director of Budgetary Implementation (2004) 4. Directory of Treasury System (2008) 5. Directory of Treasury Transformation, Directorate General of Treasury, Republic of Indonesia, Ministry of Finance (2009)
Expertise/ Certification	Bidang Keuangan & Anggaran



Name	Nizar Yamani
Position	Commissioner
Tenure	28 Mei 2012 & 4 Februari 2013 – 27 Mei 2017
Age	64 Years of Age
Sex	Male
Education	1. Bachelor Degree at Faculty of Medicine Airlangga University, Surabaya 2. Medical Doctor with Nerve Specialist at University of Indonesia (1994) 3. Education of Consultant of Nerve Specialist at University of Indonesia (2003) 4. Attended Oxford University – England (1991-1992)
Work Experiences	1. Still in active duty at Cipto Mangunkusumo Hospital 2. Still in active duty in National Brain Centre Hospital, Jakarta 3. Still in active duty at Husada Hospital, Surabaya 4. Advisor team member at Indonesian Epilepsy Countermeasure Association (PERPEI) 5. Member of Board of Commissioners of PT Indorama Tbk (2010-2012) 6. Member of Board of Commissioners of PT Surveyor Carbon Consulting (2011-2015) 7. Commissioner member of Sanglah Hospital, Bali (2011-2016)
Expertise/ Certification	Medical/ nerve specialist area

Name	Ihsan Setiadi Latief
Position	Commissioner
Tenure	1 May 2013 – 30 April 2010
Age	44 Years of Age
Sex	Male
Education	1. Bachelor Degree in Faculty of Ushuluddin majoring in Aqidah Philosophy Sunan Gunung Djati State Islamic Institute, Bandung, 1996 2. Master Program of Social Science majoring in Primary Research Field of Communication Science at Padjadjaran University, 2004 3. Doctorate Program in Doctorate Graduate School at Padjadjaran University with concentration of Primary Research Book of Communication Science
Work Experiences	1. He is active Indonesian Association of Muslim Intellectuals (ICMI), The Organization of Madani Society, Community of Communication Consultation (Konklusi) and the Islam United. 2. Lecturer at Persatuan Islam Islamic College (STAI Persis) 3. Chairperson III of Persatuan Islam Teacher and Education Science College (STKIP Persis) (1998-2002) 4. Chairperson of STKIP Persis until now 5. Adjunct Lecture of Communication and Counselling at Jenderal Achmad Yani Health Science College (Stikes Unjani), Bandung 6. Adjunct Lecture of Communication and Negotiation at Al-Azhar Indonesia University and Bung Karno University, Jakarta 7. Established Citra Insan Mandiri Foundation which is active in Dakwah, Social and Society
Expertise/ Certification	Communication Area of Expertise

THE POLICY OF COMPOSITION DIVERSITY OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

Name	Heridadi
Position	Commissioner
Tenure	23 Januari 2014 – 22 Januari 2019
Age	64 Years of Age
Sex	Male
Education	1. Bachelor at Faculty of Medicine University of Indonesia 2. Conscript Officer School of Republic of Indonesia Armed Force 3. Master of Health Planning and Management Post Graduate School University Of Indonesia 4. Command School and Army Staff Training 5. National Defense Agency Training 6. Doctorate Program at Faculty of Medicine Gadjah Mada University in Biodefense
Work Experiences	1. Officer of Republic Indonesia Army at Military Health Area II/ Sriwijaya with First Lieutenant Rank as Combat Training Center Medical Doctor 2. Medical Doctor at Republic Of Indonesia Army Health Directorate – Military Health Area II/ Sriwijaya 3. Deputy Command of Health Batalion Infantry 1 Division Command of Army Strategy 4. Deputy Command of Health Batalion Infantry 1 Division Command of Army Strategy 5. Command of Garuda XIV/A Contingent for United Nation duty in Bosnia Herzegovina 6. Head of Health at Command of Army Strategy 7. Head of Health at Jaya Military Area Command 8. Command at Health Education Center of Republic of Indonesia Army 9. Health Director of Republic of Indonesia Army 10. Head of Health Center of Republic of Indonesia Armed Forces (2008-2010); 11. Active as postgraduate lecturer at Pertahanan University 12. Active as a Deputy of Head of Social Field of Union of Retired Army Jakarta 13. Active as a Chairperson of Health Retired Society of Republic of Indonesia Army 14. Active as a Chairperson of Alumni League of Faculty of Medicine Class 1977
Expertise/ Certification	Health Area of Expertise



Name	H.M. Subuh
Position	Commissioners
Tenure	22 June 2015 – 21 June 2020
Age	54 years of age
Sex	Male
Education	1. Bachelor at Faculty of Medicine University of Indonesia (1988) 2. Master Degree of School of Public Administration, Qualification Master Public Policy (MPPM) di University of Southern California (1999)
Work Experiences	1. Director of General Hospital at Sultan Syarif Mohamad Alkadrie, West Kalimantan (2004-2009) 2. Head of Public Health Office at West Kalimantan (2009-2010) 3. Director of Infectious Decease Control (2010-2013) 4. Secretary at Directorate General of Decease Control and Environmental Healthcare (2013-2014) 5. Director General of Decease Control and Environmental Heathcare of Republic of Indonesia Ministry of Health (2014-2016) 6. Currently, he serves as a Director General of Decease Control and Environmental Healthcare of Republic of Indonesia Ministry of Health
Expertise/ Certification	Health Area of Expertise

THE DIVERSITY OF BOARD OF DIRECTORS COMPOSITION

In order to support the achievement of Company's vision, it is necessary to conduct the initiative breakthrough in all aspects, including the readiness of human resources.

To address a global competition and prepare a capable leader of the Company to win the competition, it is necessary to have a transparent system based on professionalism, fast and efficient to obtain the reliable and competitive human resources for Board of Directors' position.

As the Company organ, Board of Directors have collegially a duty and responsibility to manage the Company based on the Company's interest and goal. They also represent Company both inside

and outside the Court, therefore, it is an urgency to have competent human resources with the following requirements:

1. Expertise;
2. Integrity;
3. Leadership;
4. Experience;
5. Honest;
6. Well behave;
7. Highly dedicated to improve and develop the Company

Each of Bio Farma Board of Directors member has the adequate and relevant competency with their positions to perform their duties and responsibility which have diversity in ages, educational backgrounds and work experiences.

THE POLICY OF COMPOSITION DIVERSITY OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

In 2016, the Diversity of Bio Farma Board of Directors Composition are as follows:

Name	Iskandar
Position	President Director
Tenure	07 July 2012 & 12 April 2013 – 06 July 2017
Age	61 years of age
Sex	Male
Education	1. Bachelor on Pharmacy (1980) and Pharmacist Profession (1981) of Faculty of Mathematics and Natural Science Department of Pharmacy Bandung Institute of Technology 2. Master of Management majoring in Financial Management Master Management Postgraduate Program Faculty of Economy and Business Padjadjaran University, 2004
Work Experiences	1. Head of Infusion Production Department (1998) 2. Head of Other Production Department (1994) 3. Head of Logistic Department (2002) 4. Head of Research and Development Division (2005) 5. Director of Planning and Development (2007) 6. Active in various world vaccine industry forum 7. Currently, he is one of Board of Trustees Members at International Vaccine Institute (IVI), Korea as a Chairman of Self Reliance Vaccine Program 8. Member of Board of National Vaccine Research 9. President Director of Bio Farma since 17 September 2009 and was appointed for second tenure on 12 April 2013.
Expertise/ Certification	

Name	Juliman
Position	Director of Production
Tenure	12 April 2013 – 11 April 2018
Age	54 years of age
Sex	Male
Education	1. Bachelor on Pharmacy (1988) and Pharmacist Profession (1989) of Faculty of Mathematics and Natural Science Department of Pharmacy Bandung Institute of Technology 2. Master of Management majoring in Financial Management Master Management Postgraduate Program Faculty of Economy and Business Padjadjaran University, 2004
Work Experiences	Started his professional career in Bio Farma until he achieved important position such as: 1. Head of Polio and Measles Vaccine Supporting Division (1994-1997) 2. Head of Measles Vaccine Production Division (1998-2001) 3. Head of Production Technique and Maintenance Division (2002-2003) 4. Head of Export Marketing Division (2003-2009) and Head of Logistic Division (2012-2013) 5. Active as a trainer in Global Training Network Program 6. Attended various forum organized by World Health Organization and Global Alliance for Vaccine Immunisation 7. Appointed as Director of Production Of Bio Farma since 12 April 2013. His age as of 31 December 2015 was 53.
Expertise/ Certification	



Name	Sugeng Raharso
Position	Director of Planning and Development
Tenure	12 April 2013 – 11 April 2018
Age	57 years of age
Sex	Male
Education	1. Bachelor in Veterinary Medicine (1983) and Veterinarian Professional Education (1984) faculty of Veterinary of Bogor Institute of Agricultural 2. Master of Management majoring in Operational Management from Postgraduate Master of Management Program Faculty of Economy and Business of Padjadjaran University Bandung (2004)
Work Experiences	1. Attended various Workshop Program Concerning Biosimilar and Vaccine Technology in Finlay 2. Head of Animal Care Division (1985-1989) 3. Board of Directors Staff of Bio Farma (2002-2007) 4. Head of Internal Supervisory Taskforce 5. Head of Laboratory Animal Division (2010-2012)
Expertise/ Certification	Certified Professional Internal Auditor (CPIA) dari Center for Development of Accountancy and Finance – The Association of Internal Auditor

Name	Mahendra Suhardono
Position	Director of Marketing
Tenure	07 July 2012 & 12 April 2013 – 06 July 2017
Age	54 years
Sex	Male
Education	Bachelor on Pharmacy (1988) and Pharmacist Profession (1989) of Faculty of Mathematics and Natural Science Department of Pharmacy Bandung Institute of Technology Master of Management of Master of Management Program – Bandung College of Management/ Bandung Institute of Telecommunication Management (2009)
Work Experiences	1. Head of Packaging Division (1994-1997) 2. Head of Quality Assurance Division (2002-2007) 3. Director of Production (2007-2012) 4. Active as a member of the Indonesian Institute of Pharmacy Scholars 5. As one of Bio Farma Key Person to actively participate in various activities organized by World Health Organization (WHO) 6. President of Developing Countries Vaccine Manufacturers for period 2012-2014 7. President of Developing Countries Vaccine Manufacturers for period 2014-2016
Expertise/ Certification	

THE POLICY OF COMPOSITION DIVERSITY OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

Name	Pramusti Indrascaryo
Position	Director of Finance
Tenure	12 April 2013 – 11 April 2018
Age	51 years of age
Sex	Male
Education	Finished his bachelor degree from Diponegoro University in 1989, obtained his Master of Management, specializing in Financial Management in Faculty of Economics and Business, Gadjah Mada University in 1998
Work Experiences	1. Branch Manager of Bank Ekspor Impor Indonesia prior to the merger of four state banks that became Bank Mandiri in 1999. 2. Senior Manager of Corporate Risk Management and Corporate Banking (2003) in Bank Mandiri. 3. Assistant to Vice President of Bank Mandiri (2009). 4. Vice President of Bank Mandiri (2012).
Expertise/ Certification	· Expert in Financial Management

Name	Andjang Kusumah
Position	Director of Human Resources
Tenure	07 March 2012 – 06 March 2017
Age	63 years of age
Sex	Male
Education	1. Bachelor of Economy Faculty of Economy Padjadjaran University (1979) 2. Master of Management Postgraduate Program of Financial Management, Jakarta (2002)
Work Experiences	1. Assistant Deputy of Strategic Industry and Manufacture Area of Business (2010-2012) 2. Assistant Deputy of Telecommunication Business Affair (2007-2010) 3. Commissioner of PT Kawasan Berikat Nusantara (2001-2007) 4. Commissioner of PT Dahana (2007-2011) 5. Commissioner of PT Jakarta Llyod (2007-2011) 6. Commissioner of PT Sucofinco (2010-2012)
Expertise/ Certification	

During 2016, the composition of member of Bio Farma Board of Commissioners and Board of Directors are as follows:

Year	Number of Commissioners	Number of Directors
2015	6	6
2016	6	6

Based on the above table, it can be seen that as of 31 December 2016, the number and composition of member of Board of Commissioners and Board of Directors were six persons respectively in conformity with the prevailing rules and regulations.



ICT FOR CORPORATE SOLUTIONS

Reliable support from an integrated information and communication technology that fits the nature of Bio Farma's business can bring solutions in relation with corporate strategic planning and assist in faster, more accurate and more effective decision-making.

INFORMATION TECHNOLOGY





Proper governance on the Company's information technology becomes the responsibility of the internal Management, in order to establish a more effective and efficient Information Technology system that can support business processes.

This aims for proper control of IT utilization and in ensuring that their performances can accomplish the following targets:

1. Aligning information technology utilization with the Company's strategy and generating benefits expected from their utilization.
2. Utilization of information technology enables company to seize any opportunity and maximize profit.
3. Responsible utilization of information technology.
4. Appropriate management of risks related to information technology.

FOCUS AREA OF INFORMATION TECHNOLOGY MANAGEMENT

Management of information technology in Bio Farma focuses on five major areas:

1. **Strategic Alignment:** to achieve the Company's vision and mission, which are in line with the Company's business goals.
2. **Value Delivery:** to optimize added values from the utilization of information technology in achieving the Company's vision and mission.
3. **Resources Management:** sufficient resources and infrastructures to support optimal utilization of IT, especially related to optimal investment and good management on available information technology. Critical aspects of information technology resources are including their applications, related information, IT infrastructure and human resources.
4. **Risk Management:** to identify potential risks and develop approaches to manage their impacts.
5. **Performance Measurement:** to measure and supervise the performance of information

technology, as well as to align the utilization of IT with the Company's need.

GUIDELINES

Bio Farma's Information Technology guidelines are established according to:

1. The Company's Article of Association.
2. Decree of State Owned Enterprise Minister PER-02/1VIBU/2013 on the Guidelines for Information Technology Governance Formulation at the State Owned Enterprises.
3. Decree of State Owned Enterprise Minister Number: PER-01/MBU/2011 dated 1 August 2011 which is replaced by the Minister's Decree Number: PER-09/MBU/2012 dated 6 July 2012 On the Amendment of Regulation of State Owned Enterprise Minister Number: PER-01/MBU/2011 on the Implementation of Good Corporate Governance within State Owned Enterprises.

We have prepared an information technology system development plan that covers development of IT tools and applications, especially those related to the improvement of the Company's service quality and production process, up to year 2017.

INFORMATION TECHNOLOGY

**CORPORATE POLICIES ON
INFORMATION TECHNOLOGY
IMPLEMENTATION**

1. Decree of the Board of Directors Number: 05345 / DIR / VIII / 2006 dated August 7, 2006 on the Implementation Policy of Good Corporate Governance (GCG) which has been updated by Decree of the Board of Commissioners and Board of Directors Number: KEP- 04/DK/BF/II/ 2013, 01023/ DIR/II/2013 February 22, 2013 on the Guidelines for the Implementation of Good Corporate Governance at PT Bio Farma (Persero).
 2. Pertinent documents on information technology management policies, including:
 - Bio Farma MBF2 Manual on Information Technology policy.
 - IT Master Plan 2013-2017.
 - Backup and Restore Data Guideline.
- Standard Procedures for the Use of Training Record Software
 - Standard Procedure for Software Testing
 - Standard Procedures for the Use of Physical Monitoring Software.
 - Standard Operating Procedures for Environment Monitoring Software.
 - Standard Procedures for the Use of Data Form Software.
 - Standard Procedure for the Use of DEVCC-CAPA Software.
 - Standard Procedures for the Use of the Documentation System Software.
 - Standard Procedures for the Use of Raw Material Software.
 - Qualification, Installation, Operation, and Performance of BioQA Online Application.



IMPLEMENTATION OF INFORMATION TECHNOLOGY GOVERNANCE SHOWS THE MANAGEMENT'S RESPONSIBILITY TO CREATE A MORE EFFICIENT AND EFFECTIVE INFORMATION TECHNOLOGY SYSTEM TO SUPPORT BUSINESS PROCESSES.

- Instruction for handling computer bugs.
- Software development.
- IT Infrastructure Qualification.
- Standard Procedures for Email Management.
- Standard procedures for Data Backup and Restoration.
- Standard procedures for computer anti-virus.
- Standard Procedures for handling IT issues.
- Standard Procedures for Intranet Use of Online Document Application for Users.
- Standard Procedures for Intranet Use of Online Document Application for Administrators.
- Standard Procedures for the Use of Batch Record Software.
- Qualification, Installation, Operation, and Performance of Batch Record Application.
- Design Qualification (DQ) of Val-Cal Manager application.
- Design Qualification of Batch Record Application.
- Design Qualification of Environment Monitoring Application.
- Design Qualification of Training Record software.
- Qualification, Installation, Operation and Performance of Val-Cal Manager.
- Business Continuing Plan Procedure.



INFORMATION TECHNOLOGY MASTER PLAN (ROADMAP)

Utilization of information technology is highly beneficial in expanding a business; therefore, it must be developed properly with specific directions and measures in order to be able support the Company's business strategies in achieving short, medium, and long term goals.

To allow for an optimized, focused, and measured utilization of information technology that is also in compliance with Good Corporate Governance (GCG) principles, utilization and development of the Company's information technology should be based on a specific management system, covered in a Master Plan, and developed in synergy with other State-Owned Enterprises.

Therefore, Bio Farma designs a roadmap (Master Plan) with the following directions:

1. The Master Plan is established by the Board of Directors
2. The Master Plan is prepared for a five-year term and aligned with the Company's long term plan (*Rencana Jangka Panjang Perusahaan or RJPP*) to support all corporate strategies and goals.
3. The Master Plan is implemented as a part of annual plan of the Company's Work Plan and Budget (*Rencana Kerja dan Anggaran Perusahaan or RKAP*)
4. The Board of Directors monitors and evaluates the implementation of this master plan on annual basis in order to measure their implementation, results and goals.
5. Results from periodic monitoring and evaluation shall be part of the Company's Management Report submitted to the General Meeting of Shareholders on a quarterly basis and during annual evaluation meeting.
6. The Board of Directors performs reviews and updates on the master plan, if needed, to respond to changes in business environment and the development of the information technology.

DEVELOPMENTS OF INFORMATION TECHNOLOGY

Bio Farma continues to develop our integrated business application system to support inter-departmental operations. By designing effective and efficient IT applications as a part of information technology system, it can become one of the main drivers to business improve performance in facing future competition and development.

The Company has prepared an information technology system development plan that covers development of IT tools and applications, especially those related to the improvement of the Company's service quality and production process, up to year 2017.

In 2015, the Company developed a new integrated IT application that can support various corporate directorates, i.e. Marketing, Production, Human Resources, Warehouse, and Quality Assurance. In particular, application developed for Marketing Directorate is CRM – Customer Relationship Management. Meanwhile, application developed for Production, Warehouse, and QA Directorates is called Bio Production Management (BioPM), which is developed from several production apps, including Forecast & Schedule, Master Formula, Inventory, Raw Material Managements, Production, Quality Control, Quality Assurance, Label, Product Sales, and Preventive Management. Human Resources Directorate developed an ERP-HR application that integrates several applications, including Human Resource, Payroll, and Enterprise Resource Planning (ERP). Further, all IT devices and applications have been installed according to the applicable standard operating procedure (SOP) in order to be able to establish an information system that is integrated, efficient, and effective.

Business process applications that are developed and categorized as main applications, supporting applications, E-Office applications and work-flow applications, are as follows:

INFORMATION TECHNOLOGY



MAIN APPLICATIONS

1. Enterprise Resource Planning (ERP) application.
2. Human Capital Management System (HCMS) application.
3. Laboratorium Information Management System (LIMS) application.

4. BioQA application.
5. Deviation application.
6. Change Control application.
7. CAPA application.
8. Raw Material dan 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.

Development of ERP-HR application that integrates Human Resource, Payroll, and Enterprise Resource Planning (ERP) Applications. All IT devices and applications have been installed according to the applicable standard operating procedure (SOP) in order to be able to establish an information system that is integrated, efficient and effective.

SUPPORTING APPLICATIONS

1. Training Record application
2. Filling System application
3. Bio Budget application
4. Inventory application (SIAAP)
5. E-procurement (Bioeproc) application
6. Biosis application
7. Service Delivery application
8. Bioware application
9. SMS Gateway application



E-OFFICE

1. Intranet applications, communication media and internal publications
2. Company website www.biofarma.co.id as publication media
3. Mail Server for corporate electronic mail service system
4. News Clippings Admin, as an internal corporate app that collects and compiles selected news clips about the Company
5. File server, document file, and centralized data

WORK FLOW DOCUMENT APPLICATIONS

To support the Company's activities that focus on *Go Green Industry* concept, the Information Technology Division implements various applications that can significantly reduce the use of paper (*paperless*) in internal administration activities, including:

- E-Correspondence Database Application
- 6. Online business travel application
- 7. Online application for absence excuse letter
- 8. Salary Slip application
- 9. Work Flow application for Logistics Document
- 10. User Access Control application

INFORMATION TECHNOLOGY INFRASTRUCTURES OF 2016

As of the end of 2016, the development of Bio Farma's IT systems, networks and infrastructures covered the following aspects:

1. Developing new applications, both by internal and external developers, according to our Software Development Life Cycle (SDLC), including:
 - a. Employee Self Service (ESS) application
 - b. Trivia application
 - c. Customer Care application
 - d. Asset Management application
 - e. Business Travel Management application
- f. Raw Material Management application
- g. Validation & Calibration application
- h. Document Management System application
- i. Electronic Procurement application
- j. Laboratory Information Management System (LIMS) application
- k. Quality Management System (e-QMS) application
- l. Electronic Environment Health & Safety (e-QMS) application
- m. Bio Legal application
- n. e-Tax application
- o. Registration Order application
- p. Bio-HR application
- q. Production Planning application
- r. Production QA application
- s. RA Document Library application
2. Performing maintenance on old applications, such as Enterprise Resource Planning (ERP) application, Material Resource Planning (MRP) modul, e-Correspondence application, Bio QA application, Bio Budget application and health service application.
3. Installing new devices.
4. Routine maintenance of IT and telephone infrastructure.
5. Monitoring and review of management processes in IT division, including following up on the audit findings conducted by internal QA and SPI auditors.
6. Establishing and reviewing IT policies and procedures at both internal division and cross division levels.
7. Monitoring the development of Electronic Batch Record application.
8. Monitoring IT investment and costs throughout 2016.

INFORMATION TECHNOLOGY

INFORMATION SYSTEM GOVERNANCE

Information technology investment nowadays is not only directed to increase effectiveness and efficiency of work, but also to serve as a driver to improve organizational performance. Therefore, responsibility on IT management cannot be entirely passed to the corporate unit that specifically deals with IT (IT Function), but it also should become the responsibility of the Company's Management.

This is a new perspective and its implementation is called information technology governance. It reflects the commitment, awareness, and process of which organizational management takes control over all of IT resources, including computer resources (software, brainware, database and so on), information technology, and internet networks. Further, the implementation of IT policy is directed toward the achievement of the Company's objectives. The Company has thus prepared various aspects, including:

- d. Hardware Qualification, a process to ensure that all hardware to be used on computerized system are highly compatible both in terms configuration and performance.
- e. Software development is properly managed according to applicable regulations and SDLC (System Development Life Cycle) concept. The same is true for computerized system or software validation process in order to achieve high quality assurance.

2. Information Security Policy

- a. The Company has full authority over the implementation of information system security to protect the Company's information assets and to ensure the continuity of business.
- b. Bio Farma information assets belong to the Company and are established to support the Company's business and operations, and to ensure the 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 the protection on IT governance of Bio Farma.

INFORMATION TECHNOLOGY POLICY

1. Software Development Policy and Computerized System Validation.

- a. Software, a collection of commands accomplished by a computer machine in carrying out its work. Software is able to process inputs and produce outputs that will be used as information.
- b. Computerized system, a combination of software, hardware, computer networks, Standard Operating Procedures, Users, interconnection of input process and information output used in reporting or control of information system.
- c. Computer System Validation (CSV), a process of testing software or computerized system to ensure that the software or computerized system is in accordance with the functions and needs of users.

3. Electronic Data Records and Electronic Signatures

- a. Electronic Data (Electronic Record) is a combination of texts, graphics, numbers, audio, images, or other information in digital form that can be created, modified, updated, stored, retrieved or distributed by a computer system.
- b. Electronic Signature is a compilation of computer data derived from symbols that are adopted, authorized, and legalized equivalent to manual signatures.



- c. Data or information in the form of electronic record in Bio Farma is an output of a computerized process and is applied along with electronic signature. Both have legal power equivalent to manual ones that have been in use..

Bio Farma realizes that there will be more complex and competitive challenges ahead, especially in the areas of vaccines and antisera innovation. Support from an integrated information and communication technology that fits the nature of Company's business can bring solutions in relation with corporate strategic planning and assist in faster, more accurate, and more impactful decision-making.

On the other hand, any error in the implementation of information technology might incur a huge loss. The company has therefore developed strategies, as follows:

1. Establishing integrated business applications that link all corporate functions within the company.
2. Developing an IT organizational structure that maintains a balance between centralized and decentralized policies, accompanied by a sound process change management.
3. Increasing cooperation with outsourcing third party for development and maintenance purposes, by considering the effectiveness and efficiency of cost and time; quality of solutions, quality of product and service; and flexibility.
4. Development of IT infrastructure to accommodate current and future business needs.

TRAINING AND DEVELOPMENT OF HUMAN RESOURCES RELATED TO INFORMATION TECHNOLOGY

IT training and development held in 2016 started to focus on the aspect of IT as Business Enabler. Bio Farma's IT team did not only participate in technical training, but also started to get familiar with the business aspects of the company. Various trainings in which our team participated, including:

TECHNICAL TRAINING

1. ERP Training for Programming and Administration of database.
2. ERP Training for all implemented modules such as Finance & Accounting, Procurement, Inventory, and Sales.
3. Infrastructure Training.
4. Training of programming language in accordance with IT Master Plan, such as VB.Net.
5. Training of Networking Essential and TCP/IP Fundamentals.
6. VMP Training & Workshop and Risk Base Assessment Workshop HP.
7. Training of Microsoft Exchange 2010.

NON-TECHNICAL TRAINING

1. Basic Accounting.
2. Public Speaking.
3. Control Objective for Information and Related Technology-COBIT 5.
4. Software Validation.
5. HP Solution and Product Knowledge.
6. Work Load Analysis.
7. Risk Analysis.
8. Software Validation.
9. Executive Presentation for Staff.
10. Smart and Effective Presentation.
11. Business Process Mapping.
12. Big Data management training and data mining.

INFORMATION TECHNOLOGY

Throughout 2016, IT team and staff participated in various training programs, including:

Participant	Training Topic	Training Duration	Grade
Division Heads, Section Heads, Staffs	Sharepoint 2010 application development	3	-
Division Heads	Leadership development program for top talent telkom	5	-
Staffs	IT Security "Security Today 2016"	1	-
Staffs	Environmental monitoring system and GMP solutions	1	-
Staffs	International conference on ICT	3	-
Staffs	IBM Technology	1	-
Staffs	IT Governance	2	-
Staffs	Cloud computing	4	-
Section Heads	Excellent Intrapreneur and entrepreneur	1	-
Staffs	IT Business analysis	3	-
Staffs	Microsoft sharepoint 2013 administration	5	-
Section Heads	Microsoft sharepoint 2013 administration	5	-
Division Heads	Cyber security: global trends and opportunities	1	-



Bio Farma invited CSR partner to participate in the exhibition held in UK and Algeria to promote CSR partner and prepare to enter global market



MAKE THE WORLD A HEALTHIER PLACE

Make the World a Healthier Place
Bio Farma implements a prosperity solution concept using an approach that conserves, utilizes and develops Indonesia's Biodiversity potential by renewable resources.

CORPORATE SOCIAL RESPONSIBILITY





Implementation of a Corporate Social Responsibility (CSR) has a strategic meaning for Bio Farma as its endeavor to improve the quality of community's life and preserve the environment. This is in line with the objectives of the Sustainable Development Goals (SDGs), a global program that has been ratified by the Indonesian government.

Corporate social responsibility is a form of awareness for Bio Farma as it strives to raise its relationship with the community and the environment. Bio Farma's concern for social responsibility is inseparable from the fact that the social dimension has an effect on all business activities. The social dimension is not separate, but it goes in harmony to improve the sustainability of the company's business processes.

To achieve optimum results, we keep on improving our CSR strategies and policies, including through the development of an ISO 26000-based CSR Roadmap. In this roadmap, we have streamlined the CSR definition and scope, not only a philanthropic activity but more broadly to include aspects of the environment, employment, occupational health and safety, respect for human rights, sound business practices and product responsibility. All of these are in line with CSR elements according to ISO 26000.

The following, we present a summary of our CSR report, comprising: (a) environment, (b) employment, occupational health and safety, (c) social and community development, (d) responsibility to the consumer. Our complete and detailed CSR report is included with our Sustainability Report, which is an inseparable part of the Company's Annual Report.

CSR - ENVIRONMENT

ENVIRONMENTAL POLICIES

Bio Farma has a strong commitment in operating its company on an environmentally friendly basis. The environmental impact is an important issue that should be considered in every decision-making process.

Bio Farma supports the commitment of the world's citizens to reduce greenhouse gas (GHG) emissions by formulating various strategic steps within GHG emission mitigation programs, both carried out in the Company's operational activities and those outside the Company's operational activities, such as tree planting programs. The program to reduce emissions from the Company's operational activities is implemented through efficiencies and innovations in the production processes, in addition to energy savings.

In the green company context, Bio Farma has formulated an environmental policy that is divided into 5 (five) main areas. First: Green Process, which applies green principles to all business processes, ranging from raw material selection through the selection of vendors who care about the environment to the production process, formulation, filling, packaging for finished product handling. Second: efficient energy use. Third: water efficiency and conservation by applying the 4R principle (reduce, reuse, recycle, recovery). Fourth: waste management and segregating waste into five categories. Fifth: involving employees and their families, to imbue a pro-environment culture and work attitude.

Bio Farma publishes its Sustainability Report separately. Comprehensive information related to the company's corporate social responsibility can be found in the Bio Farma sustainability report.

CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENTAL CONSERVATION
ACTIVITIESSAVING ENERGY IN AN EFFORT TO REDUCE
GREENHOUSE GAS (GHG) EMISSIONS

Bio Farma strives to make efficient use of energy in all its operational activities by implementing a range of policies, such as the use of renewable energy, equipment improvisation, re-design of the production process and production operation patterns. In addition to innovations in the production process, Bio Farma has also undertaken various policies to reduce vehicle emissions as well as electricity consumption in supporting facilities, and to improve operational vehicle management performance.

In energy aspect, since 2013, Bio Farma has succeeded in reducing carbon emissions generated in the production of the Pentabio Vaccine from year to year. Bio Farma has implemented efficiencies in various aspects, including electricity and water usage, use of packaging, waste savings (cost of syringes/dose, cold chain/vial cost savings). Those efficiencies impact positively to the lower carbon emission levels of each Pentabio Vaccine.

The energy efficiency program is not only being implemented in manufacturing activities, but also in all work units, including supporting units. Activities within the Energy Efficiency Program during 2016 have covered the following:

1. Installing Timer Controls on 32 AHU cooling systems, such that the AHU cooling systems are now off at nighttime.
2. Installing inverters on the Chiller pumps in the Polio-Measles building and Packaging building.
3. Installing inverters and night mode for 25 Laminar Air Flows
4. Using more environmentally friendly and energy saving cooling media in the 2 Cold Rooms and Split ACs; R22 has been replaced with Musicoool Hydrocarbon
5. Replacing TL lighting with energy saving LED
6. Replacing outdoor (park) lighting with Solar cells and LED lighting utilizing photovoltaic cells

7. Installing timer controls on 70 drinking water dispensers
8. Re-using (Recovery) water exhaust energy from the HIB and Pertussis vaccine production room
9. Installing solar cells for the pump from Raw Water to the water storage pond
10. Installing LED lighting, movement sensors and Solar Cells in Public Building 2, basements 1, 2 and 3
11. Installing Selective Control on elevators in Public Building 2

RESPONSIBLE WASTE MANAGEMENT

Used waste oil generated in all (100%) of Bio Farma's activities is processed in cooperation with the third party and reused. The average ratio for used oil re-use in 2015 was 4.12 %.

PROGRAM TO SUBSTITUTE THE
DEIONIZATION SYSTEM FROM A RESIN-
BASED ION EXCHANGER TO CONTINUOUS
ELECTRO

De-Ionization (CEDI) has successfully eliminated the generation of toxic and hazardous used resin waste occurring in each maintenance period (once every two years).

By replacing this system, a total of 4,192kg and 5,240kg, with a ratio to total waste of 4.64% and 3.77%, of used resin has been eliminated between 2010 and 2015.

WATER MANAGEMENT UTILIZING THE 3R
PROGRAM (REDUCE, REUSE, RECYCLE)

Efforts to conserve water using the 3R program have resulted in water savings of approximately 232 m3 in 2016, or equivalent to an efficiency percentage of approximately 17.32% to total water use. Groundwater recovery has been successfully implemented for the last five years. Even though water usage continues to rise year on year, based on the Bio Farma Geo-electricity Assumption report, groundwater reserves are being maintained and the groundwater volume has improved by an average of 3.53%.



Bio Farma generates total wastewater of approximately 24,502 m³/year, comprising 23,277 m³/year of wastewater generated in production and 1,225 m³/year in domestic use. The water pollution burden has been reduced through the utilization of the Reduce, Reuse, Recycle (3R) program, totaling 0.14ton/years with an efficiency percentage of approximately 13.17% of total wastewater generated.

ENVIRONMENTAL AWARDS

Bio Farma's commitment to the environment is reflected in achievement of awards during 2016, as noted below:

1. Gold rank in the Environmental Performance Rating Program (PROPER) from the Environment and Forestry Ministry.
2. Global Green Award from Otherways Association Management & Consulting France in Berlin.
3. The Best Indonesia Green Award 2014-2016 issued by The La Tofi School of CSR and supported by the Environment and Forestry Ministry and Industry Ministry.
4. Best Green CEO 2016 from Warta Ekonomi magazine
5. National Energy Efficiency Award from the Energy and Mineral Resources Ministry
6. Green Era Award - Berlin

CSR – EMPLOYMENT, OCCUPATIONAL HEALTH AND SAFETY

RESPECTING HUMAN RIGHTS AND EQUALITY

Bio Farma respects human rights and upholds equality based on gender, religion, ethnicity and race. This is our primary capital to maintain harmonious and conducive industrial relations with all our employees. Out of respect, Bio Farma also provides job opportunities for the differently-abled.

In its efforts to establish employee discipline, the Company has established three levels of violation and disciplinary punishment for those who violate the company's rules, namely minor, moderate and severe violations / punishment. To follow up on any violations, Bio Farma has formed a Bipartite Organization (LKS) comprising Company and employee representatives. The function of the LKS is to provide advice and opinions if the Board of Directors disciplines an employee with a moderate or severe punishment, in which case the employee may file an objection in accordance with the stipulated requirements.

Bio Farma has designed and continually implements employee training and competency development programs to maintain performance and productivity quality in the company. Every employee has the same opportunity to improve their competence based on their potential, ability and skill. Various forms of training are conducted in-house, as well as externally at institutions providing education/training in competencies, technical/functional skills and required mandatory training, managerial training and various knowledge sharing sessions.

COMPETITIVE REMUNERATION SYSTEM

Bio Farma utilizes a remuneration system for its employees formulated based on grade and job level. Bio Farma guarantees that its lowest level employees earn more than the minimum municipal wage (UMK) set by the government. Remuneration is provided based on education level, period of employment and grading. Employees who die while employed are promoted 1 (one) level, while employees who retire are promoted 1 (one) level in accordance with applicable terms and conditions.

The Company's remuneration system sets a relatively high standard of basic salary compared to the minimum wage. Further, the Company applies an equal treatment for all employees at any level (both male and female employees) with regard to remuneration.

CORPORATE SOCIAL RESPONSIBILITY

Bio Farma provides benefits other than salary as part of its employees' remuneration, such as Religious Holiday (THR) allowance, Welfare Benefit, annual leave allowance, long leave allowance, uniform allowance and bonus (production services). In addition to these allowances, employees are also provided with medical facilities (out-patient and in-patient).

The Company also provides a pension, among others in the form of a fixed contribution with benefits obtained at the time of retirement as a monthly income, old age savings, life insurance and health services for pensioners (Prokespen).

EMPLOYEE TURNOVER

One of several key supporting functions of Bio Farma's vision, mission and strategy is the Human Capital function, which encompasses "People, Skills & Roles." With the right management, Bio Farma's employees are the key capital to achieving added value for the company's stakeholders.

Gender	2016	2015	2014
Male	12	11	11
Female	2	9	7
Total	14	20	18

OCCUPATIONAL HEALTH AND SAFETY (OHS)

Bio Farma continues to implement an occupational health and safety management system that is in line with international standards; OHSAS 18001:2007. OHS management is handled by the Health, Safety and Environment Division. This division monitors implementation of the management system for the environment and OHS within Bio Farma. In addition, Bio Farma has also established an Occupational Health and Safety Guidance Committee Team (P2K3), as well as an Emergency Response Team (TTD).

To ensure the effectiveness of the emergency response system, the emergency response procedures are periodically tested with the intention of assuring they are clearly understood and that all employees are capable of implementing these responses in an emergency. Emergency Drills and Simulations are conducted once every two years and involved all the company's personnel and the communities in the company's vicinity.

To ensure the health of employees, health monitoring is regulated in the 100K-SIS-08 Standard Procedure on Employee Health Monitoring, which is applied to eliminate potential sources of contamination from employees and also to protect employees from harm while in the Bio Farma environment.

In addition to monitoring employee health, food catering is also monitored by the Company to meet employees' meals (lunch) in accordance with applicable laws and regulations. The procedure is governed by Standard Procedure 236K-MonC-01. The work environment throughout the company area is measured, with parameters measured including noise and light intensity.



Bio Farma applies three main approaches to the implementation of its CSR activities, namely Biodiversity, Geo-diversity, and Cultural diversity. Bio Farma maintains breeding for each species being developed, protects all forms of biodiversity in biological resources, and conserves all forms of cultural heritage.



Safe working hours are the number of hours worked without an accident. Safe working hours in 2013 = 2,653,644, in 2014 = 2,839,393, in 2015 = 2,922,811 and in 2016 = 2,583,263.

CSR – SOCIAL AND COMMUNITY DEVELOPMENT

The company's corporate social responsibility activities are implemented through the Social and Community Development Program, which aims to improve the welfare and quality of life of marginal communities through partnership programs and community development. In addition, this program is also implemented through the CSR Program.

Social and Community Development Programs implemented through the Community Development Program are disbursed in the form of aid for; (1) health improvement, (2) education and/or training, (3) environmental conservation, (4) infrastructure and/or public facility development, (5) religious facilities, (6) support for victims of natural disasters, (7) social assistance for poverty alleviation, and (8) education, training, apprenticeship, marketing, promotion and other forms of support related to the capacity building efforts of the Fostered Partner Partnership Program.

Assistances disbursed through the Community Development Program during 2016 consist of the following:

1. Support for celebrations of Indonesia's 71st Anniversary of Independence "SOEs Support the Country 2016" in West Java, which included:
 - a. Renovating veteran's homes
 - b. Introducing students to the archipelago
 - c. Health walk
 - d. SOEs teach
 - e. Building washing, bathing and sanitation and clean water facilities
 - f. Installing electricity installations.
2. Support for flood victims in Bandung and Garut regencies. Support for Sumedang landslide victims, and victims of the eruption of Mount Sinabung in Karo, North Sumatera, as well as earthquake victims in Pidie Jaya, Nangroe Aceh Darussalam.

3. Support for educational facilities, providing supplies for Vocational Middle Schools, educational facilities for Islamic boarding schools and Madrasah, as well as SMART DKM AN-NUR scholarships.
4. Health support included providing free medication, free vaccinations, and a blood drive.
5. Public facilities and infrastructure support, including helping to build a local administration office and a bridge in Jasinga, Bogor regency.
6. Support to improve religious facilities and infrastructure, as well as equipment for other religious activities.
7. Environmental conservation support through the provision of seedlings in Jasinga, Bogor regency, and an animal release program at the Cikananga Wildlife Rescue Center (PPSC) in Sukabumi regency.
8. Support for culinary business groups at Ciletuh Geopark Pelabuhan Ratu in Sukabumi regency, the Bio Tani group to cultivate Calina papayas in Bogor and support for other business groups.
9. Support for education and training, marketing and promotion training for MSME entrepreneurs and fostered cooperatives, as well as to attend exhibitions in Jakarta, Indonesia and in Algiers, Algeria.
10. Health equipment support to celebrate the SOE Anniversary with SOE Synergy for Indonesia in Labuan Bajo.

In addition, Bio Farma has continued its soft loan program for small and medium enterprises in support of business development. Disbursements through the Partnership Program in 2016 reached Rp5,726,500,000, which was used to support 240 Fostered Partners comprising 238 Small Enterprises and 2 Cooperatives.

1. Health Pillar Programs
 - a. Preventing the spread of dengue fever through fogging in various areas in the vicinity of the Company. This support is provided in areas that have had cases of dengue fever.

CORPORATE SOCIAL RESPONSIBILITY

- b. In line with the Company's core business and in an effort to promote the importance of immunization for children, the Company worked with UPT Puskesmas community health center in Sukajadi, Bandung to hold National Immunization Week 2016.
 - c. Improving the health of communities that have difficulty accessing Medicine and Healthcare, one activity of which was to improve the healthcare provided by the government to the traditional Baduy community in Lebak, Banten province.
 - d. Improving health services for people travelling to their hometowns for Eid Mubarak festivity is a routine annual activity for the company, which opens health posts for "Lebaran" travelers along busy routes. In 2016, the company opened a "Lebaran" Health Post in Malangbong district, Garut regency.
 - e. The Company not only improves Access to Healthcare for people who need direct access to health services, but also improves the skills of health providers. In 2016, the company cooperated with "Asgar Muda Foundation" to develop an information system and to improve the skills of health providers in Garut regency.
2. Educational Pillar Programs
- a. Community capacity building in the Ciletuh Geopark development at Pelabuhan Ratu has included, among others, a Comparative Study of Local Communities Managing the Geosite in Kandangan Tourism Village in Temanggung, a Workshop on Integrating Ciletuh Geopark Pelabuhan Ratu material in the Geography and IPS Curriculum for Teachers in Sukabumi District, Local Menu Processing Training with Basic Agricultural Produce from the Ciletuh Geopark Pelabuhan Ratu area, and Tour Guide Certification.
 - b. Capacity building for mangrove conservation development by providing Mangrove Forest Conservation & Rehabilitation Training in the Ciletuh Geopark Pelabuhan Ratu
 - c. Conserving traditional Sundanese arts and culture in Jasinga district, Bogor regency.
 - d. Improving capacity to develop the Garut Sheep breeding program by providing Sheep Cultivation Management Training in Garut Sheep Breeding Village, Wanaraja, Garut regency.
 - a. The company participates in social activities related to education, such as seminars on education development, sporting activities, art and culture activities and other educational activities.
3. Environmental Pillar Programs
- a. Biodiversity conservation through Garut Sheep Breeding
 - b. Environmental conservation in urban areas in the vicinity of the Company with the communities from Pasteur village, Sukajadi district, Bandung city through the Pasteur Ecotour activities.
 - c. The Company worked alongside the PKK Motivation team in Bandung city in its efforts to promote environmental conservation to all PKK members across Bandung by waste processing and growing hydroponic plants.
 - d. Empowering communities to conserve the environment by developing a Waste Bank in Jasinga, Bogor regency.
 - e. Empowering the community in Wanajaya village, Wanaraja, Garut regency to use agricultural and animal waste to create compost.



4. Economic Pillar Programs

- a. Developing small enterprises with local agriculture potential by developing fruit cracker businesses in Jasinga, Bogor regency.
- b. Providing Financial Management and Book-keeping training, as well as Training in Packaging, Branding and Marketing to Small Enterprise Groups in the Ciletuh Geopark Pelabuhan Ratu, Sukabumi regency.
- c. Developing Micro and Small Enterprises with local potential through side businesses, including processing food crops, such as mango and papaya crackers, and breeding sidat fish in Ciletuh Geopark Pelabuhan Ratu, Sukabumi regency.

COMMUNITY EMPOWERMENT AND ENVIRONMENTAL CONSERVATION PROGRAM IN CILETUH GEOPARK PELABUHAN RATU

PAPSI is a Bio Farma CSR Partner helping to develop the Community Empowerment Program in the Ciletuh Geopark Pelabuhan Ratu. Initially PAPSI ran alone with conservation activities and community empowerment supported by Bio Farma CSR, however, now PAPSI has as many as 6 (six) groups of partners engaged in developing the potential of Ciletuh Geopark Pelabuhan Ratu.

These PAPSI Partners are the Batik Pakidulan group, POKMASI (Community Conservation Group), which has two activities namely Mangrove Conservation and Breeding Sidat Fish, the Fatma Raflesia Group, which is engaged in processing mango fruit into crackers, the Geofood Group engaged in the typical food found in the area, Cupumanik Farmer Group, which is engaged in black rice agriculture and finally the Guay Group's activities, which include local youth arts and crafts.

In the Ciletuh area, there is a potential cultural diversity inspired by the beauty of the landscape, the community's philosophy and the biodiversity of the region. One of the potential things includes Pakidulan Batik, found in Purwasedar village, Sukabumi district. As a company committed to environmental conservation, the program being implemented by Bio Farma to empower the Pakidulan Batik artisans is developing environmentally friendly batik production through the use of dyes with nano technology and the provision of a waste water treatment plant (Mini IPAL). The Pakidulan Batik group has grown from initially only two peoples to 35, thus becoming a new source of income for the Purwasedar village community.

The Pakidulan Batik group has created a batik-dyeing technique from natural material obtained from the surrounding environment. This breakthrough indicates that the concept of green industry has changed the people's behavior.

The community development program implemented by Bio Farma for the development of Ciletuh Geopark Pelabuhan Ratu has had a positive impact on the community's social economy. In 2016, as many as 22 people (67%) switched professions from active gold miners. A total of 8 (30%) of the residents have switched professions to supply rebon (shrimp) and eel, having previously been poachers and lobster fry hunters. In the Ciletuh Geopark Pelabuhan Ratu area in 2016, 140 new job opportunities as tour guides have arisen. In 2016, the number of visitors also increased to 3,200 people. In 2016, the number of homestays has risen to 33. In 2016, there has been an increase in turnover for Pakidulan Batik artisans, rising to Rp 162,000,000 (one hundred sixty two million rupiah) from previously only Rp 48,550,000 (forty eight million five hundred fifty thousand rupiah)

CORPORATE SOCIAL RESPONSIBILITY

**Garut Sheep Breeding Village Development Program**

A total of 20 male and female Garut sheep with excellent morphology have been obtained as breed stock. In addition, DNA analysis has been carried out on all the breed sheep to determine the genetic potential of these Garut sheep. Based on the results of the DNA analysis, all the male and female breed sheep in the Garut Sheep Breeding Development Village are in the genetically excellent category. Thus it has been proven that the sheep are superior phenotypically and by genotype.

Bio Farma CSR has undertaken activities that provide assistance, including conducting Focus Group Discussions with farmers in Wanajaya village related to the natural and human resources in Wanajaya village, applying SOP for Garut sheep management with pen workers, and providing animal husbandry knowledge transfer about sheep breeding. From these advisory activities, a group has been formed

with Garut sheep husbandry plasma, increasing the farmers desire to enter the breeding business, while previously most farmers were only interested in fattening their livestock for sale as this generated profits more quickly than breeding being supported by the availability of a good market for the sale of superior lambs and primary lamb products (meat and skin).

Bio Farma has been working alongside academics, BPPT (Agency for the Assessment and Application of Technology), the West Java provincial government, regional government and village administration on the Development Program to establish a Garut Sheep Breeding village, including:

1. Genetic Characterization using DNA Microsatellite Markers
2. The formation of a women farmers' group producing compost
3. Plasma group development



Other activities conducted in relation to Garut sheep breeding are as follows:

1. Routine Livestock Health Management
2. Livestock Health Service
3. Empowering women and youths to make compost from animal dung
4. Training for Farmers

Community Empowerment Program in Jasinga

Activities in the Jasinga Community Empowerment program include:

1. Making Crackers Utilizing Local Agricultural Produce in Jasinga. Initially this program was implemented to increase community knowledge capacity and capabilities in Jasinga and started with processing cempedak (a fruit commonly found in the Jasinga area) into various kinds of processed food. In this case, crackers, which have more value than unprocessed cempedak fruit sold directly when harvested. However, this program has developed into not only making cempedak crackers, but also crackers for other local agricultural produce, such as rambutan tangkue.
2. Art and Culture Preservation at the Jasinga Life Science Park.
3. Planting bamboo seedlings
4. Cultivating Calina Papaya with the Biotani Group
5. Blood drive
6. Support for religious facilities
7. Supporting public facilities and infrastructure, including repairing a bridge in Cikopomayak village, Jasinga.
8. Fogging in Ciangkrih hamlet, Neglasari village, Jasinga, Bogor city
9. Fogging is done to prevent the spread of dengue fever in Jasinga and is part of the Health Pillars in the company's CSR program
10. Fun Cycling Event with Jasinga Toker Community

11. This activity took place to strengthen ties and our relationship with local communities and in response to aspirations in the community
12. Tirta Kahuripan Waste Bank
13. This was undertaken to educate the community on the 3R concept of utilizing waste (Reduce – Reuse – Recycle) so that their recycled waste could provide an opportunity in the creative economy
14. Supporting activities in Jasinga that fit the concept of community development (e.g. Lasara 2016, “Bupati Cup” football tournament and Isra Miraj events in Jasinga)

Biodiversity Preservation Program

The Company has been carrying out a mangrove conservation program around Karangsong Beach, Indramayu and in Bulaksetra in Pangandaran, West Java. Since 2012, the company has planted 30,709 thousand mangroves of the species *Avicennia* sp., *Rhizophora* sp., *Bruguiera* sp. and *Sonneratia* sp. across ± 9.5 hectares in Karangsong. This program has been implemented in collaboration with the NGO Siklus, the Karangsong village community, the Indramayu agencies for Fisheries and Marine Affairs, Forestry and Plantations and the Environment, as well as the West Java branch of Walhi. The program has succeeded in reducing abrasion on West Java's north coast through the construction of an 860m breakwater made of bamboo and used tires donated by the company employees. This breakwater is able to reduce the speed and current of the ocean waves.

Based on the most recent monitoring results in 2016, received from PPSDAL-UNPAD, the Zooplankton and Benthos diversity indices are respectively 2,243 and 1,654. This shows that the mangrove revegetation conducted by Bio Farma, has had a positive impact both ecologically, by initiating the formation of a brackish marine water ecosystem, and economically by improving cultivation yields in community ponds.

CORPORATE SOCIAL RESPONSIBILITY

In 2013, the company increased the amount of land for Mangrove conservation in the West Java southern beach region in Bulaksetra, Pangandaran. This area is being developed not only as a mangrove conservation area but also as an ecotourism area with a mangrove ecosystem approach. To implement this program, the company cooperates with HPA Ilalang and the local Bulaksetra communities. During this cooperation, the company has provided mangrove conservation training, provided support to develop the mangrove ecotourism area and planted approximately $\pm$ 17,600 thousand mangroves over $\pm$ 6.5 Ha.

According to the IUCN Red List of endangered species, there are 73 animal species native to Indonesia that are of Critically Endangered status. Their critically endangered and even at threat of extinction status makes these animals rare in Indonesia. Bearing in mind this condition, the company participates in an animal conservation and rehabilitation program in cooperation with PPSC Cikananga in Sukabumi. Over the last 5 years, the program has successfully adopted and rehabilitated 304 animals from 15 species. In addition, the company has successfully returned 18 animals from 6 primate species to their native habitat. Two of the primate species that were adopted, rehabilitated and then released were of Critically Endangered status and two primate species were endemic to Indonesia.

PROGRAM COSTS

Expenditure for the community development program activities during 2016 that took place through the Community Development Program totaled Rp13,438,109,093 with the following details:

Health improvement	Rp1,618,837,944
Education and/or training	Rp2,289,970,404
Nature conservation	Rp266,595,524
Public facilities and infrastructure development	Rp2,361,912,714
Religious facilities	Rp2,261,906,500
Natural disaster victims	Rp354,984,717
Social community events	Rp3,830,890,550
Education and training & Promotion support	Rp453,010,740
Total	Rp13,438,109,093

In addition to funding from the Community Development Program, social and community development activities also took place through the CSR Program budgeted by the company. This total expenditure for 2016 reached Rp 2,712,807,330, with the following details:

1. Health aid	Rp248,329,502
2. Educational aid	Rp1,842,073,398
3. Economic aid	Rp119,234,000
4. Environmental aid	Rp503,170,430
Total	Rp2,712,807,330

CSR – RESPONSIBILITY TO THE CONSUMER

Responsibility to our consumers is implemented through an integrated management system in line with customer requirements and the requirements/regulations contained within the Methods to Make Good Medicine (CPOB), ASEAN Good Manufacturing Practices (GMP), WHO GMP and product requirements contained within the WHO Reference Series, including the Technical Report Series, Good Laboratory Practices (GLP), Good Clinical Practices (GCP), Good Distribution Practices (GDP), ISO 9001 quality management system, ISO 14001 environmental management system, OHSAS 18001 employee occupational health and safety management system, Good Corporate Governance (GCG), Corporate Risk Management (CRM), ISO 17205 for testing laboratories in the Immunization and Clinical Division, as well as other systems and regulations related to improve Bio Farma's performance.

PASSING FOOD AND DRUG SUPERVISORY AGENCY (BPOM) TESTS)

In the formulation stage of the product process, we also apply in-process controls. Before being marketed, our final product has been tested by the Food and Drug Supervisory Agency (BPOM), thus all existing products in the community have passed BPOM testing, meet quality standards and are in accordance with National and International specifications. Our customers always have accurate



data regarding product information because the data presented in relation to every product has been approved by BPOM and WHO. Customers can easily obtain product information on the Company's website pages, which can be accessed at any time. Other health-related information can be discussed directly through social media, managed by employees competent in their fields.

CONSUMER COMPLAINT SERVICE

Bio Farma provides a consumer complaint service to follow up on any consumer complaints. Bio Farma continues to socialize the AEFI (Adverse Events Following Immunization) reporting mechanism to distributors, doctors and health workers so that the appointed independent team can proceed to follow up any complaint immediately.

During 2016, Bio Farma received no complaints about violations related to product information or privacy violations.

CONSUMER COMMUNICATION ACCESS

Bio Farma provides the following channels for communication access:
conducting meetings routinely and sharing information with customers in various regions. These meetings are organized in conjunction with the Health Ministry, Immunization sub-directorate, Public Communication division of the Health Ministry, Health Promotions, and various relevant health organizations, including the Indonesian Pediatrician's Association (IDAI) and the Indonesian Pharmacists Association (GP Farmasi).

The purpose of the above events is to raise public awareness of disease prevention through vaccination to improve the quality of life. These meetings are also useful for those attending, comprising health practitioners, midwives, immunization providers, community figures, religious figures, housewives, community health clinic personnel and the general public, as a form of education on the importance of vaccinations as a way to prevent disease.

Bio Farma periodically holds Meet the Customer events in various towns and districts across Indonesia. Through these various activities, we have been able to obtain feedback and to raise public awareness on the importance of vaccines, as well as to help the government increase the reach of the national immunization program.

CUSTOMER SATISFACTION SURVEY

Periodically, Bio Farma conducts information gathering activities with the aim of identifying, analyzing and providing information on development needs, desires, expectations, preferences, behavior and customer satisfaction, which can be used to establish and realize company policy, conduct continuous improvements and improve the performance of Bio Farma's quality systems.

Customers play a significant role, as do other resources to assess customer satisfaction. In order to obtain an accurate data of customer satisfaction surveys, the implementation mechanisms are stipulated in a standard company guidelines and procedures under the responsibility of the Product Management Department.
For accurate and comprehensive results, the surveys are conducted by an independent agency with the involvement from national and international customers.



FINANCIAL STATEMENT

PT BIO FARMA (PERSERO)

LAPORAN KEUANGAN

**Untuk Tahun - Tahun Yang Berakhir
Tanggal 31 Desember 2016 dan 2015
dan Laporan Auditor Independen**

FINANCIAL STATEMENTS

***For The Years Then Ended December
31, 2016 and 2015
and Independent Auditors' 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)



PT BIO FARMA (PERSERO)

LAPORAN KEUANGAN

Untuk Tahun - Tahun Yang Berakhir

Tanggal 31 Desember 2016 dan 2015

DAN LAPORAN AUDITOR INDEPENDEN

FINANCIAL STATEMENTS

For The Years Then Ended December 31, 2016 and 2015

AND INDEPENDENT AUDITORS' *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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**SURAT PERNYATAAN DIREKSI TENTANG
DIRECTORS' STATEMENT LETTER RELATING TO
TANGGUNG JAWAB ATAS LAPORAN KEUANGAN
THE RESPONSIBILITY FOR FINANCIAL STATEMENT**

Untuk Tahun yang Berakhir 31 Desember 2016 dan 2015 / for the Year Ended December 31, 2016 and 2015

PT. BIO FARMA (PERSERO)

Kami yang bertandatangan dibawah ini :

We the undersigned :

1.	Nama	Iskandar	Name 1.
	Alamat kantor	Jl. Pasteur No.28 Bandung 40161, Jawa Barat	Office address
	Alamat domisili/sesuai KTP atau identitas lain	Komplek Bio Farma No. 17 Bandung 40184	Residential address/as stated in ID card or other identity card
	Nomor Telepon	(022) 2033 755	Phone
	Jabatan	Direktur Utama/President Director	Title
2.	Nama	Pramusti Indrascaryo	Name 2.
	Alamat kantor	Jl. Pasteur No.28 Bandung 40161, Jawa Barat	Office address
	Alamat domisili/sesuai KTP atau identitas lain	Kav. Lestari II/63 RT/RW 012/007 Lebak Bulus, Cilandak – Jakarta	Residential address/as stated in ID card or other identity card
	Nomor Telepon	(022) 2033 755	Phone
	Jabatan	Dir. Keuangan/ Finance Director	Title

Menyatakan bahwa :

State that :

1. Kami bertanggungjawab atas penyusunan dan penyajian laporan keuangan;	1. We are responsible for the preparation and the presentation of the financial statements;
2. Laporan keuangan Perusahaan telah disusun dan disajikan sesuai dengan standar akuntansi keuangan di Indonesia;	2. The Company's financial statements have been prepared and presented in accordance with Indonesian financial accounting standards;
a. Semua informasi dalam laporan keuangan Perusahaan telah dimuat secara lengkap dan benar;	a. All information has been fully and correctly disclosed in the Company's financial statements;
b. Laporan keuangan Perusahaan tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material; dan	b. The Company's financial statements do not contain false material information or facts, nor do they omit material information or facts; and
3. Kami bertanggung jawab atas sistem pengendalian intern dalam Perusahaan	3. We are responsible for the Company internal control system.

Demikian pernyataan ini dibuat dengan sebenarnya

This statement letter is made truthfully

Bandung, 24 Februari 2017 / Bandung, February 24, 2017

PT. BIO FARMA (Persero)

 Iskandar Direktur Utama / President Director	 Pramusti Indrascaryo Direktur Keuangan / Finance Director

PT. BIO FARMA (Persero)

Jl. Pasteur No. 28, Bandung 40161, Indonesia, P.O. Box 1136, Telp. 022-2033755, Fax. 022 2041306
e-mail : mail@biofarma.co.id - http : //www.biofarma.co.id

LAPORAN AUDITOR INDEPENDEN (lanjutan)

Nomor : 408/LAI.16.BF-5/DWR/2017

Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan pengendalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan secara keseluruhan.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

Opini

Menurut opini kami, laporan keuangan terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan PT Bio Farma (Persero) tanggal 31 Desember 2016 serta kinerja keuangan dan arus kasnya untuk tahun yang berakhir pada tanggal tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia.

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.

Laporan kepatuhan terhadap peraturan perundang-undangan dan pengendalian internal disampaikan secara terpisah kepada manajemen dalam laporan kami Nomor 061A/LAK.16.BF-5/DWR/2017 dan Nomor 061B/LAK.16.BF-5/DWR/2017 tanggal 24 Februari 2017.

INDEPENDENT AUDITORS' REPORT (continued)

Number : 408/LAI.16.BF-5/DWR/2017

In making those assessments the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

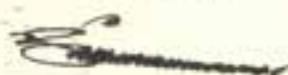
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Bio Farma (Persero) as of December 31, 2016 and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Report on the Company's compliance with laws and regulations and internal control

We have also tested the Company's compliance with certain laws and regulations and internal control. Compliance with laws and regulations and internal control are the responsibility of the management of the Company.

Our report relating to the compliance of the Company with laws and regulations and internal control are submitted separately to the Company's management in our reports Number 061A/LAK.16.BF-5/DWR/2017 and Number 061B/LAK.16.BF-5/DWR/2017 dated February 24, 2017.

Rekan/Partner,



Djoemarma Bede, CPA

Nomor Ijin Akuntan Publik: AP.0190/License of Public Accountant No. AP.0190

Bandung, 24 Februari 2017/February 24, 2017

LAPORAN AUDITOR INDEPENDEN

Nomor : 408/LAI.16.BF-5/DWR/2017

INDEPENDENT AUDITORS' REPORT

Number : 408/LAI.16.BF-5/DWR/2017

Kepada Yth.,
Pemegang Saham, Dewan Komisaris dan Direksi
PT Bio Farma (Persero)

To :
The Shareholders, Board of Commissioners, and
Directors PT Bio Farma (Persero)

Kami telah mengaudit laporan keuangan PT Bio Farma (Persero) terlampir, yang terdiri dari laporan posisi keuangan tanggal 31 Desember 2016, serta laporan laba rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas dan laporan arus kas untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

We have audited the accompanying financial statements of PT Bio Farma (Persero), which comprise the statement of financial position as of December 31, 2016, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 kecurangan maupun kesalahan.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Tanggung jawab auditor

Tanggung jawab kami adalah untuk 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 ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah laporan keuangan tersebut bebas dari kesalahan penyajian material.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such financial statements are free from material misstatement.

Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan 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 kecurangan maupun kesalahan.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

PT BIO FARMA (PERSERO)

LAPORAN POSISI KEUANGAN

31 Desember 2016 dan 2015

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

PT BIO FARMA (PERSERO)

STATEMENT OF FINANCIAL POSITION

As of December 31, 2016 and 2015

(Expressed in Rupiah, unless otherwise stated)

ASET	31 Desember 2016 December 31, 2016	Catatan/ Notes	31 Desember 2015 December 31, 2015	ASSETS
ASET LANCAR				CURRENT ASSETS
Kas dan Setara Kas	447.950.326.268	2.e., 2.g.,3	555.939.258.294	Cash and Cash Equivalents
Piutang Usaha (setelah dikurangi penyisihan penurunan nilai sebesar Rp346.011.041 pada 31 Desember 2016, dan Rp312.622.025 pada 31 Desember 2015)	288.626.423.903	2.e., 2.f.,4	507.746.089.376	Trade Receivables (Net of provision for impairment of Rp346.011.041 on December 31, 2016, Rp312.622.025 on December 31, 2015)
Piutang Lain-Lain (setelah dikurangi penyisihan penurunan nilai sebesar Rp1.302.637.458 pada 31 Desember 2016 dan 2015)	446.140.212	2.e., 2.f.,5	822.213.060	Other Receivables (Net of provision for impairment of Rp1.302.637.458 on December 31, 2016 dan 2015)
Persediaan (setelah dikurangi penyisihan penurunan nilai sebesar Rp5.053.143.454 pada 31 Desember 2016 dan Rp5.891.672.358 pada 31 Desember 2015)	708.564.467.943	2.h., 6	462.557.268.255	Inventories (Net of provision for impairment of Rp5.053.143.454 on December 31, 2016, Rp5.891.672.358 on December 31, 2015)
Uang Muka	54.052.291.312	2.e., 2.f., 7	102.353.243.161	Advances
Pajak Dibayar Dimuka	298.816.989.377	2.m.,8.a.	242.720.019.469	Prepaid Taxes
Biaya Dibayar Dimuka	12.136.509.861	2.k., 9	10.163.126.875	Prepaid Expenses
Pendapatan Yang Masih Akan Diterima	800.058.011	2.k., 10	1.591.887.435	Accrued Income
Aset Lancar Lainnya	38.162.196.231	11	111.887.970.120	Other Current Assets
Jumlah Aset Lancar	1.849.555.403.118		1.995.781.076.044	Total Current Assets
ASET TIDAK LANCAR				NON CURRENT ASSETS
Aset Pajak Tangguhan	23.585.022.896	2.m., 8.e.	22.086.828.515	Deferred Tax Assets
Aset Tetap (setelah dikurangi akumulasi penyusutan sebesar Rp984.824.550.647 pada 31 Desember 2016, Rp845.014.518.670 pada 31 Desember 2015)	3.998.187.096.331	2.i., 12	3.605.537.013.968	Property, Plant and Equipment (Net of accumulated depreciation of Rp984.824.550.647 on December 31 2016, Rp845.014.518.670 on December 31, 2015)
Aset Takberwujud (setelah dikurangi akumulasi amortisasi sebesar Rp18.918.302.793 pada 31 Desember 2016, Rp11.358.121.029 pada 31 Desember 2015)	38.633.597.058	2.j.,13	36.005.019.563	Intangible Assets (Net of accumulated amortization of Rp18.918.302.793 on December 31, 2016, Rp11.358.121.029 on December 31, 2015)
Aset Tidak Lancar Lainnya (setelah dikurangi akumulasi amortisasi sebesar Rp3.869.122.375 pada 31 Desember 2016, Rp2.049.474.625 pada 31 Desember 2015)	12.493.203.788	14	21.253.299.538	Other Non-Current Assets (Net of accumulated amortization of Rp3.869.122.375 on December 31, 2016, Rp2.049.474.625 on December 31, 2015)
Jumlah Aset Tidak Lancar	4.072.898.920.073		3.684.882.161.584	Total Non Current Assets
JUMLAH ASET	5.922.454.323.191		5.680.663.237.628	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

PT BIO FARMA (PERSERO)

LAPORAN POSISI KEUANGAN

31 Desember 2016 dan 2015

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

PT BIO FARMA (PERSERO)

STATEMENT OF FINANCIAL POSITION

As of December 31, 2016 and 2015

(Expressed in Rupiah, unless otherwise stated)

LIABILITAS DAN EKUITAS	31 Desember 2016 December 31, 2016	Catatan/ Notes	31 Desember 2015 December 31, 2015	LIABILITY AND EQUITY
LIABILITAS				LIABILITIES
Liabilitas Jangka Pendek				Current Liabilities
Utang Usaha	259.234.466.062	2.f., 15	208.598.099.578	Trade Payables
Utang Pajak	47.624.361.238	2.m., 8.b.	46.518.287.182	Taxes Payable
Biaya Yang Masih Harus Dibayar	113.405.208.247	2.e., 2.k., 16	170.307.683.566	Accrued Expenses
Pendapatan Diterima Dimuka	44.130.371	2.e., 2.f., 17	898.715.051	Unearned Revenue
Liabilitas Lancar Lainnya	32.860.809.624	2.e., 18	30.340.629.712	Other Current Liabilities
Jumlah Liabilitas Jangka Pendek	453.168.975.542		456.663.415.089	Total Current Liabilities
Liabilitas Jangka Panjang				Non Current Liabilities
Liabilitas Diestimasi atas Imbalan Pasca Kerja	167.133.074.162	2.o., 19	152.021.928.119	Estimated Post-Employment Benefits Liabilities
Liabilitas Tidak Lancar Lainnya	-	20	27.846.382.388	Other Non-Current Liabilities
Jumlah Liabilitas Jangka Panjang	167.133.074.162		179.868.310.506	Total Non Current Liabilities
JUMLAH LIABILITAS	620.302.049.704		636.531.725.595	TOTAL LIABILITIES
EKUITAS				EQUITY
Modal Saham	2.000.000.000.000	21	1.650.000.000.000	Share Capital
Modal dasar 8.000.000 lembar saham pada 31 Desember 2016 dan 5.000.000 lembar saham pada 31 Desember 2015. Nominal Rp1.000.000 per lembar saham. Modal ditempatkan dan disetor penuh 2.000.000 lembar saham pada 31 Desember 2016 dan 1.650.000 lembar saham pada 31 Desember 2015				Authorized capital 8,000,000 shares on December 31, 2016 and 5,000,000 shares on December 31, 2015 par value Rp1.000.000 per share. Issued and fully paid 2,000,000 as on December 31, 2016, and 1,650,000 on December 31, 2015
Saldo Laba (Rugi)				Retained Earnings
Dicadangkan	899.824.236.342	22	816.422.044.549	Appropriated
Belum Dicadangkan	-	22	(2.483.699.452)	Unappropriated
Laba Periode Berjalan	501.040.990.083		670.592.891.245	Profit (Loss) for the year
Komponen Ekuitas Lainnya	1.901.287.047.062	34	1.909.600.275.690	Other Equity Components
JUMLAH EKUITAS	5.302.152.273.487		5.044.131.512.033	TOTAL EQUITY
JUMLAH LIABILITAS DAN EKUITAS	5.922.454.323.191		5.680.663.237.628	TOTAL LIABILITY 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 DAN
PENGHASILAN KOMPREHENSIF LAIN

Untuk Tahun Yang Berakhir Tanggal 31 Desember 2016 dan 2015

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

PT BIO FARMA (PERSERO)

STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME

For the Years Ended December 31, 2016 and 2015

(Expressed in Rupiah, unless otherwise stated)

	2016	Catatan/ Notes	2015	
PENJUALAN BERSIH				NET SALES
Produk Perusahaan	2.222.314.909.863	2.k., 23	2.329.623.846.051	The Company's Product
Barang Dagangan	88.128.847.750	2.k., 24	11.435.935.050	Merchandise Product
Jasa	5.315.256.509	2.k., 25	4.858.488.851	Services
Jumlah Penjualan Bersih	2.315.759.014.122		2.345.918.269.952	Total Net Sales
BEBAN POKOK PENJUALAN				COST OF GOODS SOLD
Produk Perusahaan	(931.879.043.389)	2.k., 26	(852.361.076.333)	The Company's Product
Barang Dagangan	(68.453.563.181)	2.k., 27	(11.164.800.347)	Merchandise Product
Beban Jasa	(4.961.523.057)	2.k., 28	(3.961.990.073)	Services
Jumlah Beban Pokok Penjualan dan Jasa	(1.005.294.129.627)		(867.487.866.753)	Total Cost of Good and Services Sold
LABA (RUGI) KOTOR	1.310.464.884.495		1.478.430.403.199	GROSS PROFIT (LOSS)
Penghasilan Lain-lain	164.727.714.782	2.k., 2.o., 29	129.064.005.350	Other Income
Beban Administrasi dan Umum	(402.001.646.756)	2.k., 31	(421.759.427.184)	General and Administrative Expenses
Beban Penjualan	(133.996.397.992)	2.k., 30	(126.818.100.027)	Selling Expense
Beban Penelitian, Pengembangan dan Surveilans	(114.481.354.438)	2.I., 32	(93.442.569.518)	Research, Developments and Surveillance Expenses
Beban Lain-Lain	(139.745.154.390)	2.I., 35	(66.200.735.869)	Other Expenses
Jumlah	(625.496.838.794)		(579.156.827.247)	Total
LABA (RUGI) SEBELUM PAJAK PENGHASILAN	684.968.045.701		899.273.575.951	PROFIT (LOSS) BEFORE INCOME TAX
MANFAAT (BEBAN) PAJAK PENGHASILAN				INCOME TAX BENEFITS (EXPENSES)
Pajak Kini	(185.425.250.000)	2.m., 9	(232.893.457.000)	Current Tax
Pajak Tangguhan	1.498.194.382	2.m., 9	4.212.772.294	Deferred Tax
Jumlah Beban Pajak Penghasilan	(183.927.055.618)		(228.680.684.706)	Total Tax Expenses
LABA (RUGI) BERSIH	501.040.990.083		670.592.891.245	NET PROFIT (LOSS)
PENGHASILAN KOMPREHENSIF LAIN		34		OTHER COMPREHENSIVE INCOME
Pos Pos Yang Tidak Akan Direklasifikasi Ke Laba Rugi				Items not to be reclassified to profit or loss
Surplus Revaluasi Aset Tetap	-		1.980.781.821.592	Surplus from asset revaluation
Keuntungan (Kerugian) Aktuarial	(8.313.228.628)		(828.225.876)	Actuarial Gain (Loss)
Pos Pos Yang Akan Direklasifikasi Ke Laba Rugi				Items to be reclassified to profit or loss
Jumlah Penghasilan Komprehensif Lain Tahun Berjalan Setelah Pajak	(8.313.228.628)		1.979.953.595.716	Total Other Comprehensive Income For
TOTAL PENGHASILAN KOMPREHENSIF	492.727.761.455		2.650.546.486.961	TOTAL COMPREHENSIVE INCOME FOR THE 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

LAPORAN PERUBAHAN EKUITAS

STATEMENT OF CHANGES IN EQUITY

Untuk Tahun-Tahun Yang Berakhir Tanggal 31 Desember 2016 dan 2015

For the Years Ended December 31, 2016 and 2015

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

(Expressed in rupiah, unless otherwise stated)

Keterangan	Saldo Laba / Retained Earnings		Komponen		Jumlah Ekuitas / Total Equity	Description
	Modal Saham / Share Capital	Dicadangkan / Appropriated	Dicadangkan / Unappropriated	Ekuitas Lain / Other Equity Components		
Saldo awal per 1 Januari 2015	1.250.000.000.000	786.074.860.369	577.590.042.383	(69.976.027.177)	2.543.688.875.576	Beginning balance as of January 1, 2015
Pembagian laba						Distribution of income
Dividen			(145.015.000.000)		(145.015.000.000)	Dividend
Cadangan		435.058.741.834	(435.058.741.834)		-	Appropriated
Bina Lingkungan		(4.711.557.655)			(4.711.557.655)	Community development
Kapitalisasi cadangan						Capitalization of appropriated
ke setoran modal	400.000.000.000	(400.000.000.000)			-	earnings to share capital
Penghasilan komprehensif lain				1.979.953.595.716	1.979.953.595.716	Other comprehensive income
Keuntungan belum direalisasi atas kepemilikan				(377.292.849)	(377.292.849)	Unrealized gain on
efek tersedia untuk dijual					-	available for sale securities
Laba (Rugi) tahun 2015			670.592.891.245		670.592.891.245	Profit (Loss) for the year 2015
Saldo akhir per 31 Desember 2015	1.650.000.000.000	816.422.044.549	668.109.191.794	1.909.600.275.690	5.044.131.512.033	Ending balance as of December 31, 2015
Saldo awal per 1 Januari 2016	1.650.000.000.000	816.422.044.549	668.109.191.794	1.909.600.275.690	5.044.131.512.033	Beginning balance as of January 1, 2016
Pembagian laba						Distribution of income
Dividen			(234.707.000.000)		(234.707.000.000)	Dividend
Cadangan		435.885.891.245	(435.885.891.245)		-	Appropriated
Kapitalisasi cadangan						Capitalization of appropriated
ke setoran modal	350.000.000.000	(350.000.000.000)			-	earnings to share capital
Penghasilan komprehensif lain				(8.313.228.628)	(8.313.228.628)	Other comprehensive income
Konversi Cadangan						Conversion of implementation of PSAK 24
Akibat Penerapan PSAK 24						(Revised 2013) "Employee Benefits" to
Tahun 2015		(2.483.699.451)	2.483.699.451		-	appropriated earning
Laba (Rugi) tahun 2016			501.040.990.083		501.040.990.083	Profit (Loss) for the year 2016
Saldo akhir per 31 Desember 2016	2.000.000.000.000	899.824.236.342	501.040.990.083	1.901.287.047.062	5.302.152.273.487	Ending balance as of December 31, 2016

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 Tanggal 31 Desember 2016 dan 2015

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

PT BIO FARMA (PERSERO)

STATEMENT OF CASHFLOWS

For the Years Ended December 31, 2016 and 2015

(Expressed in Rupiah, unless otherwise stated)

	2016	2015	
ARUS KAS DARI AKTIVITAS OPERASI			CASHFLOWS FROM OPERATING ACTIVITIES
Penerimaan kas dari pelanggan	2.334.948.019.707	2.106.477.757.097	Cash received from customers
Penerimaan pajak (restitusi)	124.792.315.311	28.875.864.464	Tax refund
Penerimaan bunga	7.960.352.308	37.422.478.103	Interest receipts
Pembayaran bunga	(9.342.500.000)	-	Interest Payment
Penerimaan hibah/donasi WHO	13.588.013.999	800.000.000	Cash received from grant/WHO's donation
Penerimaan (Pembayaran) lainnya - bersih	1.238.151.952	(23.773.912.439)	Other receipts (payments) - net
Pembayaran tantiem	(14.750.000.000)	(13.736.823.371)	Payment of tantiem
Pembayaran pajak	(391.829.178.802)	(326.409.408.708)	Payment for taxes
Pembayaran kas kepada pemasok dan karyawan	(1.519.679.069.057)	(1.584.190.616.971)	Cash paid to suppliers and employees
Kas Bersih Diperoleh Dari (Digunakan Untuk) Aktivitas Operasi	546.926.105.418	225.465.338.176	Net Cash Provided by (Used in) Operating Activities
ARUS KAS DARI AKTIVITAS INVESTASI			CASHFLOWS FROM INVESTING ACTIVITIES
Pembelian aset tetap	(393.169.903.706)	(535.174.882.134)	Purchase of property, plant and equipment
Efek tersedia untuk dijual	-	25.000.000.000	available for sale securities
Pembayaran untuk aset takberwujud	(11.172.646.329)	(3.962.389.925)	Payment for intangible assets
Kas Bersih Diperoleh Dari (Digunakan Untuk) Aktivitas Investasi	(404.342.550.035)	(514.137.272.059)	Net Cash Provided by (Used in) Investing Activities
ARUS KAS DARI AKTIVITAS PENDANAAN			CASHFLOWS FROM FINANCING ACTIVITIES
Penerimaan Pinjaman Jangka Pendek	235.000.000.000		Short Term Loans Received
Pembayaran Pinjaman Jangka Pendek	(235.000.000.000)		Payments of Short Term Loans
Pembayaran dividen	(234.707.000.000)	(145.015.000.000)	Payment of dividend
Pembayaran Program Kemitraan dan Bina Lingkungan	-	(4.711.557.655)	Payment for Partnership and Development Program
Kas Bersih Diperoleh Dari (Digunakan Untuk) Aktivitas Pendanaan	(234.707.000.000)	(149.726.557.655)	Net Cash Provided by (Used in) Financing Activities
Kenaikan (Penurunan) Kas Bersih	(92.123.444.617)	(438.398.491.538)	Net Increase (Decrease) in Cash
Pengaruh Selisih Kurs Kas dan Setara Kas	(15.865.487.408)	22.620.703.832	Effect of Foreign Exchange Rate Changes
Saldo kas dan setara kas pada awal tahun	555.939.258.294	971.717.046.000	Cash and cash equivalent at the beginning of the year
SALDO KAS DAN SETARA KAS PADA AKHIR TAHUN	447.950.326.268	555.939.258.294	CASH AND CASH EQUIVALENTS AT THE END OF THE 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**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 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 Peraturan Pemerintah No.26 tahun 1978 tentang Pengalihan Bentuk Perusahaan Negara, 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 berdasarkan Anggaran Dasar Perusahaan Nomor 34 tanggal 14 Desember 2016 yang dibuat oleh notaris Fathiah Helmi, S.H., dan telah mendapat persetujuan berdasarkan Keputusan Menteri Hukum dan Hak Asasi Manusia Republik Indonesia Nomor AHU-0024481.AH.01.02 Tahun 2016 tanggal 21 Desember 2016, tentang Persetujuan Perubahan Anggaran Dasar Perseroan Terbatas PT Bio Farma (Persero), serta sebagaimana telah diterima dan dicatat dalam Sistem Administrasi Badan Hukum berdasarkan Surat Kementerian Hukum dan Hak Asasi Manusia Republik Indonesia Nomor : AHU-AH.01.03-0109923 tanggal 21 Desember 2016 Perihal Penerimaan Pemberitahuan Perubahan Anggaran Dasar PT Bio Farma (Persero).

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.

1. GENERAL**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 status of Bio Farma as a Government Company (Perum) was changed into a state-owned Limited Liability Corporation (Persero). The Article of Association of the Company's transformation was stated 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. 34 dated December 14, 2016 of Fathiah Helmi, S.H., Notary, and has been approved by the Minister of Law and Human Rights of The Republic of Indonesia in his Decision Letter No. AHU-0024481.AH.01.02 dated December 21, 2016, regarding the Approval of Amendment of the State-Owned Limited Liability Corporation of PT Bio Farma (Persero), as received and recorded in Legal Entity Administration System based on the Minister of Law and Human Rights of The Republic of Indonesia Number: AHU-AH.01.03-0109923 dated on December 21, 2016 Regarding Receipt of Article of Association Amendment Notice of PT Bio Farma (Persero).

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 optimization 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.

1. UMUM (lanjutan)**b. Tujuan Kegiatan Usaha Perusahaan (lanjutan)**

Untuk mencapai maksud dan 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;
- 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, DT, TT, Polio, Campak, Hepatitis B, Td dan Vaksin DTP-HB-Hib.
- b. Pasar swasta nasional, yaitu melayani para distributor dalam negeri untuk memenuhi kebutuhan vaksin diluar program imunisasi rutin Pemerintah yaitu vaksin BCG, BioTd, BioTT, FluBio, Campak, Polio, Hepatitis B, Pentabio, anti sera (BioSAT, BioADS, BioSAVE, ABU II (Australia), PPD 2 TU.
- c. Pasar internasional, terutama untuk melayani kebutuhan UNICEF dan institusi lain 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, Pentabio, *bulk* Polio, *bulk* Difteri, *bulk* Pertusis, dan *bulk* Tetanus.

c. Dewan Komisaris, Direksi, Komite-Komite dan Karyawan

Susunan Dewan Komisaris, Direksi dan Komite Perusahaan pada tanggal 31 Desember 2016 dan 2015 adalah sebagai berikut:

**31 Desember 2016/
December 31, 2016**

Dewan Komisaris

Komisaris Utama ¹⁾	: Prof. Dr. Ahmad Ramli, SH, MH
Komisaris ²⁾	: Drs. Paruli Lubis, MBA
Komisaris ⁵⁾	: Dr. H. Mohamad Subuh
Komisaris ³⁾	: dr. Nizar Yamani, Sp.S (K)
Komisaris ⁴⁾	: Ihsan Setiadi Latief, M.Si
Komisaris ¹⁾	: dr. Heridadi, M.Sc

Komisaris Independen ⁵⁾

: Drs. Paruli Lubis, MBA
: dr. Heridadi, M.Sc

1. GENERAL (continued)**b. The Company's Objective (continued)**

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;
- c. Marketing, trading and distribution of biological and pharmaceutical products and medical equipments including general products, for domestics and international markets;
- 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 and DTP-HB-Hib vaccines for basic/regular immunization programs.
- b. National private market, provides domestic distributors with BCG, BioTd, BioTT, FluBio, Measles, Polio, Hepatitis B, Pentabio, anti-sera (BioSAT, BioADS, BioSAVE, ABU II (Australia) and PPD2TU vaccines for non-regular Government immunization programs.
- c. International markets, provides particularly the need of UNICEF and other parties who have bilateral cooperation with the Company, with TT, Td, BioTT, DTP, Polio, Measles, 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.

c. Boards of Commissioners, Directors, Committees, and Employees

The Company's Board of Commissioners, Directors and Committees as of December 31, 2016 and 2015 are as follows:

**31 Desember 2015/
December 31, 2015**

Board of Commissioners

Prof. Dr. Ahmad Ramli, SH, MH	President Commissioner ¹⁾
Drs. Paruli Lubis, MBA	Commissioner ²⁾
Herman Ladjidja Djuni, ST	Commissioner ⁵⁾
dr. Nizar Yamani, Sp.S (K)	Commissioner ³⁾
Ihsan Setiadi Latief, M.Si	Commissioner ⁴⁾
dr. Heridadi, M.Sc	Commissioner ¹⁾

Independent Commissioners ⁵⁾

Drs. Paruli Lubis, MBA
dr. Heridadi, M.Sc

CATATAN ATAS LAPORAN KEUANGAN

NOTES TO FINANCIAL STATEMENTS

31 Desember 2016 dan 2015

December 31, 2016 and 2015

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

(Expressed in Rupiah, unless otherwise stated)

1. UMUM (lanjutan)

c. Dewan Komisaris, Direksi, Komite-Komite dan Karyawan (lanjutan)

	31 Desember 2016/ December 31, 2016
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, MM
Direktur Perencanaan dan Pengembangan	: Drh. Sugeng Raharso, MM
Direktur Sumber Daya Manusia	: Drs. Andjang Kusumah, MM
Komite Audit ⁹⁾	
Ketua	: Drs. Paruli Lubis, MBA
Wakil Ketua	: Ihsan Setiadi Latief, M.Si
Anggota	: Drs. Abu Bakar Ak, CA
Anggota ⁸⁾	: Drs. Asawir Harahap Ak, CA
Komite Pengembangan, Risiko dan GCG ⁹⁾	
Ketua	: dr. Heridadi, M.Sc
Wakil Ketua I	: dr. Nizar Yamani, Sp.S (K)
Wakil Ketua II	: Dr. H. Mohamad Subuh
Anggota	: dr. Judi Jaenudin Endjun Sp. OG
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. SK-204/MBU/2012 tanggal 28 Mei 2012.
- ⁴⁾ Berdasarkan Keputusan Menteri BUMN No. SK 235/MBU/2013 tanggal 1 Mei 2013.
- ⁵⁾ Berdasarkan Keputusan Menteri BUMN No.SK-97/MBU/2015 tanggal 22 Juni 2015.
- 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-15/DK/BF/VII/2014, tanggal 1 Juli 2014.
- ⁹⁾ Berdasarkan Keputusan Dewan Komisaris No. KEP-03/DK/BF/02/2016, tanggal 4 Februari 2016.

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).

1. GENERAL (continued)

c. Boards of Commissioners, Directors, Committees, and Employees (continued)

	31 Desember 2015/ December 31, 2015	
Drs. Iskandar, Apt. MM		Board of Directors ⁶⁾
Drs. Mahendra Suhardono, Apt, MM		President Director
Drs. Juliman, MM		Director of Marketing
Drs. Pramusti Indrascaryo, MM		Director of Production
		Director of Finance
Drh. Sugeng Raharso, MM		Director of Planning and Development
Drs. Andjang Kusumah, MM		Director of Human Resource Development
Drs. Paruli Lubis, MBA		Audit Committee ⁹⁾
Herman Ladjidja Djuni, ST		Chairman
Drs. Abu Bakar Ak, CA		Vice Chairman
Drs. Asawir Harahap Ak, CA		Member
		Member ⁸⁾
dr. Heridadi, M.Sc		Committee of Development, Risk, and GCG ⁹⁾
dr. Nizar Yamani, Sp.S (K)		Chairman
Ihsan Setiadi Latief, M.Si		Vice Chairman
Dadang Epi Sukarsa, SH., MH		Vice Chairman II
Afrizal, SE.Msi.Ak		Member
		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 204/MBU/2012 dated May 28, 2012.
- ⁴⁾ Based on Decision Letter of the Minister of State-Owned Enterprises No. SK 235/MBU/2013 dated Mei 1, 2013.
- ⁵⁾ Based on Decision Letter of the Minister of State-Owned Enterprises No. SK 97/MBU/2015 dated June 22, 2015.
- 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/2013 dated March 7, 2012.
- ⁸⁾ Based on Decision Letter of the Board of Commissioners No. KEP-15/DK/BF/VII/2014 dated July 1, 2014.
- ⁹⁾ Based on Decision Letter of the Board of Commissioners No. KEP-03/DK/BF/02/2016 dated February 4, 2016.

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).

1. UMUM (Lanjutan)**c. Dewan Komisaris, Direksi, Komite-Komite dan Karyawan (lanjutan)**

Susunan Dewan Komisaris Perusahaan terakhir berdasarkan Akta Nomor 12 tanggal 9 Juli 2015 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.01.03-0949789 tanggal 9 Juli 2015 perihal Penerimaan Pemberitahuan Perubahan Data Perseroan PT Bio Farma (Persero).

Pada 31 Desember 2016 dan 2015, Perusahaan memiliki karyawan masing-masing 1.171 dan 1.127 karyawan.

d. Remunerasi Dewan Komisaris dan Direksi

Perincian gaji dan tunjangan untuk Dewan Komisaris dan Direksi Perusahaan tahun 2016 dan 2015, adalah sebagai berikut:

	2016
Dewan Komisaris	12.754.354.575
Direksi	29.612.080.261
Jumlah	42.366.434.836

1. GENERAL (continued)**c. Boards of Commissioners, Directors, Committees, and Employees (continued)**

The last Company's Board of Commissioners is based on Notary Deed Number 12, dated July 9, 2015 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 Number AHU-AH.01.03-0949789 dated July 9, 2015, regarding the Notification of Data Change of PT Bio Farma (Persero).

As of December 31, 2016 and 2015 the Company had 1.171 and 1.127 employees, respectively.

d. Remuneration of Board of Commissioners and Directors

The details of salaries and allowances of the Board of Commissioners and Directors of the Company for 2016 and 2015 are as follows:

	2015	
	13.244.952.004	Board of Commissioners
	33.083.093.971	Directors
Jumlah	46.328.045.975	

2. IKHTISAR KEBIJAKAN AKUNTANSI**a. Pernyataan Kepatuhan**

Laporan keuangan PT Bio Farma (Persero) untuk tahun yang berakhir 31 Desember 2016 dan 2015 telah disusun sesuai dengan Standar Akuntansi Keuangan di Indonesia dan telah memenuhi semua persyaratannya.

b. Dasar Penyusunan Laporan Keuangan

Dasar pengukuran dalam penyusunan laporan keuangan adalah konsep biaya perolehan (*historical cost method*), kecuali beberapa akun tertentu menggunakan dasar pengukuran lain sebagaimana diuraikan dalam kebijakan akuntansi masing-masing akun tersebut. Laporan keuangan disusun dengan menggunakan metode akrual (*accrual basis*), kecuali untuk laporan arus kas.

Laporan arus kas disusun menggunakan metode langsung dengan mengelompokkan arus kas ke dalam aktivitas operasi, investasi dan pendanaan.

c. Perubahan Pernyataan Standar Akuntansi Keuangan (PSAK) dan Interpretasi Standar Akuntansi Keuangan (ISAK).

Pada tahun 2015, Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia telah mengesahkan penyesuaian dan amandemen atas beberapa Pernyataan Standar Akuntansi Keuangan (PSAK), serta mengesahkan Standar dan Interpretasi Standar Akuntansi Keuangan (ISAK) baru yang relevan dan berlaku efektif untuk periode yang dimulai pada atau setelah 1 Januari 2016, sebagai berikut :

- Amandemen PSAK 4 "Laporan Keuangan Tersendiri tentang Metode Ekuitas Dalam Laporan Keuangan Tersendiri".

2. SUMMARY OF ACCOUNTING POLICIES**a. Statement of Compliance**

The financial statements of PT Bio Farma (Persero) for the year ended December 31, 2016 and 2015 have been prepared in accordance with Financial Accounting Standards in Indonesia and have met all its requirements.

b. Basis for Preparation of the Financial Statements

The measurement basis in preparing the financial statements is 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.

Statement of cash flows is prepared using the direct method by classifying cash flows into operating, investing and financing activities.

c. Amendments and Improvements of PSAKs and ISAKs

In 2015, the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK IAI) has issued the improvement and amendment on several PSAKs, as well as issued a new ISAK which is relevant and effective for the period started from or after January 1, 2016, as follows:

- Amendment PSAK 4 "Separate Financial Statements regarding the Equity Method in Separate Financial Statements".

2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)**c. Perubahan Pernyataan Standar Akuntansi Keuangan (PSAK) dan Interpretasi Standar Akuntansi Keuangan (ISAK).**

- Amandemen PSAK 16 "Aset Tetap tentang Klarifikasi Metode Yang Diterima Untuk Penyusutan dan Amortisasi".
- Amandemen PSAK 19 "Aset Takberwujud tentang Metode Yang Diterima Untuk Penyusutan dan Amortisasi".
- Amandemen PSAK 24 "Imbalan Kerja tentang Program Iuran Pasti : Iuran Pekerja".
- PSAK 5 (Penyesuaian 2015) "Segmen Operasi".
- PSAK 7 (Penyesuaian 2015) "Pengungkapan Pihak-Pihak Berelasi".
- PSAK 13 (Penyesuaian 2015) "Properti Investasi".
- PSAK 16 (Penyesuaian 2015) "Aset Tetap".

- PSAK 19 (Penyesuaian 2015) "Aset Takberwujud".
- PSAK 13 (Penyesuaian 2015) "Properti Investasi".
- PSAK 25 (Penyesuaian 2015) "Kebijakan Akuntansi, Perubahan Estimasi Akuntansi dan Kesalahan".
- PSAK 68 (Penyesuaian 2015) "Pengukuran Nilai Wajar".

Penerapan standar-standar tersebut tidak mempunyai pengaruh material terhadap jumlah-jumlah dan pengungkapan dalam laporan keuangan Perusahaan.

Amandemen dan penyesuaian standar dan interpretasi baru yang berlaku efektif untuk periode yang dimulai pada atau setelah 1 Januari 2017 dan 2018

- Amandemen PSAK 1 "Penyajian Laporan Keuangan Tentang Prakarsa Pengungkapan".
- ISAK 31 Interpretasi atas Ruang Lingkup PSAK 13 "Properti Investasi".
- Amandemen PSAK 65 "Laporan Keuangan Konsolidasian tentang Entitas Investasi : Penerapan Pengecualian Konsolidasi".
- PSAK 69 "Agrikultur" (berlaku efektif 1 Januari 2018)

Perusahaan sedang mengevaluasi penerapan standar-standar akuntansi tersebut dan belum menentukan dampaknya terhadap laporan keuangan.

d. Penentuan Tingkat Materialitas Suatu Pos

Berdasarkan SM-S15 Pedoman Akuntansi Keuangan sebagai ukuran objektif, suatu akun dinyatakan material dan karenanya harus disajikan tersendiri di dalam laporan keuangan jika:

- 5 % dari jumlah seluruh aset untuk akun-akun aset;
- 5 % dari jumlah seluruh kewajiban untuk akun-akun kewajiban;
- 5 % dari jumlah seluruh ekuitas untuk akun-akun ekuitas;
- 10 % dari pendapatan untuk akun-akun laba rugi; dan
- 10 % dari laba sebelum pajak untuk pengaruh suatu peristiwa atau transaksi seperti perubahan estimasi akuntansi.

e. Transaksi dan Saldo dalam Mata Uang Asing

Mata uang pelaporan yang digunakan dalam penyusunan laporan keuangan ini adalah Rupiah. Transaksi dalam mata uang asing dijabarkan dalam mata uang Rupiah dengan menggunakan kurs pada tanggal transaksi.

2. SUMMARY OF ACCOUNTING POLICIES (continued)**c. Amendments and Improvements of PSAKs and ISAKs**

- Amendment PSAK 16 "Property, Plant, and Equipment regarding the Clarification of the Acceptable Methods of Depreciation and Amortization".
- Amendment PSAK 19 "Intangible Assets regarding the Clarification of the Acceptable Methods of Depreciation and Amortization".
- Amendment PSAK 24 "Employee Benefits regarding the Contribution Benefit Plans: Contribution from Employees".
- PSAK 5 (Improvement 2015) "Operating Segments"
- PSAK 7 (Improvement 2015) "Disclosures of Related Parties".
- PSAK 13 (Improvement 2015) "Investment Property."
- PSAK 16 (Improvement 2015) "Property, Plant and Equipment".
- PSAK 19 (Improvement 2015) "Intangible Assets."
- PSAK 13 (Improvement 2015) "Investment Property."
- PSAK 25 (Improvement 2015) "Accounting Policies, Change in Accounting Estimates."
- PSAK 68 (Improvement 2015) "Fair Value Measurement."

The implementation of these standards did not have a material effect to the amounts and disclosures in the Company financial statements.

Improvements and Amendments of standard and new interpretation that will be effective for the period started from or after January 1, 2017 and 2018:

- Amendment PSAK 1 "Presentation of Financial Statements Disclosures About Initiative"
- ISAK 31 Interpretation of the Scope of PSAK 13 "Investment Property."
- Amendment PSAK 65 "Consolidated Financial Statements of Investment Entities: Application of Consolidation Exception."

PSAK 69 "Agriculture." (will be effective january 1, 2018)

The Company is evaluating the implementation of accounting standards and has not determined the impact on the financial statements.

d. Determination of Materiality Level

Based on SM-S15 Financial Accounting Guide as the objective measurement, an account is considered material and, therefore, is presented separately in the financial statements if

- 5% of total assets for asset accounts;
- 5% of total liabilities for liability accounts:
- 5% of total equity for equity accounts;
- 10% of revenues for profit and loss accounts; and
- 10% of income before taxes for the effect of an event or transaction.

e. Foreign Currency Transactions and Balances

The reporting currency used in the preparation of these financial statements is Rupiah. Transactions involving foreign currencies are translated to Rupiah at the rates of exchange prevailing at the transaction date.

2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)

Pada akhir periode pelaporan keuangan, aset dan liabilitas moneter dalam mata uang asing dijabarkan dalam mata uang Rupiah dengan menggunakan kurs tengah Bank Indonesia yang berlaku pada tanggal tersebut, sebagai berikut :

	31 Desember 2016	31 Desember 2015
Dollar Amerika Serikat (USD)	13.436,00	13.795,00
EURO (EUR)	14.161,55	15.069,67
Dollar Singapore (SGD)	9.298,92	9.751,19
Dollar Australia (AUD)	9.724,31	10.064,16
Yen Jepang (JPY)	115,40	114,52
Poundsterling Inggris (GBP)	16.507,51	20.451,11
Danish Krone Denmark (DKK)	1.905,09	2.019,32
Frank Swiss (CHF)	13.177,76	13.951,29

Keuntungan atau kerugian yang timbul dari penjabaran aset dan liabilitas keuangan dalam mata uang asing diakui dalam laporan laba rugi dan penghasilan komprehensif lainnya tahun berjalan.

f. 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. Derivatif diklasifikasikan sebagai aset diperdagangkan kecuali telah ditetapkan dan efektif sebagai instrumen lindung nilai.

Pada 31 Desember 2016, tidak ada aset keuangan Perusahaan 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 menggunakan metode suku bunga efektif.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

At the end of the financial reporting period, monetary assets and liabilities in foreign currencies are translated into Rupiah by using the prevailing Bank Indonesia middle rate on such date, as follows:

United States Dollar (USD)
EURO (EUR)
Singapore Dollar (SGD)
Dollar Australia (AUD)
Japan Yen (JPY)
Poundsterling (GBP)
Danish Krone Denmark (DKK)
Frank Swiss (CHF)

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.

f. 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 statement of profit or loss

Financial assets measured at fair value through statement of 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 profit or loss. Derivatives are also categorized as held-for-trading, unless they are designated and effective as hedging instruments.

As of December 31, 2016, 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 method.

2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)**f. Aset dan Liabilitas Keuangan (lanjutan)****Aset Keuangan (lanjutan)**

Penyisihan piutang ragu-ragu dibentuk berdasarkan evaluasi manajemen terhadap tingkat ketertagihan saldo piutang. Pencatatan atas penyisihan piutang ragu-ragu dilakukan pada setiap triwulan. Piutang dihapuskan dalam periode ketika piutang tersebut dipastikan tidak dapat tertagih.

Pada tanggal 31 Desember 2016, aset keuangan Perusahaan yang diklasifikasikan sebagai pinjaman yang diberikan dan piutang terdiri dari Kas dan Setara Kas, Piutang Usaha dan Piutang Lain-Lain.

(iii) Investasi yang dimiliki hingga jatuh tempo

Investasi yang dimiliki hingga jatuh tempo adalah aset keuangan 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 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 31 Desember 2016, tidak ada aset keuangan Perusahaan 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 dan 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 atau 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 atau kerugian yang timbul dari perubahan nilai tukar.

2. SUMMARY OF ACCOUNTING POLICIES (continued)**f. Financial Assets and Liabilities (continued)****Financial Assets (continued)**

Provision for impairment of receivables is determined based on management's estimate to collected level of the receivable balances. This provision is recorded on a quarterly basis. Receivables are written off in the period when they are determined to be uncollectable.

As of December 31, 2016, the Company's financial assets that are classified as loans and receivables consist of cash and cash equivalent, accounts receivables, and other receivables.

(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 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.

As of December 31, 2016, the Company has no financial asset 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 liquidity needs or changes in interest rates or foreign exchanges, or which are not classified as loans or receivables, investments that are classified as held to maturity, or financial assets that measured 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 or 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 acquisition cost of a non-temporary and gains or losses arising from changes in exchange rate.

2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)**f. Aset dan Liabilitas Keuangan (lanjutan)**

Pada 31 Desember 2016, tidak ada aset keuangan Perusahaan 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. 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 2016 dan 2015 Perusahaan tidak memiliki liabilitas keuangan yang diukur pada nilai wajar melalui laporan laba rugi.

- (ii) Liabilitas keuangan 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 2016 dan 2015, Perusahaan mempunyai utang usaha, biaya masih harus dibayar, dan liabilitas lancar lainnya yang diklasifikasikan sebagai liabilitas keuangan yang diukur dengan biaya perolehan diamortisasi.

Estimasi Nilai Wajar

Nilai wajar instrumen keuangan yang diperdagangkan di pasar aktif ditentukan berdasarkan harga pasar kuotasian (*quoted price*) 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 tersebut 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 keterlibatan berkelanjutan atas kendali yang masih dimiliki tidak mencegah penghentian pengakuan. Liabilitas keuangan dihentikan pengakuannya ketika dilepaskan atau dibatalkan atau kadaluwarsa.

2. SUMMARY OF ACCOUNTING POLICIES (continued)**f. Financial Assets and Liabilities (continued)**

As of December 2016, the Company has no financial asset classified as available for sale.

Financial Liabilities

Financial liabilities are classified in categories of :

- (i) Financial liabilities measured at fair value through profit or loss.

Financial liabilities measured at fair value through profit or loss are financial liabilities held for trading. 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 2016 and 2015, the Company has no financial liabilities measured at fair value through statement of profit or loss.

- (ii) Financial liabilities measured at amortized cost.

Financial liabilities that are not classified as financial liabilities at fair value through profit or loss fall into this category and measured at amortized cost using the effective interest rate method.

In 2016 and 2015, the Company has trade payables, accrued expenses and other current liabilities are classified as financial liabilities at amortized cost.

Estimation of Fair Value

Fair value of financial instruments that are traded in active markets is determined based on quoted market price at the reporting date.

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 fair value of other financial instruments that are substantially similar, and 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 redeemed or expired.

2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)**f. Aset dan Liabilitas Keuangan (lanjutan)****Penurunan Nilai dari 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. 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 menggunakan suku bunga efektif.

g. Transaksi Dengan Pihak-pihak Berelasi

Perusahaan mempunyai transaksi dengan pihak-pihak berelasi. Definisi pihak-pihak berelasi adalah orang atau entitas yang terkait dengan entitas yang menyiapkan laporan keuangannya, sesuai dengan PSAK No.7 (Penyesuaian 2015).

Sifat hubungan dengan pihak-pihak berelasi antara lain sebagai berikut:

- Pemerintah RI yang diwakili oleh Menteri BUMN yang merupakan pemegang saham Perusahaan, dan BUMN lain yang memiliki hubungan afiliasi melalui Penyertaan Modal Pemerintah.
- Perusahaan menempatkan dana atau memiliki pinjaman dana pada bank yang dimiliki oleh Pemerintah atau BUMN/D dengan persyaratan dan tingkat bunga normal sebagaimana yang berlaku untuk nasabah pihak ketiga.
- Mempunyai anggota pengurus (komisaris dan direksi) yang sama dengan Entitas Anak.
- Perusahaan mengadakan perjanjian dalam rangka usaha dengan BUMN lain maupun Entitas Anak BUMN serta badan/lembaga-lembaga Pemerintah.

h. Persediaan**1. Penilaian Persediaan**

Nilai persediaan dinyatakan dalam laporan posisi keuangan sebesar yang lebih rendah antara biaya dan nilai realisasi neto. Biaya persediaan ditentukan dengan metode rata-rata bergerak atau rata-rata sederhana bergantung pada jenis persediaan. Nilai realisasi neto merupakan estimasi harga jual persediaan dalam kegiatan usaha biasa dikurangi estimasi biaya untuk menyelesaikan dan estimasi biaya untuk melakukan penjualan.

2. SUMMARY OF ACCOUNTING POLICIES (continued)**f. Financial Assets and Liabilities (continued)****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. 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.

g. Transactions with Related Parties

The Company has transactions with related parties. The definition of related party is a person or entity related to the entity that is preparing its financial statements in accordance with PSAK 7 (Improvement 2015).

The nature of the relationship with related parties are as follows:

- Government of the Republic of Indonesia represented by the Minister for State-Owned Enterprises as the shareholder of the Company, and other state-owned Companies that have affiliated relationships through government investments.
- The Company invests its funds at or has loans from banks owned by the government or state/provincial-owned companies 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 or their subsidiaries, and Government institutions or agencies.

h. Inventories**1. Inventory valuation**

Inventory value stated in the financial position statement is lower between cost and net realizable value. Inventory cost is determined by the method of moving average or simple average depend on the type of inventory. Net realizable value is the estimated selling price of inventory in the ordinary business activities less the estimated costs to make and completes the sale of inventories.

2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)**h. Persediaan (lanjutan)****2. 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 (*present location and condition*), kecuali untuk persediaan produk dalam proses dicatat sebesar persentase beban pokok barang dalam proses terhadap beban pokok barang jadi, yaitu :

- Produk dalam proses untuk barang curah (*bulk*) penilaiannya disamakan antara 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 dikurangi persentase produk *reject* saat dikemas, sebagaimana tertuang dalam Nota Dinas Direksi No.07841/DIR/XII/2010 tanggal 8 Desember 2010.

3. Persediaan Bahan Baku, Penolong dan Perlengkapan

Persediaan bahan baku, penolong dan perlengkapan ditentukan dengan menggunakan metode rata-rata bergerak (*moving average method*).

4. Persediaan Produk Dalam Proses

Biaya persediaan produk dalam proses dihitung setiap triwulan berdasarkan beban pokok produksi terapan dengan menggunakan metode rata-rata sederhana.

Persediaan produk 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.

5. Persediaan Produk Jadi

Persediaan produk jadi terdiri dari persediaan produk perusahaan dan persediaan barang dagangan. Biaya persediaan produk Perusahaan ditentukan dengan menggunakan metode rata-rata sederhana, sedangkan biaya persediaan barang dagangan ditentukan dengan metode rata-rata bergerak.

6. Persediaan Dalam Perjalanan

Persediaan dalam perjalanan adalah 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 ACCOUNTING POLICIES (continued)**h. Inventories (continued)****2. Cost of Inventory**

Cost of the inventories, 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 less the percentage of reject products incurred at packaging, as stated in the Directors Memorandum No.07841/DIR/XII/ 2010 dated December 8, 2010.

3. Raw Materials, Auxiliary Materials and Supplies

Raw and auxiliary materials and supplies are stated using the moving average method.

4. Work In Process

Work in process inventories are computed at quarterly basis based on the applied production cost and using a simple average method .

Work in process inventory consists 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.

5. Finished Goods

Inventories consists of finished goods of the company's products and merchandise inventory. Cost of the Company's products are determined using the simple average method, while the cost of merchandise inventories is determined by the moving-average method.

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)**h. Persediaan (lanjutan)****7. Persediaan dalam Karantina**

Persediaan dalam karantina merupakan persediaan bahan baku, bahan penolong, perlengkapan maupun barang dagangan yang pada akhir periode pelaporan barangnya sudah diterima atau tiba di Perusahaan, tetapi belum memenuhi syarat penyerahan barang karena belum lulus uji. Persediaan dalam karantina dikelompokkan ke kelompok Aset Lancar Lainnya.

8. Penurunan Nilai Persediaan

Penurunan nilai persediaan menjadi sebesar nilai realisasi bersih diakui sebagai beban dalam periode terjadinya penurunan nilai. Pemulihan kembali nilai persediaan setelah terjadi penurunan nilai diakui sebagai pengurangan beban dalam periode terjadinya pemulihan.

Provisi untuk penurunan nilai persediaan diakui jika nilai tercatat melebihi nilai realisasi neto. Provisi ditentukan berdasarkan estimasi penggunaan atau penjualan masing-masing jenis persediaan pada masa depan.

i. Aset Tetap**1. Pengukuran Aset Tetap Selain Tanah**

Aset tetap pemilikan langsung, kecuali tanah, dinyatakan sebesar biaya perolehannya dikurangi akumulasi penyusutan dan penurunan nilai. Aset tetap, kecuali Tanah, disusutkan sesuai tabel berikut:

Kelompok Aset Tetap	Metode Penyusutan <i>Depreciation Method</i>	Manfaat Keekonomian <i>Economic Benefit</i>
Bangunan	Garis Lurus	10 - 20 tahun
Inventaris Pabrik	Saldo Menurun	8 - 16 tahun
Inventaris Kantor	Saldo Menurun	4 - 8 tahun
Inventaris Lainnya	Saldo Menurun	8 - 16 tahun
Kendaraan Bermotor	Saldo Menurun	4 - 5 tahun

Pengeluaran setelah perolehan untuk menjaga manfaat keekonomian aset tetap diakui sebagai beban pada saat terjadinya. Pengeluaran yang dapat meningkatkan manfaat keekonomian dimasa yang akan datang dan bernilai material dikapitalisasi.

2. Perubahan Model Pengukuran Aset Tetap Tanah

Kebijakan akuntansi untuk aset tetap kelompok Tanah didasarkan model revaluasi secara prospektif. Nilai Tanah per 31 Desember 2016 adalah sebesar jumlah revaluasi yang dilakukan pada 31 Desember 2015. Selisih yang timbul akibat revaluasi diakui dalam penghasilan komprehensif lain dan dalam ekuitas sebagai surplus revaluasi aset tetap. Surplus revaluasi akan dialihkan ke saldo laba ketika aset tersebut dihentikan pengakuannya.

3. Aset Dalam Pembangunan

Aset dalam pembangunan disajikan tersendiri dalam kelompok aset tetap dan dinyatakan sebesar biaya perolehan. Akumulasi biaya perolehan dipindahkan ke masing-masing aset tetap yang bersangkutan pada saat aset tersebut selesai dikerjakan dan siap digunakan.

2. SUMMARY OF ACCOUNTING POLICIES (continued)**h. Inventories (continued)****7. Inventory in Quarantine**

Inventories in quarantine are raw materials, auxiliary materials, supplies, or merchandises that have received by the Company at the end of reporting period but they have not met the delivery terms yet because they are still in the test process. Inventories in quarantine are classified into Other Current Assets.

8. Impairment of Inventory

Impairment of inventory value to be as net realizable value is recognized as expense in the period in which it is incurred. The recovery of inventory value after impairment is recognized as expense reduction in the period in which it is incurred.

Provision for impairment of inventories is recognized if the carrying value exceeds the net realizable value. Provisions are determined based on estimated usage or sale of each inventory item in the future.

i. Property, Plant and Equipment (PPE)**1. Measurement of PPE Unless Land**

Direct ownership of PPE, unless land, are stated at acquisition cost less accumulated depreciation and impairment. PPE, unless land, are depreciated according to the following table:

Tarif Penyusutan <i>Depreciation Rate</i>	Category of PPE
5 % - 10 %	Building
12,5 % - 25 %	Factory Equipment
25 % - 50 %	Office Equipment
12,5 % - 25 %	Others Equipment
25 % - 50 %	Vehicle

Expenditures after acquisition to maintain economic benefit of a fixed asset are expensed as they are incurred. Expenditures that improve economic benefit in the future and material are capitalized.

2. Change of Measurement Model for Land

Accounting policy for all lands based on prospective revaluation model. At the reporting date December 31, 2016, the carrying value of lands is stated at revaluation amount at December 31, 2015. The difference between their cost and revaluation amount is recognized as revaluation surplus of fixed assets, and presented in both other comprehensive income and equity. The amount of revaluation surplus will be transferred to profit or loss when the asset is terminated.

3. Asset in Construction

Fixed assets in construction are presented separately as part of fixed assets and are stated at cost. The accumulated costs of construction will be reclassified to the respective fixed asset when it is complete or ready for use.

2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)**i. Aset Tetap (lanjutan)****4. Aset Tetap Tidak Produktif**

Aset tetap yang sudah tidak dapat digunakan lagi karena rusak atau usang dikeluarkan dari kelompok aset tetap dan disajikan pada pos aset tetap tidak produktif dalam kelompok aset tidak lancar lainnya sebesar nilai wajarnya. Jika akan dijual dalam periode pendek maka aset tersebut disajikan dalam kelompok aset lancar sebesar nilai wajarnya. Keuntungan atau kerugian yang timbul diakui sebagai beban pada periode terjadinya.

Penghapusbukuan aset tetap dilakukan setelah mendapat persetujuan pemegang saham dalam RUPS atau Dewan Komisaris.

j. 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 menggunakan metode garis lurus selama masa manfaat 4 (empat) tahun.
2. Biaya pengembangan *upstream* vaksin flu meliputi biaya-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 menggunakan metode garis lurus selama masa manfaat 8 (delapan) tahun.

k. 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).

l. Beban Penelitian, Pengembangan dan Surveilans

Biaya - biaya yang dikeluarkan dari tahapan penelitian (atau tahapan penelitian pada proyek internal) uji klinis, surveilans produk dan lingkungan serta pemantauan produk yang sudah dijual di pasar.

m. 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. 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. SUMMARY OF ACCOUNTING POLICIES (continued)**i. Property, Plant and Equipment (PPE) (continued)****4. Unproductive Fixed Assets**

Unused fixed assets because of damage or obsolete are disposed from fixed assets section, and are presented at their fair value in other non-current assets section. These assets are reclassified to current assets at their fair value when they will be sold in the short period. Gain or loss incurred is recognized as expenses in the period of incurred.

Unproductive assets are written off by approval from Shareholders in Shareholders General Meeting or Boards of Commissioners.

j. 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 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 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.

k. Revenue and Expense Recognition

Revenues are recognized when the transaction incurred, which is the deliver of goods or services to customers have been completed. Expenses are recognized as incurred (the accrual method).

l. Research, Development and Surveillance Expenses

Expenses used in research phases (or research phases at internal research projects), clinical trial, product and environmental surveillance for monitoring of sold products as well.

m. 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. Current tax is recognized based on taxable income for the year, in accordance with current tax regulations.

Corrections of tax liabilities are recognized when tax assessment letter (SKP) is received, or if the Company appealed, when the result of the appeal is determined.

2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)**n. Imbalan Kerja**

Perusahaan melaksanakan imbalan manfaat karyawan dan menyelenggarakan program pensiun/imbalan pasca kerja karyawan sesuai dengan Undang-Undang Nomor 13 Tahun 2003 tentang Ketenagakerjaan. Program pensiun karyawan dikelola oleh Dana Pensiun Lembaga Keuangan (DPLK) PT Asuransi Jiwasraya. Perusahaan membukukan imbalan manfaat karyawan lainnya untuk karyawan sesuai dengan Undang-Undang tersebut.

Perusahaan mengakui beban dan liabilitas imbalan pascakerja dan imbalan jangka panjang lainnya sesuai dengan PSAK 24 (Revisi 2013) "Imbalan Kerja".

Perhitungan beban jasa kini, jasa lalu dan nilai kini kewajiban imbalan pasca kerja dan imbalan jangka panjang lainnya dilakukan oleh aktuaris independen dengan menggunakan metode "projected unit credit".

Perusahaan mengakui komponen biaya imbalan pasti sebagai berikut :

- a. Biaya jasa dan bunga neto atas liabilitas (aset) imbalan pasti dalam laba rugi; dan
- b. Keuntungan dan kerugian aktuarial dan imbal hasil atas aset program dalam penghasilan komprehensif lain.

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 2015-2017 pasal 66, yaitu 15% dari gaji dasar dengan komposisi 60% ditanggung oleh pemberi kerja sedangkan 40% ditanggung oleh karyawan masing-masing.

o. Pendapatan Hibah

Sejak 1 Januari 2011, Perusahaan melakukan penerapan lebih awal terhadap PSAK 61 "Akuntansi Hibah Pemerintah dan Pengungkapan Bantuan Pemerintah" sehubungan dengan diberlakukannya PSAK 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 dan penghasilan komprehensif lain dalam pos umum seperti "penghasilan lain-lain" atau alternatif pengurang dalam beban terkait.

Hibah diakui dalam laba rugi dengan dasar yang sistematis selama periode entitas mengakui sebagai beban atas biaya terkait yang dimaksudkan akan dikompensasikan dengan

2. SUMMARY OF ACCOUNTING POLICIES (continued)**n. Employee Benefits**

The Company performs employee benefits and has a pension plan/postretirement benefits in accordance with labor law No.13 Year 2003 "Employment". The pension plan is managed by PT Asuransi Jiwasraya, a financial institution of pension fund ("DPLK"). The company posts another employee rewards in accordance with the Act.

The Company recognizes expense and postretirement benefit and other long-term benefit liabilities in accordance with the PSAK 24 (Revised 2013) "Employee Benefits".

The calculation of current and past service costs and present value of postretirement and other long-term benefits are conducted by an independent actuary using "projected unit credit" method.

The Company recognizes the following defined benefit cost components :

- a. Service cost and net interest on defined benefit liability (asset) in profit or loss, and
- b. Actuarial gain or loss and return on plan assets in other comprehensive income.

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 that stipulated in the agreement between the Company and the Association of the Company's Employees (HIKA) for the period of 2015-2017 article 66, which 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.

o. 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 assets. Grants related to income are presented in the statement of profit or loss and other comprehensive income in a general heading such as "other income", or as reduction of the related costs.

Grants are recognized in profit or loss with a systematic basis during the period the entity recognizes as expense the related costs that will compensated with the grants.

2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)**p. Penggunaan Estimasi**

Penyusunan laporan keuangan sesuai dengan prinsip akuntansi yang berlaku umum, mensyaratkan Perusahaan untuk memakai estimasi-estimasi dan asumsi-asumsi yang mempengaruhi jumlah-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.

Sejak 1 Januari 2011, Perusahaan telah mengadopsi PSAK 57 (Revisi 2009) "Provisi, Liabilitas Kontinjensi, dan Aset Kontinjensi", yang efektif untuk periode pelaporan keuangan yang dimulai pada atau setelah 1 Januari 2011 dan diterapkan secara prospektif.

Penyusunan laporan keuangan mengharuskan manajemen untuk membuat taksiran dan asumsi yang mempengaruhi jumlah aset dan liabilitas dan pengungkapan aset dan liabilitas kontinjensi pada tanggal laporan keuangan serta jumlah pendapatan dan beban yang dilaporkan selama periode pelaporan. Pos-pos signifikan yang terkait dengan taksiran dan asumsi antara lain termasuk, nilai tercatat aset tetap, aset takberwujud dan penyisihan untuk piutang. Hasil aktual dapat berbeda dari taksiran tersebut.

2. SUMMARY OF ACCOUNTING POLICIES (continued)**p. 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.

Since January 1, 2011, the Company adopted PSAK 57 (Revised 2009) "Provision, Contingent Liability, and Contingent Asset" that was effective for the financial reporting periods beginning on or after January 1, 2011 and applied prospectively.

The preparation of financial statement requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of financial reporting. The significant accounts related to the estimates and assumptions include carrying value of fixed assets and intangible assets and allowance for uncollectible receivables. The actual results might possibly be different from these estimates.

3. KAS DAN SETARA KAS

	31 Desember 2016 December 31, 2016
Kas	189.469.748
Bank	
Pihak Berelasi - Rupiah	
PT Bank Mandiri (Persero) Tbk	4.652.564.844
PT Bank Negara Indonesia (Persero) Tbk	963.195.298
PT Bank Jabar Banten Tbk	356.476.633
Lembaga Pembiayaan Ekspor Indonesia	702.082.538
PT Bank Rakyat Indonesia (Persero) Tbk	4.192.935.828
Pihak Berelasi - Valas	
PT Bank Mandiri (Persero) Tbk	
2016 : USD 5,833,970.30	78.385.224.951
2015 : USD 16,656,140.82	
PT Bank Mandiri (Persero) Tbk	
2016 : EUR 5,596,645.06	79.257.168.849
2015 : EUR 7,127,955.08	
PT Bank Negara Indonesia (Persero) Tbk	
2016 : USD 45,068.76	605.543.859
2015 : USD 45,086.30	
Lembaga Pembiayaan Ekspor Indonesia	
2016 : USD 439,669.57	5.907.400.343
2015 : USD 122,596.26	
PT Bank BRI (Persero) Tbk	
2016 : USD 51,196.53	687.876.577
	<u>175.710.469.720</u>
Sub Jumlah Kas dan Bank	<u>175.899.939.468</u>

3. CASH AND CASH EQUIVALENTS

	31 Desember 2015 December 31, 2015	
	182.759.333	Cash
		Bank
		Related Parties - Rupiah
		PT Bank Mandiri (Persero) Tbk
	5.246.858.764	PT Bank Negara Indonesia (Persero) Tbk
	420.464.428	PT Bank Jabar Banten Tbk
	869.406.146	Lembaga Pembiayaan Ekspor Indonesia
	306.561.705	PT Bank Rakyat Indonesia (Persero) Tbk
	411.050.060	Related Parties - US Dollar
		PT Bank Mandiri (Persero) Tbk
		2016 : USD 5,833,970.30
	229.771.462.612	2015 : USD 16,656,140.82
		PT Bank Mandiri (Persero) Tbk
		2016 : EUR 5,596,645.06
	107.415.930.830	2015 : EUR 7,127,955.08
		PT Bank Negara Indonesia (Persero) Tbk
		2016 : USD 45,068.76
	621.965.509	2015 : USD 45,086.30
		Lembaga Pembiayaan Ekspor Indonesia
		2016 : USD 439,669.57
	1.691.215.407	2015 : USD 122,596.26
		PT Bank BRI (Persero) Tbk
		2016 : USD 51,196.53
	<u>346.754.915.461</u>	
	<u>346.937.674.794</u>	Total Cash and Bank

PT BIO FARMA (PERSERO)

CATATAN ATAS LAPORAN KEUANGAN

31 Desember 2016 dan 2015

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

PT BIO FARMA (PERSERO)

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

(Expressed in Rupiah, unless otherwise stated)

3. KAS DAN SETARA KAS (lanjutan)

	31 Desember 2016 <u>December 31, 2016</u>
Jumlah pindahan	175.899.939.468
Setara Kas	
Pihak Berelasi	
<i>Deposit on call - Rupiah</i>	
PT Bank Mandiri (Persero) Tbk	87.000.000.000
PT Bank Negara Indonesia (Persero) Tbk	49.000.000.000
PT Bank Rakyat Indonesia (Persero) Tbk	10.000.000.000
<i>Deposito Berjangka - Rupiah</i>	
PT Bank Mandiri (Persero) Tbk	50.000.000.000
PT Bank Negara Indonesia (Persero) Tbk	-
PT Bank Rakyat Indonesia (Persero) Tbk	24.000.000.000
PT BTN Syariah (Persero) Tbk	20.000.000.000
<i>Deposito Berjangka - Valas</i>	
PT Bank Mandiri (Persero) Tbk	
2016: USD 471,300.00	6.332.386.800
2015: USD 471,300.00	-
Pihak Ketiga	
<i>Deposito Berjangka - Rupiah</i>	
PT Bank Jabar Banten Tbk	7.000.000.000
PT Bank Mega	7.000.000.000
PT Bank Mandiri (Persero) Taspen Pos	5.000.000.000
<i>Deposito Berjangka - Valas</i>	
PT Bank Jabar Banten Tbk	
2016: USD 500,000.00	6.718.000.000
Sub Jumlah Setara Kas	<u>272.050.386.800</u>
Jumlah Kas dan Setara Kas	<u>447.950.326.268</u>

Tingkat Bunga Deposito :
Deposit On Call - Rupiah
 Deposito Berjangka : Rupiah
 Deposito Berjangka : US Dollar
 Nisbah Bagi Hasil
 Deposito Bank Muamalat

4,25 % - 5,5 %
 6,75% - 8,75%
 0,5% - 1,25%

3. CASH AND CASH EQUIVALENTS (continued)

	31 Desember 2015 <u>December 31, 2015</u>
	346.937.674.794
Cash Equivalents	
<i>Related Parties</i>	
<i>Deposit on call - Rupiah</i>	
PT Bank Mandiri (Persero) Tbk	92.000.000.000
PT Bank Negara Indonesia (Persero) Tbk	6.000.000.000
PT Bank Rakyat Indonesia (Persero) Tbk	-
<i>Time Deposit - Rupiah</i>	
PT Bank Mandiri (Persero) Tbk	-
PT Bank Negara Indonesia (Persero) Tbk	4.500.000.000
PT Bank Rakyat Indonesia (Persero) Tbk	40.000.000.000
PT BTN Syariah (Persero) Tbk	60.000.000.000
<i>Time Deposit - US Dollar</i>	
PT Bank Mandiri (Persero) Tbk	
2016: USD 471,300.00	-
2015: USD 471,300.00	6.501.583.500
<i>Third Parties</i>	
<i>Time Deposit - Rupiah</i>	
PT Bank Jabar Banten Tbk	-
PT Bank Mega	-
PT Bank Mandiri (Persero) Taspen Pos	-
<i>Time Deposit - US Dollar</i>	
PT Bank Jabar Banten Tbk	
2016: USD 500,000.00	-
Total Cash Equivalents	<u>209.001.583.500</u>
Total Cash and Cash Equivalents	<u>555.939.258.294</u>

Brought forward
Cash Equivalents
Related Parties
Deposit on call - Rupiah
 PT Bank Mandiri (Persero) Tbk
 PT Bank Negara Indonesia (Persero) Tbk
 PT Bank Rakyat Indonesia (Persero) Tbk
Time Deposit - Rupiah
 PT Bank Mandiri (Persero) Tbk
 PT Bank Negara Indonesia (Persero) Tbk
 PT Bank Rakyat Indonesia (Persero) Tbk
 PT BTN Syariah (Persero) Tbk
Time Deposit - US Dollar
 PT Bank Mandiri (Persero) Tbk
 2016: USD 471,300.00
 2015: USD 471,300.00
Third Parties
Time Deposit - Rupiah
 PT Bank Jabar Banten Tbk
 PT Bank Mega
 PT Bank Mandiri (Persero) Taspen Pos
Time Deposit - US Dollar
 PT Bank Jabar Banten Tbk
 2016: USD 500,000.00
Total Cash Equivalents
Total Cash and Cash Equivalents
Interest Rate on Time Deposits
Deposit on Call - Rupiah
Time Deposit - Rupiah
Time Deposits - US Dollar
 Sharing portion of
 Deposit on Muamalat Bank

4. PIUTANG USAHA

	31 Desember 2016 <u>December 31, 2016</u>
Pelanggan Dalam Negeri	
Pihak Berelasi :	
PT Rajawali Nusantara Indonesia	6.991.961.405
PT Indofarma Global Medika	5.288.616.407
PT Perusahaan Perdagangan Indonesia (Persero)	898.855
Jumlah	<u>12.281.476.667</u>
Pihak Ketiga	
PT Merapi Utama Pharma	9.184.354.665
PT Sagi Capri	5.207.137.650
PT Bumi Paradise	-
PT Pamor Baru	250.000.000
Aventis Pharma	137.220.000
Jumlah	<u>14.778.712.316</u>
Sub Jumlah	<u>27.060.188.983</u>

4. TRADE RECEIVABLES

	31 Desember 2015 <u>December 31, 2015</u>
	10.956.104.182
	6.341.950.926
	-
	<u>17.298.055.108</u>
	11.436.314.957
	7.337.007.994
	9.662.400.000
	250.000.000
	-
	<u>28.685.722.950</u>
	<u>45.983.778.058</u>

Domestic Customers
Related Parties
 PT Rajawali Nusantara Indonesia
 PT Indofarma Global Medika
 PT Perusahaan Perdagangan Indonesia (Persero)
 Total
Third Parties
 PT Merapi Utama Pharma
 PT Sagi Capri
 PT Bumi Paradise
 PT Pamor Baru
 Aventis Pharma
 Total
 Sub-total

4. PIUTANG USAHA (lanjutan)

	31 Desember 2016 December 31, 2016
Pelanggan Luar Negeri	
Pihak Ketiga	
UNICEF	
2016 : USD 955,950.00	12.844.144.200
2015 : USD 5,271,110.40	-
Bionet	
2016 : USD 18,061,019.5	242.667.858.002
2015 : USD 19,208,555.65	-
Universal - Exim	
2016 : USD 425,950.00	5.723.064.200
2015 : USD 8,214,387.50	-
Paho	
2015 : USD 27,284.50	-
Arabio	
2015 : USD 604,532.10	-
Hospitec	
2015 : USD 93,000.00	-
WHO	
2015 : USD 38,750.00	-
Sub Jumlah	261.235.066.402
J a s a	677.179.559
Jumlah	288.972.434.944
Dikurangi : Penyisihan Penurunan Nilai	346.011.041
Jumlah Piutang Usaha - Bersih	288.626.423.903

Jumlah piutang usaha berdasarkan umur (tahun) adalah :

	31 Desember 2016 December 31, 2016
Sampai dengan 1 Tahun	288.580.853.841
1 s.d. 2 Tahun	18.037.702
2 s.d. 3 Tahun	281.137.679
3 s/d 4 Tahun	83.874.024
Lebih dari 4 Tahun	8.531.697
Jumlah	288.972.434.944

Mutasi Penyisihan Penurunan Nilai :

	31 Desember 2016 December 31, 2016
Saldo Awal	312.622.025
Penyisihan Kerugian Penurunan Nilai Piutang	49.865.427
Penghapusan Tahun Berjalan	(16.476.412)
Saldo Akhir	346.011.040

Piutang usaha senilai Rp35.000.000.000 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/SP3/30/2016 tanggal 6 Juni 2016 untuk perpanjangan jangka waktu kredit sampai dengan 24 Juni 2017. (catatan 37.h)

Piutang usaha senilai Rp183.496.626.930,24 dijadikan jaminan yang bersifat fidusia atas fasilitas kredit yang diterima dari PT Bank Rakyat Indonesia (Persero) Tbk berdasarkan Surat Persetujuan Perpanjangan Fasilitas Pembiayaan (SPPFP) No.R.II.291-ADK/DKR-2/12/2016, tanggal 1 Desember 2016 untuk jangka waktu kredit sampai dengan 18 Desember 2017. (catatan 37.i)

4. TRADE RECEIVABLES (continued)

31 Desember 2015
December 31, 2015

	31 Desember 2015 December 31, 2015	Overseas Customers
		Third Parties
		UNICEF
		2016 : USD 955,950.00
	72.714.967.968	2015 : USD 5,271,110.40
		Bionet
		2016 : USD 18,061,019.50
	264.982.025.192	2015 : USD 19,208,555.65
		Universal - Exim
		2016 : USD 425,950.00
	113.317.475.563	2015 : USD 8,214,387.50
		Paho
	376.389.678	2015 : USD 27,284.50
		Arabio
	8.339.520.320	2015 : USD 604,532.10
		Hospitec
	1.282.935.000	2015 : USD 93,000.00
		WHO
	534.556.250	2015 : USD 38,750.00
	461.547.869.969	Sub-total
	527.063.374	Services
	508.058.711.401	Total
	312.622.025	Less : Allowance for Impairment
	507.746.089.376	Total Trade Receivables - net

The aging (year) of trade receivables is as follows :

	31 Desember 2015 December 31, 2015	
	507.630.266.684	Up to 1 Year
	313.718.159	1 up to 2 Years
	48.439.375	2 up to 3 Years
	66.287.183	3 up to 4 Years
	-	more than 4 Years
	508.058.711.401	Total

The movements of provision for impairment losses:

	31 Desember 2015 December 31, 2015	
	122.481.675	Beginning Balance
	201.221.055	Provision for Impairment Losses
	(11.080.706)	Written-off
	312.622.025	Ending Balance

Trade receivables amounting to Rp35.000.000.000 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/ SP3/30/2016 dated June 6, 2016 for the extension of loan period until June 24, 2017. (notes 37.h)

Trade receivables amounting to Rp183.496.626.930,24 have been pledged as fiduciary collateral for credit facility obtained from the PT Bank Rakyat Indonesia (Persero) Tbk based on Letter of Approval for Extended Financing Facility No.R.II.291-ADK/DKR-2/12/2016 dated December 1, 2016 for the extension of loan period until December 18, 2017. (notes 37.i)

4. PIUTANG USAHA (lanjutan)

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.

5. PIUTANG LAIN-LAIN

	31 Desember 2016 December 31, 2016
Pihak Berelasi :	
Piutang PT Iglas (Persero)	1.302.637.458
Pihak Ketiga :	
Piutang Lainnya	446.140.212
	1.748.777.670
Dikurangi : Penyisihan Penurunan Nilai	(1.302.637.458)
Jumlah Piutang Lain-Lain	446.140.212
Mutasi Penyisihan Penurunan Nilai :	
	31 Desember 2016 December 31, 2016
Saldo Awal	1.302.637.458
Pemulihan Tahun Berjalan	-
Saldo Akhir	1.302.637.458

6. PERSEDIAAN

	31 Desember 2016 December 31, 2016
Bahan Baku/ Penolong	272.003.212.496
Perlengkapan	756.064.386
Produk Dalam Proses	357.924.068.324
Produk Jadi	81.857.215.656
Barang Dagangan	1.077.050.535
	713.617.611.397
Dikurangi : Penyisihan Penurunan Nilai	5.053.143.454
Jumlah Persediaan-Bersih	708.564.467.943
Mutasi Penyisihan Penurunan Nilai Persediaan :	
	31 Desember 2016 December 31, 2016
Saldo Awal	5.891.672.358
Pembebanan Tahun Berjalan	3.368.325.466
Pemulihan Tahun Berjalan	(4.206.854.370)
Saldo Akhir	5.053.143.454

Persediaan produk jadi dan bahan baku yang rusak atau kadaluarsa tahun berjalan dibebankan pada kelompok beban pokok penjualan di laporan laba rugi dan penghasilan komprehensif lain, kecuali untuk selisih kurang atau lebih harga pokok terapan - aktual dibebankan ke beban (penghasilan) lainnya. Penyisihan dilakukan atas saldo persediaan yang telah dikurangkan dengan yang rusak atau kadaluarsa.

Pada bulan April 2016 World Health Organisation (WHO) mendeklarasikan penghentian penggunaan, pengedaran, penyimpanan dan produksi vaksin polio tipe 2 (trivalent Oral Polio Vaccine/tOPV) secara global terhitung 1 Mei 2016, dan menggantinya dengan bivalent Oral Polio Vaccine (bOPV). Atas putusan tersebut Perusahaan telah mengambil langkah-langkah menghentikan produksi tOPV dan bulk polio tipe 2 serta menarik tOPV dari peredaran dan menggantinya dengan bOPV.

4. TRADE RECEIVABLES (continued)

Management believes that the amount of provision for impairment losses is adequate to cover possible losses from uncollectible trade receivables.

A related party may result in difference terms of the transactions with those of similar transactions to third parties.

5. OTHER RECEIVABLES

	31 Desember 2015 December 31, 2015	
	1.302.637.458	Related Parties : PT Iglas (Persero)
	822.213.060	Third Parties : Others
	2.124.850.518	
	(1.302.637.458)	Less : Allowance for Impairment
	822.213.060	Total Other Receivables
Movement of Allowance for Impairment :		
	31 Desember 2015 December 31, 2015	
	1.302.637.458	Beginning Balance
	-	Bad Debt Recovery
	1.302.637.458	Ending Balance

6. INVENTORIES

	31 Desember 2015 December 31, 2015	
	205.935.635.178	Raw Materials/Auxiliaries
	4.866.037.913	Products in progress
	222.475.046.209	Finished Products
	33.161.706.767	Equipments
	2.010.514.545	Merchandises
	468.448.940.613	
	5.891.672.358	Less: impairment of value
	462.557.268.255	Total Inventories - Net
The movement of provision for impairment		
	31 Desember 2015 December 31, 2015	
	4.056.315.911	Beginning Balance
	4.442.058.615	Provision for the Year
	(2.606.702.168)	Current Year's Impairment Recovery
	5.891.672.358	Ending Balance

Inventories of finished products and raw materials that are damaged or expired at the current year are charged to cost of sales in the group income statement and other comprehensive income, except for the difference of more or less than the cost of applied - the actual charged to operating expenses (income) others. Provision is made for that the balance of inventories was reduced by a damaged or expired.

In April 2016 the World Health Organisation (WHO) declared discontinuation of use, circulation, storage and production of type 2 polio vaccine (trivalent Oral Polio Vaccine / tOPV) globally as of May 1, 2016, and replace it with a bivalent Oral Polio Vaccine (bOPV). Based on the declaration, the Company has taken steps to stop tOPV production and bulk polio type 2 as well as recall tOPV from circulation and replace them with bOPV.

6. PERSEDIAAN (lanjutan)

Pada tanggal laporan posisi keuangan 31 Desember 2016, Perusahaan memiliki persediaan bulk polio tipe 2 sejumlah 2.882,5 liter dengan nilai tercatat sebesar Rp22.214.885.705,00. Pertimbangan manajemen menyimpan bulk polio tipe 2 adalah :

- Diperlukan untuk keperluan produksi sabin Inactivated Polio Vaccine (sIPV).
- Diperlukan sebagai cadangan untuk mendukung program Pemerintah jika terjadi Kejadian Luar Biasa (KLB) / outbreak atau wabah virus polio tipe 2 mengingat wilayah Indonesia masih berisiko tinggi terjadi KLB polio tipe 2.
- Telah mendapat dukungan dari Pemerintah cc. Kementerian Kesehatan Republik Indonesia yang telah meminta kepada WHO melalui representatif di Indonesia agar Perusahaan (PT Bio Farma) diberi wewenang sebagai rekanan nasional stockpile untuk monovalent Oral Polio Vaccine type 2 (mOPV2).
- Diperlukan sebagai cadangan untuk mendukung program WHO jika terjadi outbreak di luar Indonesia mengingat masih ditemukannya indikasi dan outbreak virus polio polio tipe 2 di Afganistan, Pakistan, Laos, Guinea, Nigeria, Chad, dan negara –negara di West Africa serta keterbatasan persediaan IPV.
- WHO telah merekomendasikan Perusahaan untuk komunikasi dengantim WHO Pre Qualification(PQ) dan memproses mOPV2 sesuai prosedur PQ untuk merespon jika terjadi outbreak virus polio tipe 2 di luar Indonesia dan WHO berencana berkunjung ke Perusahaan dan Badan Pengawasan Obat dan Makanan (BPOM) untuk membicarakan hal tersebut pada bulan Maret 2017.

Manajemen berkeyakinan bahwa nilai tercatat persediaan bulk polio tipe 2 sebesar Rp22.214.885.705,00 telah mencerminkan nilai realisasi neto setelah mempertimbangkan aspek kegunaan dan mengkaji jumlah kebutuhannya di masa depan sesuai dengan butir a, b dan d di atas.

Persediaan tahun 2016 telah diasuransikan kepada PT Asuransi Bumiputera Muda 1967 (Polis No.1006010916030001); PT Mandiri AXA General Insurance (Polis No.1030109031600006) dan PT Asuransi Jasa Tania (Polis No.IP050116000033) terhadap semua risiko kecuali gempa bumi berdasarkan suatu paket polis tertentu untuk periode pertanggungan 20 Maret 2016 sampai dengan 20 Maret 2017 dengan total nilai pertanggungan sebesar Rp295.085.709.277,40; Rp158.307.827.897,53 dan Rp104.205.477.536,88.

Manajemen Perusahaan berkeyakinan bahwa nilai pertanggungan asuransi cukup untuk menutup kerugian yang mungkin timbul atas risiko kerugian.

Persediaan barang senilai Rp60.000.000.000 dijadikan jaminan secara fidusia atas fasilitas kredit yang diterima dari Lembaga Pembiayaan Ekspor Indonesia (LPEI) berdasarkan Surat Persetujuan Perpanjangan Fasilitas Pembiayaan (SPPFP) No.PBD/SP3/30/2016 tanggal 6 Juni 2016 untuk perpanjangan jangka waktu kredit sampai dengan 24 Juni 2017. (catatan 73.h)

6. INVENTORIES (continued)

At the statement of financial position date December 31, 2016, the Company has a bulk of polio supply type 2 amounting to 2,882.5 liters with carrying value of Rp.22.214.885.705,00. The considerations of Management to keep the bulk polio supply type 2 are:

- Needed for production purposes sabin Inactivated Polio Vaccine (sIPV).
- Needed as a backup to support the Government in case of Extraordinary Events or an outbreak of polio virus type 2 remember parts of Indonesia are still at high risk of type 2 polio outbreaks.
- Has received the support of the Government of cq. The Ministry of Health of the Republic of Indonesia, which has been requested to WHO through the representative in Indonesia for the Company (PT Bio Farma) was authorized as a national partner stockpile of monovalent Oral Polio Vaccine type 2 (mOPV2).
- Required reserve to support the WHO program if the outbreak outside Indonesia given the discovery of indications and outbreaks of polio virus type 2 polio in Afghanistan, Pakistan, Laos, Guinea, Nigeria, Chad, and the nation-state in West Africa as well as the limited supply of IPV.
- WHO has recommended the Company's to communicate with WHO Pre Qualification (PQ) teams and process mOPV2 according to the PQ procedure to respond in case of outbreak of polio virus type 2 outside Indonesia and WHO plans to visit the Company and the Agency for Food and Drug Administration (BPOM) to talk about it in March 2017.

The Management believes that the carrying value of bulk supplies of type 2 polio amounting to Rp22.214.885.705,00 reflect net realizable value after considering aspects of usability and assess the amount of need in the future in accordance with items a, b and d above.

Inventories in 2016 have been insured to PT Asuransi Bumiputera Muda 1967 (Polis No.1006010916030001); PT Mandiri AXA General Insurance (Polis No.1030109031600006) and PT Asuransi Jasa Tania (Polis No.IP050116000033) against loss by certain policy packages for period March 20, 2016 until march 20, 2017 with coverage value of Rp.295.085.709.277,40; Rp.158.307.827.897,53 and Rp.104.205.477.536,88.

The management believes that the amount of insurance coverage is adequate to cover potential losses from the insured risk.

Inventories amounting to Rp.60.000.000.000 have been made as fiduciary collateral for credit facility obtained from the Indonesia Eximbank (LPEI), based on Letter of Approval of Extended Financing (SPPFP) No.PBD/ SP3/30/2016 dated Juni 6, 2016 for the extension of credit period until June 24, 2017. (notes 37.h)

6. PERSEDIAAN (lanjutan)

Persediaan barang senilai Rp 176.077.094.546,5 dijadikan jaminan yang bersifat fidusia atas fasilitas kredit yang diterima dari PT Bank Rakyat Indonesia (Persero) Tbk berdasarkan Surat Persetujuan Fasilitas Pembiayaan No. R.II.291-ADK/DKR-2/12/ 2016, tanggal 1 Desember 2016 untuk jangka waktu kredit sampai dengan 18 Desember 2017 (catatan 37.i).

7. UANG MUKA

	31 Desember 2016 December 31, 2016
Pembelian Lokal	2.205.788.311
Pembelian Barang Impor	42.995.436.451
Impor Dalam Penyelesaian	7.471.766.551
Uang Muka Kaca Mata	1.700.000
Jasa Produksi	-
Uang Muka Monitoring	1.250.000.000
Uang Muka Diklat	90.500.000
Uang Muka Lainnya	37.100.000
Jumlah	54.052.291.312

Uang Muka pembelian lokal sebesar Rp2.205.788.311 terutama dari pembangunan istal kuda di Cisarua sebesar Rp834.000.000.

Uang muka pembelian barang impor terdiri dari :

	31 Desember 2016 December 31, 2016
Upstream Tetanus Toxoid Vaccine	
Production Equipment	24.046.311.900
Antibody to Poliovirus Type1-3	4.039.000.000
Vaksin MENINGITIS ACYW 0,5 ML	4.010.527.763
Fermentor 150 L (volume 207 L) Complete	
With Accessories	3.835.010.608
Heatmarker VVM2	2.080.865.701
CEDI+Tangki Feed dan Permeated RO	1.122.510.680
Autoclave for Desinfection	849.693.000
Autoclave for Sterilization	808.058.043
Integrated Filling Line 3 Vial	
Integrated Filling Line 4 (Vial Filling Line For PentaBio Liquid Product)	-
Multitray CS 40	-
Heatmaker for OPV	-
Fermentor 150 L	-
Pembelian lainnya	2.203.458.756
Jumlah	42.995.436.451

Uang Muka Impor dalam penyelesaian sebesar Rp7.471.766.551 merupakan pembayaran biaya asuransi, biaya bongkar muat, biaya inklaring, dan pajak terkait proses penanganan barang impor dari pelabuhan dalam negeri ke lokasi Perusahaan.

8. PERPAJAKAN

a. Pajak Dibayar Dimuka

	31 Desember 2016 December 31, 2016
Pajak Pertambahan Nilai - Masukan	225.907.519.874
Pungutan/Potong PPN - Keluaran WAPU	-
PPH Pasal 22	467.020.625
Estimasi PPH Badan	72.442.448.878
Jumlah	298.816.989.377

7. INVENTORIES (continued)

Inventories amounting to Rp.176.077.094.546,5 have been pledged as fiduciary collateral for credit facility obtained from PT Bank Rakyat Indonesia (Persero) Tbk , based on Letter of Approval of Financing (SPPFP) No.R.II.291-ADK/DKR-2/12/ 2016 dated december 1, 2016 for the extension of credit period until December 18, 2017. (notes 37.i)

7. ADVANCES

	31 Desember 2015 December 31, 2015	
	17.309.454.864	Domestic Purchases
	58.096.388.624	Purchases of Imported Goods
	2.293.407.746	Import in Progress
	-	Glasses
	20.142.840.366	Bonuses
	1.600.000.000	Monitoring
	-	Training
	2.911.151.562	Others
Jumlah	102.353.243.161	Total

Advances for local purchase of Rp2.205.788.311 mainly from the construction of stables in Cisarua Rp834.000.000.

Advance for purchases of imported goods consist of :

	31 Desember 2015 December 31, 2015	
	-	Upstream Tetanus Toxoid Vaccine
	4.343.571.504	Production Equipment
	-	Antibody to Poliovirus Type1-3
	-	Vaksin MENINGITIS ACYW 0,5 ML
	-	Fermentor 150 L (volume 207 L)
	-	Complete With Accessories
	-	Heatmarker VVM2
	-	CEDI+Tangki Feed & Permeated RO
	-	Autoclave for Desinfection
	-	Autoclave for Sterilization
	35.897.084.165	Integrated Filling Line 3 Vial
	-	Integrated Filling Line 4 (Vial Filling Line For PentaBio Liquid Product)
	10.789.883.720	Multitray CS 40
	1.540.461.784	Heatmaker for OPV
	1.468.759.444	Fermentor 150 L
	1.431.810.640	Others
	2.624.817.366	
Jumlah	58.096.388.624	

Advances for import in progress amounting of Rp7.471.766.551 represent payments in advance for insurance, unloading, and inklaring expenses and taxes related to the process of handling the imported goods from the port to the Company's location.

8. TAXES

a. Prepaid Taxes

	31 Desember 2015 December 31, 2015	
	239.924.469.571	Value Added Tax (VAT) - Input
	2.771.329.518	Withholding VAT - Output
	24.220.380	Income Tax - Article 22
	-	Income Tax - Article 29
Jumlah	242.720.019.469	Total

8. PERPAJAKAN (lanjutan)

a. Pajak Dibayar Dimuka (lanjutan)

Saldo PPN Masukan per 31 Desember 2016 setelah memperhitungkan restitusi PPN Masa Pajak Juli sampai dengan Desember 2013 sebesar Rp41.919.562.727,00 sesuai Surat Perintah Membayar Kelebihan Pajak (SPMKP) No. 80054/051-00054-2016 tanggal 4 Januari 2016; restitusi PPN Masa Pajak Januari sampai dengan Juni 2014 sebesar Rp40.195.806.361,00 sesuai Surat Perintah Membayar Kelebihan Pajak (SPMKP) No.80055/051-00055-2016 tanggal 10 Pebruari 2016; restitusi PPN Masa Pajak September 2014 sebesar Rp17.784.958.518,00 sesuai Surat Perintah Membayar Kelebihan Pajak (SPMKP) No. 00019/4071/14/051/2016 tanggal 21 Maret 2016 dan restitusi PPN Masa Pajak Desember 2014 sebesar Rp24.891.987.705,00 sesuai Surat Perintah Membayar Kelebihan Pajak (SPMKP) No.80392/051-00392-2016 tanggal 13 September 2016.

Saldo PPN Masukan per 31 Desember 2015 setelah memperhitungkan restitusi PPN Masa Pajak Januari sampai dengan Juni 2013 sebesar Rp28.875.864.464,00 sesuai Surat Perintah Membayar Kelebihan Pajak (SPMKP) No. 80034/051-00034-2015 tanggal 27 Januari 2015.

b. Utang Pajak

	31 Desember 2016 December 31, 2016
PPN Wapu	8.578.384.336
Pajak Penghasilan Final Pasal 4 (2)	302.413.308
Pajak Penghasilan Pasal 21	17.987.801.926
Pajak Penghasilan Pasal 22	407.189.034
Pajak Penghasilan Pasal 23	183.631.313
Pajak Penghasilan Pasal 25	20.164.941.321
Pajak Penghasilan Pasal 29	-
Jumlah	47.624.361.238

c. Manfaat (Beban) Pajak Penghasilan

	31 Desember 2016 December 31, 2016
Pajak Kini	(185.425.250.000)
Manfaat (Beban) Pajak Tangguhan	1.498.194.382
Beban Pajak Penghasilan - Bersih	(183.927.055.618)

d. Rekonsiliasi antara laba komersial dan laba fiskal :

	31 Desember 2016 December 31, 2016
Laba sebelum pajak penghasilan menurut laporan laba rugi	684.968.045.701
Beda Waktu	
Beban imbalan pasca kerja	6.797.917.415
Penyisihan penurunan nilai piutang	33.389.016
Penyisihan nilai persediaan	(838.528.904)
Pemulihan biaya dibayar dimuka	-
Jumlah Beda Waktu	5.992.777.527

8. TAXES (continued)

a. Prepaid Taxes (continued)

The balance of input-Value Added Tax (VAT) as of December 31, 2016 has taken into account the amount of VAT refund for the period of July to December 2013 amounted to Rp41.919.562.727,00, in accordance with Order Letter of Payment of Tax Overpayment (SPMKP) No.80054/05-00054-2016 dated January 4, 2016; VAT refund for the period of January to June 2014 amounted to Rp40.195.806.361,00, in accordance with Order Letter of Payment of Tax Overpayment (SPMKP) No.80055/051-00055-2016 dated February 10, 2016; VAT refund for the period of September 2014 amounted to Rp17.784.958.518,00, in accordance with Order Letter of Payment of Tax Overpayment (SPMKP) No.800019/4071/14/051/2016 dated March 21, 2016; VAT refund for the period of December 2014 amounted to Rp24.891.987.705,00, in accordance with Order Letter of Payment of Tax Overpayment (SPMKP) No.80392/051-00392-2016 dated September 13, 2016.

The balance of input-Value Added Tax (VAT) as of December 31, 2015 has taken into account the amount of VAT refund for the period of January to June 2013 amounted to Rp28.875.864.464, in accordance with Order Letter of Payment of Tax Overpayment (SPMKP) No.80034/051-00034-2015 dated January 27, 2015.

b. Taxes Payable

	31 Desember 2015 December 31, 2015	
	7.604.700.883	Withholding VAT - Output
	733.674.778	Income Tax - Final
	11.426.370.886	Income Tax Article 21
	1.169.311.152	Income Tax Article 22
	349.265.374	Income Tax Article 23
	17.228.940.681	Income Tax Article 25
	8.006.023.428	Income Tax Article 29
Total	46.518.287.182	

c. Income Taxes Benefit (Expense)

	31 Desember 2015 December 31, 2015	
	(232.893.457.000)	Current tax
	4.212.772.294	Deferred Tax Benefit (Expense)
Income Tax Expense - Net	(228.680.684.706)	

d. Reconciliation between commercial and taxable income :

	31 Desember 2015 December 31, 2015	
	899.273.575.951	Income before income tax as shown in statement of profit or loss
		Temporary Differences
	14.825.592.378	Employees benefit expense
	190.140.350	Provision for impairment of receivables
	1.835.356.447	Provision for impairment of inventories
	4.767.416.002	Recovery of prepaid expenses
Total Temporary Differences	21.618.505.177	

8. PERPAJAKAN (lanjutan)

d. Rekonsiliasi antara laba komersial dan laba fiskal :

	31 Desember 2016 December 31, 2016
Beda Permanen	
Tantiem	13.275.000.000
Beban Pajak Lainnya	-
Koreksi pajak dan denda pajak	10.924.295.638
Penghargaan dalam bentuk barang	1.112.146.820
Sumbangan sosial masyarakat	13.358.249.158
Bantuan sosial karyawan, direksi dan komisaris	10.530.780.335
Beban HUT Perusahaan, olah raga dan paket ramadhan	4.166.338.898
Penyusutan mobil direksi (50%)	-
Tunjangan Komunikasi Direksi (50%)	58.684.399
Beban Jamuan Tamu Perusahaan	3.691.586.542
Langganan perpustakaan dan surat kabar	85.896.000
Beban promosi yang tidak dapat dibiayakan	401.303.977
Bunga jasa giro dan deposito yang dikenakan PPh Final	(6.820.215.334)
Penyusutan Mobil Non Direksi	177.486.328
Sewa ruangan dan bagi hasil yang dikenakan PPh Final	(221.375.000)
Jumlah Beda Permanen	50.740.177.761
Laba Kena Pajak	741.701.000.989
Laba Kena Pajak (Dibulatkan)	741.701.000.000
Taksiran Beban Pajak Penghasilan	
25% x 741.701.000.000	185.425.250.000
25% x 931.573.828.000	
Dikurangi : Pajak Dibayar Dimuka	
Pasal 22	15.825.799.593
Pasal 23	62.603.433
Pasal 25	241.979.295.852
	257.867.698.878
(Lebih) Kurang Bayar PPh Badan	(72.442.448.878)

e. Pajak Tangguhan

Rekonsiliasi antara taksiran pajak penghasilan yang dihitung dengan menggunakan tarif pajak yang berlaku sebesar 25% dari laba akuntansi sebelum taksiran beban (manfaat) pajak penghasilan dan beban pajak seperti yang tercantum dalam laporan laba rugi dan penghasilan komprehensif lain tanggal 31 Desember 2016 dan 2015 :

	31 Desember 2016 December 31, 2016
Laba sebelum pajak penghasilan	684.968.045.701
Beban Pajak dengan Tarif Pajak Maksimum	171.242.011.425
Pengaruh Pajak atas Beda Permanen	12.685.044.193
Pemulihan Biaya Dibayar Dimuka	-
Beban Pajak Perusahaan	183.927.055.618
Beban Kini	185.425.250.000
Beban (Manfaat) Pajak Tangguhan	(1.498.194.382)

8. TAXES (continued)

d. Reconciliation between commercial and taxable income :

	31 Desember 2015 December 31, 2015
Permanent Different Management bonus	16.540.204.371
Other tax expenses	24.333.750
Tax and tax penalty corrections	352.238.893
Rewards in goods	341.701.090
Public social donations	4.497.462.006
Social aids for employee, directors and commissioners	13.869.376.472
The Company's anniversary, sports and ramadhan packages	3.880.861.129
Depreciation of Director's Cars (50%)	84.590.964
Director's Communication Allowance	80.877.904
Entertainment	4.884.585.811
Subscription of newspapers and library	131.912.199
Non-deductible promotions	2.861.087.000
Interests of bank deposits accounts subject to final tax	(36.901.605.304)
Depreciation of Cars	277.458.863
Room rent and profit sharing subject to final tax	(243.337.500)
Total Permanent Differences	10.681.747.647
Taxable Income	931.573.828.776
Taxable Income (rounded-off)	931.573.828.000

Permanent Different Management bonus	16.540.204.371
Other tax expenses	24.333.750
Tax and tax penalty corrections	352.238.893
Rewards in goods	341.701.090
Public social donations	4.497.462.006
Social aids for employee, directors and commissioners	13.869.376.472
The Company's anniversary, sports and ramadhan packages	3.880.861.129
Depreciation of Director's Cars (50%)	84.590.964
Director's Communication Allowance	80.877.904
Entertainment	4.884.585.811
Subscription of newspapers and library	131.912.199
Non-deductible promotions	2.861.087.000
Interests of bank deposits accounts subject to final tax	(36.901.605.304)
Depreciation of Cars	277.458.863
Room rent and profit sharing subject to final tax	(243.337.500)
Total Permanent Differences	10.681.747.647
Taxable Income	931.573.828.776
Taxable Income (rounded-off)	931.573.828.000

Estimated Income Tax Expense

25% x 741.701.000.000	
25% x 931.573.828.000	232.893.457.000

Less : Prepaid Taxes

Article 22	18.079.362.507
Article 23	60.782.894
Article 25	206.747.288.172

Income Tax (Over) Under Payment

e. 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 profit or loss and other comprehensive income for the years ended December 31, 2016 and 2015 are as follows :

	31 Desember 2015 December 31, 2015
Income before income tax	899.273.575.951
Tax Expense based on Maximum Rate	224.818.393.988
Tax Impact on Permanent Differences	2.670.436.718
Prepaid Expense Recovery	1.191.854.000
Corporate Tax Expense	228.680.684.706
Current Tax	232.893.457.000
Deferred Tax Expense (Asset)	(4.212.772.294)

Income before income tax	899.273.575.951
Tax Expense based on Maximum Rate	224.818.393.988
Tax Impact on Permanent Differences	2.670.436.718
Prepaid Expense Recovery	1.191.854.000
Corporate Tax Expense	228.680.684.706
Current Tax	232.893.457.000
Deferred Tax Expense (Asset)	(4.212.772.294)

8. PERPAJAKAN (lanjutan)

e. Pajak Tangguhan

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 aset dan liabilitas pajak tangguhan Perusahaan adalah sebagai berikut:

	2014	Dibebankan ke Laba Rugi Komprehensif/ Charged to Profit or Loss	2015	Dibebankan ke Laba Rugi Komprehensif/ Charged to Profit or Loss	2016	
Aset Pajak Tangguhan						Deferred Tax Asset
Imbalan Kerja	16.503.697.460	3.706.398.095	20.210.095.554	1.699.479.354	21.909.574.908	Employee Benefit
Penyisihan Piutang Ragu-ragu	356.279.783	47.535.088	403.814.871	8.347.254	412.162.125	Impairment of Receivables
Penyisihan Persediaan	1.014.078.978	458.839.112	1.472.918.089	(209.632.226)	1.263.285.863	Impairment of Inventories
Jumlah Aset Pajak Tangguhan	17.874.056.221	4.212.772.294	22.086.828.515	1.498.194.382	23.585.022.896	Total Deferred Tax Asset

9. BIAYA DIBAYAR DIMUKA

	31 Desember 2016 December 31, 2016
Asuransi	3.120.461.278
Sewa	9.016.048.583
Jumlah	12.136.509.861

Asuransi dibayar dimuka terdiri dari :

Asuransi karyawan	156.937.288
Asuransi persediaan	175.199.558
Asuransi kebakaran bangunan dan aset tetap didalamnya	2.780.127.930
Asuransi kendaraan	8.196.503
	3.120.461.278

Asuransi dibayar di muka tersebut merupakan saldo premi asuransi yang diterbitkan oleh PT Asuransi Jiwasraya (Persero), BNI Life, PT Asuransi Parolamas, PT Asuransi Bumiputera Muda 1967, PT Mandiri AXA General Insurance, PT Asuransi Jasa Tania, PT Asuransi Kredit Indonesia dan PT Asuransi Jasa Indonesia (Persero).

Saldo Sewa dibayar dimuka per 31 Desember 2016 sebesar Rp9.016.048.583,25 terutama berasal dari bagian lancar sewa dibayar dimuka yang jatuh tempo di tahun 2017 atas lahan Barang Milik Negara (BMN) aset eks BPPN di Jasinga Bogor sebesar Rp20.821.344.000 dengan jangka waktu sewa selama 3 tahun. Perusahaan menggunakan tanah yang saat ini masih dalam proses PMN tersebut sebagai persiapan rencana pengembangan bisnis perusahaan ke arah life science. Saat ini dilakukan kegiatan CSR sebagai jaring pengaman sosial seperti access to medicine dan pengolahan air bersih, sehingga masyarakat dan pemerintah daerah setempat dapat menerima keberadaan PT Bio Farma (Persero). (lihat catatan 14)

8. TAXES (continued)

e. Deferred Tax

Deferred tax is computed based on the effect of the temporary differences between the carrying amounts of assets and liabilities of their respective tax bases.

Details of the Company's deferred tax assets and liabilities are as follows:

9. PREPAID EXPENSES

	31 Desember 2015 December 31, 2015
Asuransi	2.744.307.875
Sewa	7.418.819.000
Total	10.163.126.875

Insurances

Rents

Total

Prepaid insurance consist of :

Employee insurance

Inventories insurance

Fire of buildings and related fixed assets

Vehicle insurance

These prepaid insurances represent insurance premiums paid in advance to PT Asuransi Jiwasraya (Persero), BNI Life, PT Asuransi Parolamas, PT Asuransi Bumiputera Muda 1967, PT Mandiri AXA General Insurance, PT Asuransi Jasa Tania, PT Asuransi Kredit Indonesia dan PT Asuransi Jasa Indonesia (Persero).

The balance of prepaid rent as of December 31, 2016 amounting to Rp9.016.048.583,25 particularly deals with rental cost of Government-owned land (BMN) ex. BPPN at Jasinga Bogor. The rental cost is of Rp20.821.344.000 for three years. The Company uses the land, which is in the process to be the Government investment in the Company, to prepare its business development plan toward life science. Currently, at this location the Company performs CSR activities as social safety net such as access to medicine and processing clean water, with the result that the local Government and its society accept the existence of the Company. (see notes 14).

10. PENDAPATAN YANG MASIH AKAN DITERIMA

	31 Desember 2016 December 31, 2016
Bunga Deposito	463.705.026
Sewa dan Bagi Hasil	221.375.000
Pendapatan Lainnya YMA diterima	114.977.985
Jumlah	800.058.011

11. ASET LANCAR LAINNYA

	31 Desember 2016 December 31, 2016
Persediaan dalam Perjalanan	3.235.039.000
Persediaan dalam Karantina	34.387.620.196
Persediaan Dalam Proses Penggantian	539.537.034
Jumlah	38.162.196.231

Persediaan dalam karantina berasal dari pembelian bahan baku vaksin dan sera dan bahan perkemasan yang sampai dengan 31 Desember 2016 dan 2015 masih dalam status karantina karena sedang dalam proses pengujian. (Lihat Catatan 2i)

Persediaan dalam perjalanan per 31 Desember 2016 dan 2015 merupakan pembelian impor yang masuk dalam kategori persediaan dalam perjalanan karena pada tanggal tersebut posisinya masih berada di pelabuhan (lihat catatan 2i). Persediaan dalam perjalanan per 31 Desember 2016 merupakan pembelian Impor disposable media bag (ukuran 20 liter).

Persediaan dalam proses penggantian per 31 Desember tahun 2016 terutama dari persediaan bahan kemasan yang dinyatakan tidak lulus uji, supplier telah menyetujui mengganti seluruhnya di tahun 2017.

10. ACCRUED INCOME

	31 Desember 2015 December 31, 2015
Interests on Time Deposits	1.591.887.435
Rent and Profit Sharing	-
Other Incomes	-
Total	1.591.887.435

11. OTHER CURRENT ASSETS

	31 Desember 2015 December 31, 2015
Inventories in Transit	19.527.456.058
Inventories in Quarantine	89.150.074.099
Inventories in Exchange Process	3.210.439.963
Total	111.887.970.120

Inventories in quarantine are derived from the purchase raw materials of Vaccine, Sera and packaging materials that are in quarantine for testing process. (See Notes 2i)

Inventories in transit per December 31, 2016 and 2015 are the purchase of imports into the category of inventory on its way because on such date the position is still in port (see notes 2i). Inventories in transit per December 31, 2016 is the purchase of Import media disposable bag (size 20 liters).

Inventory in exchange process per December 31, 2016 are primarily from the supply of packaging material which did not pass the test, the supplier has agreed to replace entirely in 2017.

12. ASET TETAP

12. PROPERTY, PLANT AND EQUIPMENT

31 Desember 2016/ December 31, 2016					
Saldo Awal Beginning Balance	Penambahan Addition	Pengurangan Deduction	Reklasifikasi Reclassification	Saldo Akhir Ending Balance	
Biaya Perolehan					Acquisition Cost
Tanah	2.059.183.000.000	-	-	2.059.183.000.000	Land
Bangunan	557.669.974.701	-	73.826.095.977	631.496.070.678	Building
Peralatan Pabrik	1.186.837.114.721	81.796.646.030	8.470.956.750	1.277.104.717.501	Factory Equipment
Peralatan Kantor	110.847.807.836	15.055.718.100	4.119.697.607	130.023.223.543	Office Equipment
Peralatan Lainnya	70.318.621.945	1.426.000.000	26.394.473.750	98.139.095.695	Utilities Equipment
Kendaraan	4.670.890.000	30.043.750	-	4.700.933.750	Vehicles
Aset Dalam Penyelesaian					Assets in Construction
Bangunan	241.052.601.947	114.297.867.194	(73.826.095.977)	281.524.373.167	Building
Mesin Pabrik, Utility	219.971.521.489	319.853.839.260	(38.985.128.107)	500.840.232.644	Factory Equipment, Utility
Jumlah	4.450.551.532.639	532.460.114.334	-	4.983.011.646.978	Total
Akumulasi Penyusutan					Accumulated Depreciation
Bangunan	148.287.188.859	30.332.905.554	-	178.620.094.412	Building
Peralatan Pabrik	587.905.586.503	80.296.418.018	-	668.202.004.521	Factory Equipment
Peralatan Kantor	70.918.026.467	21.261.899.865	-	92.179.926.332	Office Equipment
Peralatan Lainnya	34.201.520.496	7.416.395.436	-	41.617.915.932	Utilities Equipment
Kendaraan	3.702.196.345	502.413.104	-	4.204.609.449	Vehicles
Jumlah	845.014.518.670	139.810.031.977	-	984.824.550.647	Total
Nilai Tercatat	3.605.537.013.968	-	-	3.998.187.096.331	Carrying Value

12. ASET TETAP (lanjutan)

12. PROPERTY, PLANT AND EQUIPMENT (continued)

31 Desember 2015/ December 31, 2015						
	Saldo Awal	Penambahan	Pengurangan	Reklasifikasi	Saldo Akhir	
	<i>Beginning Balance</i>	<i>Addition</i>	<i>Deduction</i>	<i>Reclassification</i>	<i>Ending Balance</i>	
Biaya Perolehan						Acquisition Cost
Tanah	17.139.884.957	2.042.043.115.043	-	-	2.059.183.000.000	Land
Bangunan	503.283.794.797	172.606.890	6.561.705.609	60.775.278.622	557.669.974.701	Building
Peralatan Pabrik	1.076.051.116.977	74.972.682.330	1.116.106.105	36.929.421.519	1.186.837.114.721	Factory Equipment
Peralatan Kantor	79.289.422.623	10.255.147.460	1.480.905.406	22.784.143.160	110.847.807.836	Office Equipment
Peralatan Lainnya	67.353.504.185	1.428.735.000	165.617.240	1.702.000.000	70.318.621.945	Utilities Equipment
Kendaraan	5.209.520.100	383.600.000	922.230.100	-	4.670.890.000	Vehicles
Aset Dalam Penyelesaian						Assets in Construction
Bangunan	75.539.261.716	226.288.618.856		(60.775.278.622)	241.052.601.947	Building
Mesin Pabrik, Utility	62.566.134.126	218.820.952.041		(61.415.564.679)	219.971.521.489	Factory Equipment, Utility
Jumlah	1.886.432.639.481	2.574.365.457.620	10.246.564.461	-	4.450.551.532.639	Total
Akumulasi Penyusutan						Accumulated Depreciation
Bangunan	123.407.099.292	27.805.546.702	2.925.457.134	-	148.287.188.859	Building
Peralatan Pabrik	509.219.356.056	79.617.295.900	931.065.453	-	587.905.586.503	Factory Equipment
Peralatan Kantor	57.354.835.224	15.033.918.490	1.470.727.247	-	70.918.026.467	Office Equipment
Peralatan Lainnya	29.440.544.079	4.926.593.655	165.617.238	-	34.201.520.496	Utilities Equipment
Kendaraan	3.537.559.855	1.086.866.580	922.230.089	-	3.702.196.345	Vehicles
Jumlah	722.959.394.505	128.470.221.326	6.415.097.161	-	845.014.518.670	Total
Nilai Tercatat	1.163.473.244.976	-	-	-	3.605.537.013.968	Carrying Value

Rincian Aset Dalam Pelaksanaan :

Details of Assets in Construction

	31 Desember 2016 <i>December 31, 2016</i>	31 Desember 2015 <i>December 31, 2015</i>	
Bangunan			Buildings
Gedung Fasilitas Produksi Vaksin dan Pengemasan	183.611.624.155	114.640.811.657	Vaccine Production and Packaging
Renovasi Gedung Distribusi	48.370.120.838	49.093.263.181	Renovation of Distribution Building
Gedung Fasilitas Vaksin Rekombinan Berbasis Yeast (Gedung No. 16)	27.327.274.842	1.031.044.842	Building Facilities-Based Vaccines Recombinant Yeast (Building No. 16)
Renovasi Ruang BSL2+	8.957.375.500	233.625.000	Renovation of BSL2+ Room
Sentral Hewan Laboratorium - Animal House 2 (SHL-AH2) Building	7.677.061.500	7.674.611.500	Sentral Hewan Laboratorium - Animal House 2 (SHL-AH2) Building
Fasilitas Downstream Vaksin BCG	1.516.467.750	1.473.017.750	Downstream Vaccine BCG Facilities
Gedung Fasilitas Gedung No.3 (Media, Surveillance, Pengujian Mutu)	1.329.758.750	169.250.000	Building Facilities No.3 (Media, Surveillance, Quality Control)
Ruang Penyimpanan Barang dan Spareparts Produksi Vaksin Campak	1.020.964.200	36.800.000	Storage of Goods and Spareparts Measles Vaccine Production
Renovasi Koridor General Fasilitas Produksi Vaksin Tetanus	-	1.828.115.000	Renovation Corridor General Facility Tetanus Vaccine Production
Renovasi Ruangan Produksi Vaksin Influenza	-	31.192.000	Renovation Tetanus Vaccine Production Room
Renovasi Ruang Berkelas Produksi Vaksin Pertusis	-	38.486.400	Class room renovation Production Pertusis Vaccine
Bak Sentral Air Baku	-	15.823.046.636	Liquid Central Tub
Renovasi Gedung Utama Untuk Kawasan Heritage	-	41.638.610.004	Renovation of Main Building Heritage
Fasilitas Ruang Trafo	-	6.032.399.140	Voltage Regulator Room
Lainnya (di bawah Rp 1 Milyar)	1.713.725.632	1.308.328.837	Others (under Rp1 billion)
Jumlah	281.524.373.167	241.052.601.947	Total

12. ASET TETAP (lanjutan)

	31 Desember 2016 <u>December 31, 2016</u>
Mesin, Pabrik dan Utility Dalam Pelaksanaan	
Filling Line BCG	119.362.615.929
Integrated WTP	101.996.896.326
Integrated Filling Line 3 Vial	
For Lyo (M) MR Vaccinne (Gedung 43)	93.475.499.356
Integrated Filling Line For Filling Line 4	51.723.952.481
Packaging Line	36.348.107.363
Utilitas Listrik Gedung Vaksin Pengemasan	35.042.536.070
Vial Ampoule Packaging Line	18.349.032.204
Sistem Kromatografi Kolom	8.001.000.000
Water Chiller	5.977.245.025
Autoclave Acellular Pertusis	4.477.507.901
Autoclave For Sterilization And Drying	
Rubber Stopper/PV BCG	4.357.926.623
Autoclave/PMVV	4.250.677.222
Isolator	4.129.665.128
Bioreactor 150L	3.261.929.763
Mesin Boiler	-
TFF System	1.855.000.000
Gardu Hubung PLN	1.673.341.150
URS SIPV	1.568.756.550
Aset Pabrik/ Mesin/ Utility/ Kantor Eks. IHU	1.441.702.625
FFF URS Documents FFPV	1.063.601.200
Kompresor Udara	-
Lainnya (di bawah Rp 1 Milyar)	2.483.239.728
Jumlah	<u>500.840.232.644</u>

Pada bulan Desember 2015, Perusahaan mengubah kebijakan untuk pengukuran aset tetap tanah yang semula diukur berdasarkan model biaya menjadi model revaluasi dengan nilai semula sebesar Rp17.139.884.957 menjadi sebesar Rp2.059.183.000.000.

Selisih antara nilai tercatat dan nilai revaluasi (nilai wajar) setelah dikurangi pajak terkait diakui sebagai surplus revaluasi aset tetap di kelompok penghasilan komprehensif lain. Aset tanah yang direvaluasi meliputi tanah yang berlokasi di Jalan Pasteur Nomor 28 dan jalan Kolonel Masturi Cisarua. Penilaian dilakukan oleh Kantor Jasa Penilai Publik Karmanto dan Rekan dengan laporan Nomor 256-A/KMT&R-LP/XII/2015 dan Nomor 256-B/KMT&R-LP/XII/2015 tanggal 17 Desember 2015.

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 oleh Perusahaan.

Sebagian aset tetap yang terdiri dari mesin, inventaris dan peralatan pabrik yang berlokasi di Jl. Pasteur No.28 Bandung senilai Rp180.000.000.000 dijadikan jaminan fidusia atas fasilitas kredit dari Lembaga Pembiayaan Ekspor Indonesia (LPEI) berdasarkan berdasarkan Surat Persetujuan Perpanjangan dan Penambahan Fasilitas Pembiayaan No. PBD/SP3/30/2016 tanggal 6 Juni 2016 untuk jangka waktu kredit sampai dengan 24 Juni 2017 (catatan 37.h)

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	31 Desember 2015 <u>December 31, 2015</u>
Machinery, Factory and Utility in Construction	
BCG Filling Line	67.850.959.363
WTP Integrated	54.203.823.960
Integrated Filling Line 3 Vial	-
For Lyo (M) MR Vaccinne (Gedung 43)	-
Integrated Filling Line For Filling Line 4	-
Packaging Line	21.009.883.508
Utility - Electricity of Vaccine Packaging	43.344.066.926
Vial Ampoule Packaging Line	14.482.911.884
Chromatography Colom System	-
Water Chiler	-
Autoclave Acellular Pertusis	4.477.507.901
Autoclave For Sterilization And Drying Rubber Stopper/P.V BCG	-
Autoclave/PMVV	-
Isolator	-
Bio Reactor 150L	-
Boiler	1.985.500.000
TFF System	-
Substation PLN	-
URS SIPV	1.568.756.550
Utility/Ex. IHU Office	1.662.238.625
FFF URS Documents	1.063.601.200
Air Compressor	3.998.055.000
Others	4.324.216.573
Total	<u>219.971.521.489</u>

On December, 2015 the Company changed the measurement policy for its land. The land, which was previously measured based on cost model with the carrying value of Rp17.139.884.957, was changed to be measured by revaluation model with the value of Rp2.059.183.000.000.

The difference between the carrying value and revaluation value (fair value) after deducted with related tax is recognized as revaluation surplus in other comprehensive income section. The land that was revaluated comprise land located at Jalan Pasteur No.28 and Jalan Kolonel Masturi, Cisarua. Valuation of the assets was carried out by Kantor Jasa Penilai Publik Karmanto dan Rekan with his report No.256-A/KMT&R-LP/XII/2015 and No.256-B/KMT&R-LP/XII/2015 dated December 17, 2015.

In 2009 the Company provided certain areas on its owned lands for use by the Ministry of Health of the Republic of Indonesia to build bird flu vaccine facilities. The areas 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 has been suspended, and until this reporting date the areas are roped off and have not used by the Company.

Several property, plant and equipment consist of machinery, office and manufacture equipments located at Jalan Pasteur No.28 Bandung amounting to Rp180.000.000.000 have been placed 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/SP3/30/2016 dated June 6, 2016 for the extension of loan period until June 24, 2017.(notes 37.h)

12. ASET TETAP (lanjutan)

Sebagian inventaris mesin yang berlokasi di Jl. Pasteur No.28 Bandung senilai Rp265.000.000.000 juga dijadikan jaminan atas fasilitas KMK sub limit non cash loan, Treasury Line dan Bills Purchasing Line dan tambahan fasilitas KMK sublimit NCL dari PT Bank Mandiri (Persero) Tbk berdasarkan Surat Penawaran Pemberian Kredit (SPPK) No. CBG.CB1/SPPK/SPD.003/2016 tanggal 24 Mei 2016 dengan jangka waktu sampai dengan 14 Agustus 2017 (catatan 37.g)

Kendaraan telah diasuransikan terhadap risiko All Risk dan Total Loss Only (TLO) kepada PT Asuransi Parolamas dan PT Asuransi Jasa Tania dengan total nilai pertanggungan sebesar Rp2.689.911.859,92.

Aset tetap kecuali tanah dan kendaraan, telah diasuransikan kepada PT Asuransi Bumiputera Muda 1967 (Cover Note : 083-E/T/Bmd-Bdg/XII/2016); PT Mandiri AXA General Insurance (Cover Note : CN/PAR/BDG-001674 & 001675/12/2016/NDN); PT Asuransi Jasa Indonesia (Persero) (Polis No. 401.297.110.16.00023); PT Asuransi Kredit Indonesia (Cover Note : 44 & 45/BF/XII/2016) dan PT Asuransi Jasa Tania (Polis No. IP050316000175) terhadap semua risiko kecuali gempa bumi berdasarkan suatu paket polis tertentu dengan total nilai pertanggungan sebesar Rp2.082.028.772.328,81. Manajemen berkeyakinan bahwa nilai pertanggungan asuransi cukup untuk menutup kerugian yang mungkin timbul atas risiko kerugian.

Beban penyusutan aset tetap tahun 2016 dan 2015 dialokasikan sebagai berikut :

	31 Desember 2016 December 31, 2016	31 Desember 2015 December 31, 2015
Beban Produksi	94.063.940.863	91.252.162.057
Beban Jasa	175.203.364	228.728.122
Beban Administrasi dan Umum	22.253.869.462	19.648.209.985
Beban Penjualan	4.824.807.641	1.794.042.048
Beban Penelitian		
Pengembangan dan Surveilans	18.492.210.647	15.547.079.115
Jumlah	139.810.031.977	128.470.221.326

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Other machinery equipments located at Jl. Pasteur 28 Bandung at the amount of Rp 265.000.000.000 have also been placed 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.ICBG.CB1/SPPK/SPD.003/2016 , dated May 24 ,2016 for one year from August 14, 2016 until August 14, 2017.(notes 37.g)

Vehicles have been insured against All Risks and Total Loss Only (TLO) from PT Asuransi Parolamas and PT Bumiputera Muda 1967 with coverage value of Rp2.689.911.859.

Property, plant and equipment, except land, have been insured against fire and other risks, unless the earthquake, from PT Asuransi Bumiputera Muda (Cover Note : 083-E/T/Bmd-Bdg/XII/2016) PT Mandiri AXA General Insurance (Cover Note : CN/PAR/BDG-001674 & 001675/12/2016/NDN); PT Asuransi Jasa Indonesia (Persero) (Polis No. 401.297.110.16.00023); PT Asuransi Kredit Indonesia (Cover Note : 44 & 45/BF/XII/2016) and PT Asuransi Jasa Tania (Polis No. IP050316000175) under certain policy packages with coverage value of Rp2.082.028.772.328,81. The management believes that the amount of insurance coverage is adequate to cover potential losses from the insured risk.

Depreciation expenses of property, plant and equipment for 2016 and 2015 were allocated to as follows:

	Production Expense
	Service Expense
	General and Administration Expense
	Selling Expense
	Research, Development and Surveillance Expense
	Total

13. ASET TAKBERWUJUD**13. INTANGIBLE ASSETS**

31 Desember 2016					
Saldo Awal Beginning Balance	Penambahan Addition	Pengurangan Deduction	Reklasifikasi Reclassification	Saldo Akhir Ending Balance	
Nilai Bruto					The gross Value
Pengembangan Upstream Vaksin					Development of Upstream
Flu dalam Penyelesaian	13.677.686.708	960.720.000	-	14.638.406.708	Flu Vaccine in progress
Perangkat Lunak	30.065.551.789	-	-	39.593.341.639	Software
Perangkat Lunak dalam Penyelesaian	3.619.902.095	9.228.039.259	-	3.320.151.504	Software in Progress
Jumlah	47.363.140.592	10.188.759.259		57.551.899.851	Total
Akumulasi Amortisasi					Accumulated Amortization
Perangkat Lunak	11.358.121.029	7.560.181.764	-	18.918.302.793	of Software
Jumlah	11.358.121.029	7.560.181.764	-	18.918.302.793	Total
Nilai Buku	36.005.019.563			38.633.597.058	Book Value

13. ASET TAKBERWUJUD (lanjutan)

13. INTANGIBLE ASSETS (continued)

31 Desember 2015						
Saldo Awal <i>Beginning Balance</i>	Penambahan <i>Addition</i>	Pengurangan <i>Deduction</i>	Reklasifikasi <i>Reclassification</i>	Saldo Akhir <i>Ending Balance</i>		
Nilai Bruto						The gross Value
Pengembangan Upstream Vaksin						<i>Development of Upstream</i>
Flu dalam Penyelesaian	12.338.806.708	1.338.880.000	-	-	13.677.686.708	<i>Flu Vaccine in progress</i>
Perangkat Lunak	29.629.901.789	-	-	435.650.000	30.065.551.789	<i>Software</i>
Perangkat Lunak dalam Penyelesaian	278.760.500	3.880.341.595	103.550.000	(435.650.000)	3.619.902.095	<i>Software in Progress</i>
Jumlah	42.247.468.997	5.219.221.595			47.363.140.592	Total
Akumulasi Amortisasi						<i>Accumulated Amortization</i>
Perangkat Lunak	4.392.006.950	6.966.114.079	-	-	11.358.121.029	<i>of Software</i>
Jumlah	4.392.006.950	6.966.114.079			11.358.121.029	Total
Nilai Buku	37.855.462.048				36.005.019.563	Book Value

Biaya pengembangan *Upstream* Vaksin Flu dicatat sebagai aset takberwujud sesuai Nota Dinas No.09698/XII/2009 tanggal 21 Desember 2009. 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 per 31 Desember 2016 sebesar Rp14.638.406.708 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 menghasilkan yield (hasil) yang ekonomis, produksi preclinical lot, uji pra klinis (uji immunogenisitas pada hewan coba mencit), hingga produksi clinical lot untuk vaksin flu prepandemik, ujiantang (challenge study) pada hewan uji ferret dan uji preklinis immunogenicity.

Tahapan selanjutnya yang akan dilaksanakan mulai tahun 2017 untuk vaksin flu (pre-pandemik) meliputi 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 komersial.

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. This cost represents cost incurred related to 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.

The development cost of upstream flu vaccine in progress as of December 31, 2016 amounting to Rp14.638.406.708 represents costs related to transfer of upstream flu 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 (immunogenicity trials at experimental mice animals), until production of clinical lots for prepandemic flu vaccine and challenge study at experimental ferret animals.

Phase 2 and 3 of clinical trials and licence/ registration of the product to BPOM can be completed on year of 2017.

Cost of development of upstream flu vaccine will be amortized based on a straight-line basis over its economic benefits of 8 (eight) years since the vaccines are produced commercially.

14. ASET TIDAK LANCAR LAINNYA

14. OTHER NON-CURRENT ASSETS

	31 Desember 2016 <i>December 31, 2016</i>	31 Desember 2015 <i>December 31, 2015</i>	
Beban Tanggahan	9.024.791.000	9.024.791.000	<i>Deferred Charge</i>
Dikurangi :			<i>Less :</i>
Akumulasi Amortisasi Beban Tanggahan	(3.869.122.375)	(2.049.474.625)	<i>Accumulated Amortization Deferred Charge</i>
Jumlah Beban Tanggahan Bersih	5.155.668.625	6.975.316.375	<i>Total Deferred Charges - Net</i>
Setoran Jaminan	3.288.940.496	3.288.940.496	<i>Guarantee Deposits</i>
Sewa Dibayar Dimuka	4.048.594.667	10.989.042.667	<i>Prepaid Rent</i>
Jumlah Aset Tidak Lancar Lainnya	12.493.203.788	21.253.299.538	Total Other Non-Current Assets

Beban tanggahan merupakan biaya sistem jaringan listrik PLN ditanggihkan yang diamortisasi selama 4 tahun.

Deferred charge represents cost of installation of PLN electricity system which were deferred and amortized over 4 years.

PT BIO FARMA (PERSERO)

CATATAN ATAS LAPORAN KEUANGAN

31 Desember 2016 dan 2015

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

PT BIO FARMA (PERSERO)

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

(Expressed in Rupiah, unless otherwise stated)

14. ASET TIDAK LANCAR LAINNYA (lanjutan)

Saldo sewa dibayar dimuka per 31 Desember 2016 terutama berasal dari bagian tidak lancar sewa dibayar dimuka lahan BMN eks BPPN di Jasinga Bogor sebesar Rp20.821.344.000 untuk jangka waktu selama 3 tahun. (lihat catatan 9)

Setoran jaminan merupakan jaminan yang diberikan untuk penambahan daya listrik, sewa gedung Pakarti Center (Kantor Perwakilan Perusahaan) dan jaminan gas elpiji.

14. OTHER NON-CURRENT ASSETS (continued)

Balance of prepaid rent as of December 31, 2016 is a non-current section of rental BMN land ex.BPPN at Jasinga, Bogor amount to Rp20.821.344.000 for three years (see notes 9).

Guarantee deposits represent deposits provided for additional electric power, rental of Pakarti Center Building (Directors' Representative Office) and LPG.

15. UTANG USAHA

	31 Desember 2016 December 31, 2016
Pihak Berelasi	
Bahan Baku/Penolong	14.523.438.820
Investasi	10.581.424.945
	<u>25.104.863.765</u>
Pihak Ketiga	
Bahan Baku/Penolong	98.449.962.061
Investasi	122.288.208.903
Pengadaan Jasa	13.391.431.334
	<u>234.129.602.297</u>
Jumlah Utang Usaha	<u>259.234.466.062</u>

Rincian Pihak Berelasi

	31 Desember 2016 December 31, 2016
Bahan Baku/Penolong	
Koperasi Karyawan Bio Farma (K2BF)	12.735.214.926
CV Karya Cahya Abadi	1.627.232.908
PT Kimia Farma (Persero) Tbk.	160.990.986
PT Wijaya Karya (Persero) Tbk.	-
Jumlah	<u>14.523.438.820</u>

	31 Desember 2016 December 31, 2016
Investasi	
PT Pembangunan Perumahan (Persero)	8.351.209.045
Koperasi Karyawan Bio Farma (K2BF)	2.133.994.250
PT Wijaya Karya (Persero) Tbk.	-
PT INTI	71.221.650
CV Karya Cahya Abadi	25.000.000
Jumlah	<u>10.581.424.945</u>

Rincian Pihak Ketiga

	31 Desember 2016 December 31, 2016
Bahan Baku/Penolong	
Rupiah	
PT Merck Sharp & Dohme Indonesia	5.507.502.934
PT MGI ASIA PACIFIC	4.937.337.045
PT Bakti Mega Lestari	4.447.207.500
Sanofi	3.000.000.000
CV EMS	3.475.630.740
CV Pop Grafika	2.715.756.250
PT Pall Filtration Indonesia	2.285.820.700
CV Sinar Gemilang	1.992.623.000
PT Sabil Huda Utama	1.631.131.916
jumlah dipindahkan	<u>29.993.010.085</u>

15. TRADE PAYABLES

	31 Desember 2015 December 31, 2015

	7.729.733.346
	7.206.226.224
	<u>14.935.959.570</u>

	156.071.710.697
	31.238.122.285
	6.352.307.027
	<u>193.662.140.009</u>

	<u>208.598.099.578</u>

Related Parties
Raw Materials/Auxiliary
Investment

Third Parties
Raw Materials/Auxiliary
Investment
Services

Total Trade Payables

Details of Related Parties

Raw Materials/Auxiliary
Koperasi Karyawan Bio Farma (K2BF)
CV Karya Cahya Abadi
PT Kimia Farma (Persero) Tbk
PT Wijaya Karya (Persero) Tbk
Total

Investasi
PT Pembangunan Perumahan (Persero)
Koperasi Karyawan Bio Farma (K2BF)
PT Wijaya Karya (Persero) Tbk.
PT INTI
CV Karya Cahya Abadi
Total

Details of Third Parties

Raw Materials/Auxiliary
Rupiah
PT Merck Sharp & Dohme Indonesia
PT MGI ASIA PACIFIC
PT Bakti Mega Lestari
Sanofi
CV EMS
CV Pop Grafika
PT Pall Filtration Indonesia
CV Sinar Gemilang
PT Sabil Huda Utama
Carried forward

PT BIO FARMA (PERSERO)

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

(Expressed in Rupiah, unless otherwise stated)

15. TRADE PAYABLES (continued)

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PT BIO FARMA (PERSERO)

CATATAN ATAS LAPORAN KEUANGAN

31 Desember 2016 dan 2015

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

PT BIO FARMA (PERSERO)

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

(Expressed in Rupiah, unless otherwise stated)

15. UTANG USAHA (lanjutan)

	31 Desember 2016 <u>December 31, 2016</u>
Investasi/Pembelian Aset (lanjutan)	
Mata Uang Asing	
MGI	
2016 : EUR 4,671,596.11	66.073.254.231
Azbil Telstar Technologies, S.L.U	
2016 : EUR 797,500.00	11.293.836.125
Melchers Techexport GmbH	
2016 : CHF 270,840.00	3.569.064.518
Lainnya (di bawah Rp 1 Miliar)	-
Jumlah - Mata Uang Asing	80.936.154.875
Jumlah Investasi	<u>122.288.208.903</u>
Pengadaan Jasa	
Jasa Audit Manajemen dan Riset	8.262.850.330
Biaya Impor	5.128.581.004
Jumlah Pengadaan Jasa	<u>13.391.431.334</u>

16. BIAYA YANG MASIH HARUS DIBAYAR

	31 Desember 2016 <u>December 31, 2016</u>
Beban Karyawan dan Lainnya	19.663.061.885
Jasa Produksi Karyawan	75.290.000.000
Beban Angkutan dan Embalage	2.449.122.398
Jasa Profesional	1.358.453.255
Keagenan Ekspor, Royalti dan Insentif Penjualan	7.985.174.769
Beban Kantor	5.689.177.303
Pemeliharaan dan Perbaikan	-
Monitoring Kualitas Produk	-
Bangunan, Mesin dan Pabrik Dalam Penyelesaian	-
Lainnya (di bawah Rp 1 Miliar)	970.218.637
Jumlah	<u>113.405.208.247</u>

17. PENDAPATAN DITERIMA DIMUKA

	31 Desember 2016 <u>December 31, 2016</u>
Swasta Dalam Negeri	44.130.371
Berna Propam	-
Biological Ltd	-
Jumlah	<u>44.130.371</u>

18. LIABILITAS LANCAR LAINNYA

	31 Desember 2016 <u>December 31, 2016</u>
Titipan Potongan Karyawan	165.872.829
Tantiem	18.849.515.000
Taksasi Ongkos angkut dan embalage	12.937.959.640
Lainnya	907.462.156
Jumlah	<u>32.860.809.624</u>

15. TRADE PAYABLES (continued)

31 Desember 2015 <u>December 31, 2015</u>
-
-
-
181.563.905
181.563.905
<u>31.238.122.285</u>

16. ACCRUED EXPENSES

31 Desember 2015 <u>December 31, 2015</u>
11.729.481.207
100.122.000.000
10.324.775.117
1.676.995.600
10.485.597.035
1.060.482.599
3.346.196.797
3.699.527.065
24.819.174.229
3.043.453.917
<u>170.307.683.566</u>

17. UNEARNED REVENUE

31 Desember 2015 <u>December 31, 2015</u>
45.604.661
529.728.000
323.382.390
<u>898.715.051</u>

18. OTHER CURRENT LIABILITIES

31 Desember 2015 <u>December 31, 2015</u>
757.910.368
20.324.515.000
7.691.035.092
1.567.169.252
<u>30.340.629.712</u>

Investment/Acquisition of Assets (continued)
Foreign Currencies
MGI
2016 : EUR 4,671,596.11
Azbil Telstar Technologies, S.L.U
2016 : EUR 797,500.00
Melchers Techexport GmbH
2016 : CHF 270,840.00
Others (less than Rp1 billion)
Total - Foreign Currencies
Total Investment

Services
Audit Management and Research
Import
Total Services

Employee and Others Expenses
Employee Bonus
Freights and Embalage
Professional Services
Export Agencies, Royalties and Sales Incentives
Office Expenses
Repair and Maintenance
Monitoring of Product Quality
Building, Machinery, and Factory Equipment in Progress
Others (less than Rp1 billion)
Total

Domestic Private
Berna Propam
Biological Ltd
Total

Employee Deposits
Management Bonus
Estimated Freights and Embalage
Others
Total

19. LIABILITAS DIESTIMASI ATAS IMBALAN PASCA KERJA

Perusahaan menerapkan liabilitas imbalan pasca kerja sesuai dengan PSAK 24 (Revisi 2013). 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 2016 dan 2015 yang diakui pada laporan laba rugi dan laporan posisi keuangan. Perhitungan beban dan liabilitas imbalan pasca kerja karyawan per 31 Desember 2016 dilakukan oleh berdasarkan proyeksi perhitungan tahun 2016 yang dilakukan oleh aktuaris independen PT Katsir Imam Sapto Sejahtera Aktuaria dalam laporan No.3472/KIS/LA/12/2016 tanggal 30 Desember 2016 dengan menggunakan metode "Projected Unit Credit".

Beban Imbalan Pasca Kerja

	31 Desember 2016 December 31, 2016
Beban Jasa Kini	10.891.724.096
Beban Bunga	13.833.995.459
Dampak Perubahan Kurtailmen dan Penyelesaian	(12.436.507.984)
Pembayaran GSH (beban langsung)	5.041.776.979
Jumlah	17.330.988.550

Liabilitas Diestimasi atas Imbalan Pasca Kerja

	31 Desember 2016 December 31, 2016
Saldo Awal Nilai Kini	
Liabilitas Imbalan Pasca Kerja	152.021.928.119
Dampak Perubahan Kurtailmen dan Penyelesaian	(12.436.507.984)
Dampak Perubahan Asumsi Aktuarial	10.121.564.306
Beban Jasa Kini	10.891.724.096
Beban Bunga	13.833.995.459
Pembayaran GSH	(5.491.294.156)
Laba (Rugi) aktuarial atas kewajiban	(1.808.335.678)
Saldo Akhir	167.133.074.162

Perubahan Liabilitas Diestimasi atas Imbalan Pasca Kerja

	31 Desember 2016 December 31, 2016
Saldo Awal	152.021.928.119
Beban Imbalan Pasca Kerja Tahun Berjalan	17.330.988.550
Pembayaran Pensiun	(3.750.178.135)
Pembayaran GSH (sesuai cadangan)	(1.741.116.021)
Pembayaran GSH (beban langsung)	(5.041.776.979)
Penghasilan Komprehensif Lain	8.313.228.628
Saldo Akhir	167.133.074.162

19. ESTIMATED POST EMPLOYMENT BENEFITS LIABILITIES

The Company accounts for post employment benefits liabilities in conformity with PSAK 24 (Revised 2013). 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 (DPLK) PT Asuransi Jiwasraya.

The following information is the summary of computation of post employment benefit expenses and liabilities which were recognized in the statement of profit or loss and other comprehensive income and the statement of financial position. The amount of estimated post employment benefit liabilities for December 31, 2016 and 2015 and post employment benefit expenses for the years ended December 31, 2016 and 2015 were computed using "Projected Unit Credit" method by independent actuary of PT Katsir Imam Sapto Sejahtera Aktuarial as mentioned in its report No. 3472/KIS/LA/12/2016 dated December 30, 2016.

Pos Employment Benefit Expense

	31 Desember 2015 December 31, 2015	
	9.878.758.594	Current Service Cost
	10.909.448.789	Interest Expense
	-	Change Impacts curtailment and settlement
	3.216.471.283	Payments of GSH (direct charges)
	24.004.678.666	Total

Estimated Pos Employment Benefit Liabilities

	31 Desember 2015 December 31, 2015	
	136.368.109.865	Beginning Balance of Present Value of Post-Employment Liability
	(17.841.900.282)	Change Impacts curtailment and settlement
	9.878.758.594	Effect of Changes in Actuarial Assumption
	10.909.448.789	Current Service Cost
	(5.962.615.005)	Interest Expense
	18.670.126.158	Payment of GSH
	152.021.928.119	Actuarial Gain (Loss) on Liability
		Ending Balance

Changes in Estimated Post Employment Benefit Liabilities

	31 Desember 2015 December 31, 2015	
	136.368.109.865	Beginning Balance
	24.004.678.666	Employee Benefit Expense of the Year
	(5.224.344.058)	Payments of Pension
	(738.270.947)	Payments of GSH (reserved)
	(3.216.471.283)	Payments of GSH (direct charges)
	828.225.876	Other Comprehensive Income
	152.021.928.119	Ending Balance

19. LIABILITAS DIESTIMASI ATAS IMBALAN PASCA KERJA (lanjutan)**Asumsi Utama Yang Digunakan**

	2016
Usia Pensiun Normal	56 Tahun
Tingkat Diskonto	9,10%
Tingkat Proyeksi Kenaikan Gaji	8%
Tabel Mortalita	TMI III 2011
Tingkat Cacat	1% dari Mortalita 0 %
Tingkat Pengunduran Diri	0 % - 2 %

20. LIABILITAS TIDAK LANCAR LAINNYA

	31 Desember 2016 December 31, 2016
Grant	-
	-

Pada tahun 2014, Perusahaan menandatangani perjanjian untuk melaksanakan suatu proyek riset dan pengembangan yang dibiayai dengan Grant sebesar US\$2,918,998.00. Perjanjian ini berlaku sejak 17 November 2014 sampai dengan 31 Juli 2017 dengan evaluasi berkala. Pada 31 Desember 2016 proyek telah diselesaikan seluruhnya sesuai dengan persyaratan dalam perjanjian dan telah disetujui. Oleh karena itu perusahaan telah mengakui seluruh grant sebagai pendapatan hibah pada tanggal 31 Desember 2016.

21. MODAL SAHAM

	31 Desember 2016 December 31, 2016
Modal Ditempatkan dan Disetor Pada Awal Tahun	8.000.000.000.000
Kapitalisasi Cadangan ke Modal Disetor	(6.000.000.000.000)
Modal ditempatkan dan disetor pada akhir tahun	2.000.000.000.000

Sesuai dengan Pernyataan Keputusan Risalah Rapat Umum Pemegang Saham (RUPS) No 34, tanggal 14 Desember 2016, dan Keputusan Menteri Hukum dan Hak Asasi Manusia Republik Indonesia Nomor AHU- 0024481.AH.01.02 Tahun 2016 tanggal 21 Desember 2016, tentang Persetujuan Perubahan Anggaran Dasar Perseroan Terbatas PT Bio Farma (Persero), modal dasar Perseroan meningkat dari semula Rp5.000.000.000.000,00 (terdiri dari 5.000.000 lembar saham) menjadi Rp8.000.000.000.000,00 (terdiri dari 8.000.000 lembar saham).

Modal ditempatkan dan disetor Perusahaan meningkat dari semula Rp1.650.000.000.000 (terdiri dari 1.650.000 lembar saham) menjadi Rp2.000.000.000.000 (terdiri dari 2.000.000 lembar saham) dengan mengkapitalisasi sebagian cadangan sampai dengan tanggal 31 Desember 2015 sebesar Rp350.000.000.000.

19. ESTIMATED POST EMPLOYMENT BENEFITS LIABILITIES (continued)

	2015
Usia Pensiun Normal	56 Tahun
Tingkat Diskonto	9,10%
Tingkat Proyeksi Kenaikan Gaji	8%
Tabel Mortalita	TMI III 2011
Tingkat Cacat	1% dari Mortalita 0 %
Tingkat Pengunduran Diri	0 % - 2 %

The Principal Assumptions Used

Normal Pension Age
Discount Rate
Projection of Salary Increase Rate
Mortality Table
Disability Rate
Resignation Rate

20. OTHER NON-CURRENT LIABILITY

	31 Desember 2015 December 31, 2015
Grant	27.846.382.388
	27.846.382.388

In 2014, the Company entered into an agreement to perform a research and development project that funded by grant amounting to US\$2,918,998.00. The agreement is in effect since November 17, 2014 and will be due on July 31, 2017 with regular evaluation. On December 31, 2016 the project has completed entirely in accordance with the terms of the agreement and has been approved. Therefore, companies have recognized the entire grant as income grant on December 31, 2016.

21. SHARE CAPITAL

	31 Desember 2015 December 31, 2015
Share Capital Issued and Paid at Beginning of Year	5.000.000.000.000
Capitalization of Appropriated Earnings to Share Capital	(3.350.000.000.000)
Share Capital Issued and Fully Paid at End of Year	1.650.000.000.000

In accordance with the Statement of the Minutes of the General Meeting of Shareholders (AGM) No. 34, dated December 14, 2016, and the Minister of Law and Human Rights of The Republic of Indonesia No. AHU 0024481.AH.01.02 2016 dated December 21, 2016, regarding Approval of Amendment of Articles of Association Limited Liability Company PT Bio Farma (Persero), the Company's authorized capital increased from Rp5.000.000.000.000,00 (consisting of 5,000,000 shares) to Rp8.000.000.000.000,00 (consisting of 8,000,000 shares).

the issued and fully paid shares was increased from Rp1.650.000.000.000 (consist of 1.250.000 shares) to Rp2.000.000.000.000 (1.650.000 shares) through capitalization of some portion of the appropriated earnings as of December 31, 2015 amount to Rp350.000.000.000

22. SALDO LABA DAN PENGGUNAAN LABA

a. Saldo Laba - Dicapangkan

	31 Desember 2016 December 31, 2016
Saldo Awal Tahun	816.422.044.549
Pembentukan Cadangan	435.885.891.245
Kapitalisasi Cadangan ke Setoran Modal	(350.000.000.000)
Alokasi untuk	
Bina Lingkungan	-
Konversi Cadangan Akibat Penerapan PSAK 24 Tahun 2015	(2.483.699.451)
Saldo laba dicapangkan	
Akhir Tahun	899.824.236.342

Sesuai dengan PER-09/MBU/07/2015 tanggal 3 Juli 2015 tentang Program Kemitraan dan Program Bina Lingkungan Badan Usaha Milik Negara, Perusahaan mengalokasikan dana cadangan untuk bina lingkungan.

b. Saldo Laba - Belum Dicapangkan

	31 Desember 2016 December 31, 2016
Saldo Laba Pada Awal Tahun	668.109.191.794
Pembagian Laba :	
Dividen	(234.707.000.000)
Cadangan	(435.885.891.245)
Konversi Cadangan Akibat Penerapan PSAK 24 Tahun 2015	2.483.699.451
Laba (Rugi) Tahun Berjalan	501.040.990.083
Saldo laba belum dicapangkan	
Akhir Tahun	501.040.990.083

Penggunaan Laba

Pembagian atas laba bersih tahun 2015 dan 2014 ditetapkan dalam RUPS tentang persetujuan laporan keuangan tahunan, pengesahan perhitungan tahunan, dan pembagian laba bersih tahun buku 2015 dan 2014 pada tanggal 10 Juni 2016 dan 13 Mei 2015.

	Laba Tahun Buku 2015 Profit for the Year of 2015	
	Jumlah Total	Persen Percent
Dividen	234.707.000.000	35,00%
Cadangan	435.885.891.245	65,00%
Jumlah	670.592.891.245	100,00%

Sesuai surat Menteri BUMN No.S-25/DI.MBU/8/2015 tanggal 4 Agustus 2015 dan No.S-805/MBU/2014 tanggal 23 Desember 2014, merubah keputusan RUPS dengan memutuskan mengeluarkan dana Bina Lingkungan yang berasal dari cadangan tahun buku 2014 sebesar Rp4.711.557.655 untuk tahun 2015 dan tambahan dividen sebesar Rp57.247.000.000 untuk tahun 2014.

22. RETAINED EARNINGS AND DISTRIBUTION OF INCOME

a. Retained Earnings - Appropriated

	31 Desember 2015 December 31, 2015	
	786.074.860.369	Beginning Balance
	435.058.741.834	Establishment of Appropriated
	(400.000.000.000)	Capitalization to Share Capital
		Allocation to
	(4.711.557.655)	Community Development Program
	-	Conversion of implementation of
		PSAK 24 to appropriated earning
Retained Earnings -		
Appropriated at End of Year	816.422.044.549	

Based on PER-09/MBU/07/2015 dated July 3, 2015 regarding Partnerships and Community Development Program of the State-Owned Enterprises, the Company allocated fund from appropriated earnings for Community Development.

b. Retained Earnings - Unappropriated

	31 Desember 2015 December 31, 2015	
	577.590.042.383	Beginning Balance
		Distribution of Income :
	(145.015.000.000)	Dividend
	(435.058.741.834)	Appropriated
		Conversion of implementation of
	-	PSAK 24 to appropriated earning
	670.592.891.245	Profit (Loss) for the Year
Retained Earnings -		
Unappropriated at End of Year	668.109.191.794	

Distribution of Income

The distribution of net income for the years of 2015 and 2014 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 2015 and 2014 on June 10, 2016 and Mei 13, 2015, respectively.

	Laba Tahun Buku 2014 Profit for the Year of 2014		
	Jumlah Total	Persen Percent	
	145.015.000.000	25,00%	Dividend
	435.058.743.000	75,00%	Appropriated
Total	580.073.743.000	100,00%	Total

The letter of the Ministry of State-Owned Enterprises No.S-25/DI.MBU/8/2015 dated August 4, 2015 and No.S-805/MBU/2014 dated December 23, 2014 changed the decision of the above Shareholders' General Meeting and decided to allocate from Appropriated Earnings year 2014 for Community Development Program amount to Rp4.711.557.655 and for additional dividend year 2014 amount to Rp57.247.000.000.

23. PENJUALAN PRODUK PERUSAHAAN

23. SALE OF THE COMPANY'S PRODUCTS

2016					
	Pemerintah	Swasta / Private		Jumlah	
	Government	Lokal / Local	Ekspor / Export	Total	
Vaksin Bakteri	157.149.991.400	232.065.117.014	143.650.102.476	532.865.210.890	Bacterial Vaccines
Vaksin Virus	274.617.304.400	57.062.606.898	1.104.717.566.674	1.436.397.477.972	Virus Vaccines
Vaksin Kombinasi	185.243.559.000	15.451.346.226	-	200.694.905.226	Combination Vaccines
Sera & Diagnostika	-	74.695.936.900	-	74.695.936.900	Sera and Diagnostics
Jumlah	617.010.854.800	379.275.007.038	1.248.367.669.150	2.244.653.530.988	Total
Dikurangi :					Less :
Potongan Penjualan	-	(22.338.621.125)	-	(22.338.621.125)	Sales Discount
Jumlah Bersih	617.010.854.800	356.936.385.913	1.248.367.669.150	2.222.314.909.863	Total - Net

2015					
	Pemerintah	Swasta / Private		Jumlah	
	Government	Lokal / Local	Ekspor / Export	Total	
Vaksin Bakteri	137.172.040.320	6.748.047.465	161.368.475.222	305.288.563.007	Bacterial Vaccines
Vaksin Virus	191.216.166.040	47.576.135.760	1.466.512.198.564	1.705.304.500.364	Virus Vaccines
Vaksin Kombinasi	242.230.811.900	3.264.845.220	7.908.542.987	253.404.200.107	Combination Vaccines
Sera & Diagnostika	-	80.664.022.440	25.251.360	80.689.273.800	Sera and Diagnostics
Jumlah	570.619.018.260	138.253.050.885	1.635.814.468.134	2.344.686.537.279	Total
Dikurangi :					Less :
Potongan Penjualan	-	(15.062.691.228)	-	(15.062.691.228)	Less: Sales Discount
Jumlah Bersih	570.619.018.260	123.190.359.657	1.635.814.468.134	2.329.623.846.051	Total - Net

24. PENJUALAN BARANG DAGANGAN

24. SALE OF MERCHANDISE PRODUCT

	2016	2015	
Pemerintah			Government
Vaksin IPV 5 ds	18.376.875.000	-	Vaccines IPV 5 ds
Vaksin IPV 10 ds	45.988.150.000	-	Vaccines IPV 10 ds
Swasta			Private
Vaksin HPV	22.803.750.000	-	Vaccines HPV
Imovac Rabies Vero	-	8.528.400.000	Imovac Rabies Vero
Polyvalent Snake Anti Venom	1.125.360.000	3.393.270.000	Polyvalent Snake Anti Venom
Jumlah	88.294.135.000	11.921.670.000	Total
Dikurangi : Potongan Penjualan	(165.287.250)	(485.734.950)	Less: Sales Discount
Jumlah Bersih	88.128.847.750	11.435.935.050	Total - Net

25. PENJUALAN JASA

25. SALE OF SERVICES

	2016	2015	
Imunisasi	3.974.742.832	3.529.375.894	Immunization
Laboratorium	1.660.380.480	1.329.312.707	Laboratorium
Jumlah	5.635.123.312	4.858.688.601	Total
Dikurangi : Potongan Penjualan	(319.866.802)	(199.750)	Less: Sales Discount
Jumlah Bersih	5.315.256.509	4.858.488.851	Total Sales of Service-Net

Hasil penjualan imunisasi diperoleh dari jasa imunisasi vaksin dan serum, sedangkan hasil penjualan laboratorium diperoleh dari jasa pengujian mutu dan pemeriksaan laboratorium.

Terhitung sejak tanggal 6 Agustus 2015 unit pelayanan jasa diubah statusnya menjadi *Strategic Business Unit* (SBU) dengan nama Unit Bisnis Klinik dan Imunisasi.

Sales of immunization obtained from vaccine and serum immunization services, whereas sales of laboratory obtained from providing the laboratory and quality testing services.

Since August 6, 2015, the status of the services unit has changed to be a strategic business unit named Clinical and Immunization Business Unit.

PT BIO FARMA (PERSERO)

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26. BEBAN POKOK PENJUALAN PRODUK PERUSAHAAN

	2016
Beban Produksi	
Pemakaian Bahan baku	499.823.977.308
Pemakaian Bahan Penolong	169.623.828.954
Karyawan	176.057.198.069
Sosial Karyawan	6.516.956.525
Perjalanan Dinas	3.880.814.195
Jasa Profesional	2.205.416.798
Pemeliharaan dan Perbaikan	150.225.162.776
Asuransi	2.372.476.078
Penyusutan dan Amortisasi	99.906.185.480
Kantor	10.662.356.362
Peningkatan dan Pengembangan SDM	3.654.482.732
Total Beban Produksi	1.124.928.855.277
Persediaan Produk Dalam Proses	
Awal Tahun	222.475.046.209
Akhir Tahun	(357.924.068.324)
Beban Pokok Produksi	989.479.833.161
Persediaan Produk Jadi	
Awal Tahun	33.161.706.767
Kadaluarsa/Rusak	(6.396.852.325)
Promosi, Disumbangkan, Penggantian, dan Pemakaian Sendiri	(1.829.814.530)
Beban Pokok Barang Tersedia Untuk Dijual	1.014.414.873.074
Dijual untuk Imunisasi	(678.614.028)
Akhir Tahun	(81.857.215.656)
Jumlah	931.879.043.389

27. BEBAN POKOK PENJUALAN BARANG DAGANGAN

	2016
Persediaan Awal Tahun	2.010.514.545
Pembelian	69.323.220.015
Tersedia untuk Dijual	71.333.734.560
Kadaluarsa/rusak	(469.961.502)
Digunakan untuk Promosi, Penggantian, Pemakaian Sendiri dan Disumbangkan	(907.950.034)
Digunakan untuk Imunisasi	(425.209.308)
Persediaan Akhir Tahun	(1.077.050.535)
Jumlah	68.453.563.181

28. BEBAN JASA

	2016
Pemakaian Produk Jadi untuk Imunisasi	678.614.028
Pemakaian Barang Untuk Imunisasi	425.209.308
Pemakaian Bahan Baku dan Penolong	80.542.435
Karyawan	2.492.880.473
Perjalanan Dinas	171.205.907
Jasa Profesional	410.402.000
Pemeliharaan dan Perbaikan	150.922.812
Penyusutan Aset Tetap	175.203.364
Asuransi	2.012.006
Beban Kantor	273.151.725
Peningkatan dan Pengembangan SDM	101.379.000
Jumlah	4.961.523.057

26. COST OF GOODS SOLD OF THE COMPANY'S PRODUCTS

	2015
380.912.218.668	
178.517.469.375	
156.483.416.763	
6.932.315.372	
4.256.820.789	
1.360.224.048	
117.567.176.606	
2.266.428.552	
95.550.245.007	
11.264.457.601	
7.496.843.836	
962.607.616.619	
97.889.204.813	
(222.475.046.209)	
838.021.775.223	
65.775.265.667	
(16.833.283.420)	
(738.375.068)	
886.225.382.402	
(702.599.302)	
(33.161.706.767)	
852.361.076.333	

27. COST OF GOODS SOLD OF MERCHANDISE PRODUCT

	2015
1.313.359.545	
13.175.592.864	
14.488.952.409	
-	
(1.089.259.779)	
(224.377.738)	
(2.010.514.545)	
11.164.800.347	

28. COST OF SERVICES

	2015
702.599.302	
224.377.738	
44.686.952	
1.866.433.676	
148.087.750	
481.448.967	
46.005.750	
228.728.122	
2.494.687	
182.128.129	
34.999.000	
3.961.990.073	

Production Costs
Raw Materials Used
Auxiliary Materials Used
Employees
Social Employee
Business Travelling
Professional Fees
Maintenance and Repairs
Insurance
Depreciation and amortization
Office
Improvement and Development of HR
Total Production Costs
Inventory of Products in Progress
At Beginning of Year
At End of Year
Cost of Goods Manufactured
Inventory of Finished Products
at Beginning of the Year
Expired/Damaged
Promotion, Donated, Replacement,
and Self Consumptions
Cost of Products
Available for Sale
Sold for Immunization
At End of Year
Total

Inventories at Beginning of Year
Purchases
Available for Sale
Expired/Damaged
Used for Promotion, Replacement,
Self Consumption and Donation
Used for Immunization
Inventories at End of Year
Total

Products used for Immunization
Merchandise Used for Immunization
Raw Materials and Auxiliaries used
Employees
Business travelling
Professional Services
Repairs and Maintenance
Depreciation of Fixed Assets
Insurance
Office Expenses
Improvement and Development of HR
Total

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29. PENGHASILAN LAIN-LAIN

	2016
Penjualan Sampingan	437.723.305
Pendapatan Bunga Deposito	6.100.342.074
Pendapatan Jasa Giro	719.873.260
Pendapatan Bunga Investasi	-
Hasil Sewa Ruangan dan Bagi Hasil	221.375.000
Pendapatan Denda dari Pemasok dan Pelanggan	1.382.822.931
Royalti	-
Keuntungan Selisih Kurs	98.339.421.776
Pendapatan Hibah	42.086.241.496
Pemulihan Penyisihan Piutang	16.476.412
Pemulihan Penyisihan Persediaan	4.206.854.370
Kapitasi BPJS	728.304.000
Pendapatan Jasa Importasi	1.603.521.942
Penghasilan Lainnya (di bawah Rp 1 milyar)	8.884.758.217
Jumlah	164.727.714.782

30. BEBAN PENJUALAN

	2016
Karyawan	26.338.936.758
Perjalanan Dinas	2.569.626.461
Jasa Profesional	1.585.800.000
Pemeliharaan dan Perbaikan	1.904.745.936
Asuransi	34.209.742
Penyusutan Aset Tetap	5.278.049.188
Beban Kantor	3.514.079.743
Peningkatan dan Pengembangan SDM	469.372.279
Keagenan Ekspor	3.121.962.336
Ongkos Angkut	29.608.784.256
Embalage	18.648.774.133
Promosi dan Periklanan	18.182.334.592
Monitoring Produk	10.918.268.981
Insentif Penjualan	900.623.993
Jaminan dan Kerugian Penjualan	1.994.250.717
Royalti	8.666.019.375
Penyisihan Penurunan Nilai Piutang	49.865.427
Pemakaian Bahan Baku & Penolong	6.484.609
Pajak	204.209.466
Jumlah	133.996.397.992

31. BEBAN ADMINISTRASI DAN UMUM

	2016
Karyawan	202.344.740.738
Dewan Komisaris dan Direksi	42.366.434.836
Beban Kantor	45.866.546.121
Pemeliharaan dan Perbaikan	31.413.171.647
Penyusutan Aset Tetap	22.253.869.462
Peningkatan dan Pengembangan SDM	12.308.462.663
Perjalanan Dinas	6.255.459.573
Jasa Profesional	11.670.053.213
HUT Perusahaan dan Olahraga	4.166.338.898
Jamuan Tamu	3.691.586.542
Pajak Bumi dan Bangunan dan Pajak Kendaraan	2.732.650.737
jumlah dipindahkan	385.069.314.429

29. OTHER INCOME

	2015
	1.487.693.701
	34.338.748.047
	605.407.257
	1.957.450.000
	243.337.500
	636.391.149
	33.939.506
	78.787.808.691
	800.000.000
	34.973.845
	2.603.133.373
	410.752.000
	1.108.692.000
	6.015.678.281
Total	129.064.005.350

30. SELLING EXPENSES

	2015
	22.110.655.752
	3.546.385.751
	749.112.500
	489.527.755
	12.719.408
	1.794.042.048
	3.301.289.841
	395.105.484
	2.242.633.127
	34.421.044.628
	15.089.687.612
	17.969.987.666
	9.618.653.448
	3.774.035.443
	305.275.926
	10.775.555.450
	222.388.188
	-
	-
Total	126.818.100.027

31. GENERAL AND ADMINISTRATIVE EXPENSES

	2015
	230.759.482.395
	46.328.045.975
	44.606.987.152
	29.127.874.982
	19.648.209.985
	16.203.957.322
	7.998.925.560
	6.451.035.515
	3.880.861.129
	4.884.585.811
	3.191.645.068
	413.081.610.894

Other Sales
Interest from Time Deposits
Interest from Deposit Accounts
Interest from Investment
Room Rent and Profit Sharing
Penalties from Distributors and Customers
Royalties
Gains on Foreign Exchange
Donation Revenue
Recovery of Receivable Impairment
Recovery of Inventory Impairment
Capitation BPJS
Fee Importation
Others (less than Rp1 billion)
Total

Employees
Business travelling
Professional Services
Repairs and Maintenance
Insurance
Depreciation Expense
Office Expenses
Human Resource Development
Export Agency Services
Transportation
Embalage
Promotion and Advertising
Monitoring of Products
Sales Incentives
Sales Warranty
Royalties
Impairment of Receivables
Raw Materials and Auxiliaries Usage
Taxes
Total

Employees
Directors and Commissioners
Office Expenses
Repairs and Maintenance
Depreciation Expense
Human Resources Development
Business Travelling
Professional Services
Company's Anniversary and Sports
Entertainment
Land and Buildings and
Vehicle Taxes
Carried forward

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31. BEBAN ADMINISTRASI DAN UMUM

	2016
jumlah pindahan	385.069.314.429
Asuransi	373.656.854
Amortisasi Beban Tangguhan dan Aset Takberwujud	3.084.343.350
Kemitraan dan Bina Lingkungan	10.686.678.646
Lain-lain	2.787.653.477
Jumlah	402.001.646.756

32. BEBAN PENELITIAN, PENGEMBANGAN DAN SURVEILANS

	2016
Pemakaian Bahan Baku dan Bahan Penolong	26.850.010.656
Jasa Profesional	35.114.038.007
Karyawan	24.787.380.972
Penyusutan Aset Tetap	18.492.210.647
Pemeliharaan dan Perbaikan	4.008.787.093
Perjalanan Dinas	2.189.323.192
Beban Kantor	459.907.143
Peningkatan dan Pengembangan SDM	2.261.971.272
Asuransi	317.725.454
Jumlah	114.481.354.438

33. BEBAN LAIN-LAIN

	2016
Kerugian Selisih Kurs	115.652.270.297
Koreksi Pajak dan Denda Pajak	10.924.295.638
Beban Bunga Pinjaman	9.342.500.000
Denda Selain Pajak	-
Beban Penurunan Nilai Aset	-
Beban Lainnya (di bawah Rp1 milyar)	3.826.088.455
Jumlah	139.745.154.390

34. KOMPONEN EKUITAS LAINNYA

	31 Desember 2016 December 31, 2016
Surplus Revaluasi Aset Tetap - Net	-
Keuntungan (Kerugian) Aktuaria	(8.313.228.628)
Jumlah	(8.313.228.628)

Keuntungan (Kerugian) Aktuaria timbul akibat perubahan kebijakan akuntansi terkait penerapan PSAK 24 (Revisi 2013) "Imbalan Kerja".

35. ASET DAN LIABILITAS DALAM MATA UANG ASING

Aset	Mata Uang Asing Foreign Currency	Ekuivalen Rupiah Rupiah Equivalent
Kas dan Setara Kas	USD 7.341.205,16	98.636.432.529,76
	EUR 5.596.645,06	79.257.168.849,44
Piutang Usaha	USD 19.442.919,50	261.235.066.402,00
Piutang Lainnya	USD -	-
Uang Muka	USD 784.815,17	10.544.776.624,12
	EUR 1.902.085,28	26.936.475.796,98
	GBP 68.892,00	1.137.235.378,92
	JPY 37.928.497,24	4.376.948.581,50
Jumlah Aset		482.124.104.162,72

31. GENERAL AND ADMINISTRATIVE EXPENSES

	2015	
	413.081.610.894	Brought forward
	247.255.824	Insurance
		Amortization of Deferred Charges and Intangible Assets
	3.044.064.087	Community Development Program
	1.288.442.345	Others
	4.098.054.034	Total
Jumlah	421.759.427.184	

32. RESEARCH, DEVELOPMENT AND SURVEILLANCE

	2015	
	21.954.249.660	Raw Materials and Auxiliaries Usage
	22.112.742.854	Professional Services
	22.475.869.376	Employees
	15.547.079.115	Depreciation
	2.864.149.588	Repair and Maintenance
	3.900.017.055	Business Travelling
	729.278.328	Office Expense
	3.594.869.409	Human Resource Development
	264.314.132	Insurance
Jumlah	93.442.569.518	Total

33. OTHER EXPENSES

	2015	
	55.718.571.670	Loss on Foreign Exchange
	352.238.893	Tax Corrections and Penalties
	-	Loan Interest
	125.992	Other penalties
	3.831.467.299	Loss on Impairment of Assets
	6.298.332.014	Others (less than Rp1 billion)
Jumlah	66.200.735.869	Total

34. OTHER EQUITY COMPONENTS

	31 Desember 2015 December 31, 2015	
	1.980.781.821.592	Revaluation Surplus - Net
	(828.225.876)	Actuarial Gain (Loss)
Jumlah	1.979.953.595.716	Total

Actuarial Gain (Loss) represents improvement of PSAK 24 (revised 2013) "Imbalan Kerja".

35. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

	Mata Uang Asing Foreign Currency	Ekuivalen Rupiah Rupiah Equivalent		Mata uang Asing Foreign Currency	Ekuivalen Rupiah Rupiah Equivalent	
Aset						Assets
Kas dan Setara Kas	USD 7.341.205,16	98.636.432.529,76		17.295.123,38	238.586.227.027,10	Cash and Cash Equivalent
	EUR 5.596.645,06	79.257.168.849,44		7.127.955,08	107.415.930.830,42	
Piutang Usaha	USD 19.442.919,50	261.235.066.402,00		33.457.620,15	461.547.869.969,25	Trade Receivable
Piutang Lainnya	USD -	-		17.142,00	236.473.890,00	Other Receivables
Uang Muka	USD 784.815,17	10.544.776.624,12		748.486,18	10.325.366.784,13	Advances
	EUR 1.902.085,28	26.936.475.796,98		3.165.316,80	47.700.279.621,46	
	GBP 68.892,00	1.137.235.378,92		4.110,00	84.054.062,10	
	JPY 37.928.497,24	4.376.948.581,50		1.269.644,00	145.404.963,38	
Jumlah Aset		482.124.104.162,72			866.041.607.147,84	Total Assets

35. ASET DAN LIABILITAS DALAM MATA UANG ASING (lanjutan)

35. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES (continued)

		Mata Uang Asing Foreign Currency	Ekuivalen Rupiah Rupiah Equivalent	Mata uang Asing Foreign Currency	Ekuivalen Rupiah Rupiah Equivalent	
Liabilitas						Liabilities
Uang Muka Penjualan	USD	-	-	61.842,00	853.110.390,00	Advanced Receipts
Utang Usaha	USD	3.322.164,16	44.636.597.653,76	5.966.041,21	82.301.538.491,95	Trade Payables
	EUR	5.789.274,81	81.985.104.685,56	68.922,04	1.038.632.398,53	
	GBP	1.692,00	27.930.706,92	-	-	
	JPY	602.488,00	69.527.115,20	3.776.598,00	432.511.864,67	
	CHF	270.840,00	3.569.064.518,40			
	AUD	19.000,00	184.761.890,00			
	SGD	52.026,00	483.785.611,92	-	-	
Biaya YMH Dibayar	USD	28.800,00	386.956.800,00	72.000,00	993.240.000,00	Accrued Expenses
	AUD	-	-	60.000,00	603.849.600,00	
Liabilitas Lainnya	USD	218.797,23	2.939.759.549,83	107.942,24	1.489.063.200,80	Other Liability
Jumlah Liabilitas			134.283.488.531,59		87.711.945.945,95	Total Liabilities
Aset (Liabilitas) Bersih			347.840.615.631,14		778.329.661.201,89	Asset (Liability) - Net

36. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI

36. TRANSACTIONS WITH RELATED PARTIES

Perusahaan melakukan transaksi dengan pihak-pihak berelasi. Kebijakan Perusahaan mengatur bahwa penetapan harga atas transaksi-transaksi tersebut sama dengan transaksi - transaksi yang dilakukan dengan pihak ketiga.

The Company has transactions with related parties. The Company's policy of pricing for these transactions as the same with third parties.

a. Saldo akun dengan pihak berelasi terdiri dari :

a. Account balances with related parties are as follow :

Akun	31 Desember 2016 December 31, 2016		31 Desember 2015 December 31, 2015		Accounts
	Jumlah/ Amount	Persen/Percent	Jumlah/ Amount	Persen/ Percent	
Kas dan Setara Kas (Catatan 3)	441.042.856.520,38	7,42%	555.939.258.293,67	9,79%	Cash and Cash Equivalent (Note 3)
Piutang Usaha (Catatan 5)	12.280.577.812,52	0,21%	17.298.055.107,46	0,30%	Trade Receivables (Note 5)
Piutang Lain-lain (Catatan 6)	1.302.637.458,00	0,02%	1.302.637.458,00	0,02%	Other Receivables (Note 6)
Uang Muka Pembelian Lokal (Catatan 8)	834.000.000,00	0,00%	16.044.202.628,73	0,28%	Advance - Local Purchases (Note 8)
Pendapatan yang masih akan diterima (Catatan 11)	221.375.000,00	0,00%	1.591.887.435,25	0,03%	Unearned Revenue (Note 11)
Utang Usaha (Catatan 16)					Trade Payables (Note 16)
Koperasi Karyawan Bio Farma	14.869.209.175,93	0,25%	8.174.576.205,00	0,14%	Koperasi Karyawan Bio Farma
CV Karya Cahya Abadi	1.652.232.908,17	0,03%	1.180.481.302,50	0,02%	CV Karya Cahya Abadi
PT Pembangunan Perumahan (Persero), Tbk	8.351.209.044,71	0,14%	4.392.144.317,00	0,08%	PT Pembangunan Perumahan (Persero), Tbk
PT Wijaya Karya (Persero)	-	-	769.068.182,00	0,01%	PT Wijaya Karya (Persero)
PT Kimia Farma, Tbk	160.990.986,00	0,00%	419.689.563,00	0,01%	PT Kimia Farma, Tbk
PT INTI	71.221.650,00	0,00%	-	0,00%	PT INTI
Jumlah	25.104.863.764,81	0,42%	14.935.959.569,50	0,26%	Total

b. Sifat Hubungan

b. Nature of Relationships

Pihak Berelasi Related Parties	Hubungan dengan Perusahaan Relationship with the Company	Sifat Saldo Akun/Transaksi Nature of Accounts/Transactions
Bank Milik Negara/ Daerah	Entitas Sepengendali / Entity Under Common Control	Kas dan Setara Kas / Cash and Equivalent Cash
PT Kimia Farma (Persero) Tbk	Entitas Sepengendali / Entity Under Common Control	Penjualan Produk / Sale of Product
PT Indofarma Global Medika	Entitas Sepengendali / Entity Under Common Control	Penjualan Produk / Sale of Product
PT Rajawali Nusantara Indonesia	Entitas Sepengendali / Entity Under Common Control	Penjualan Produk / Sale of Product
PT Iglas (Persero)	Entitas Sepengendali / Entity Under Common Control	Piutang Lain-lain / Other Receivables
PT Pembangunan Perumahan (Persero), Tbk	Entitas Sepengendali / Entity Under Common Control	Pembelian Investasi / Purchase of Investment
PT Adhi Karya (Persero) Tbk	Entitas Sepengendali / Entity Under Common Control	Pembelian Investasi / Purchase of Investment
Koperasi Karyawan Bio Farma	Entitas Sepengendali / Entity Under Common Control	Pembelian Barang dan Investasi / Purchase of Goods and Investment
CV Karya Cahya Abadi	Entitas Sepengendali / Entity Under Common Control	Pembelian Barang dan Investasi / Purchase of Goods and Investment
Pihak Berelasi Lainnya	Entitas Sepengendali / Entity Under Common Control	Lain-lain dengan nilai dibawah Rp 1 milyar / Other transactions under Rp 1 billion

37. PERJANJIAN DAN PERIKATAN PENTING

- a. Berdasarkan Kontrak Katalog Pelaksanaan Penyediaan Vaksin No.455 tahun 2015, tanggal 21 Desember 2015 antara Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah dan PT Bio Farma (Persero), Perusahaan mengadakan perjanjian jual beli pengadaan vaksin regular tahun 2016 dengan Direktorat Tata Kelola Obat Publik dan Perbekalan Kesehatan Direktorat Jenderal Bina Kefarmasian dan Alat Kesehatan Kementerian Kesehatan Republik Indonesia, dengan nomor perjanjian No.KN.01.01/5/41-PK/2016, tanggal 10 Februari 2016. Disepakati bahwa Direktorat Tata Kelola 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 :

No.	Jenis Vaksin <i>Vaccine Types</i>	Kemasan <i>Packing</i>	Kuantum <i>Quantity</i>	Harga Satuan <i>Unit Price</i>	Jumlah (Rp.) <i>Amount (Rp.)</i>
1	BCG	20 ds/amp	1.754.640	54.500	95.627.880.000
2	DT	10 ds/vial	730.730	16.180	11.823.211.400
3	Campak/Measles	10 ds/vial	3.283.390	25.640	84.186.119.600
4	b-OPV	10 ds/vial	2.947.520	18.140	53.468.012.800
5	Hep. B 0.5 ml	1 ds/puch	4.919.660	19.000	93.473.540.000
6	DTP-HB-Hib	5 ds/vial	1.883.420	69.350	130.615.177.000
7	Td	10 ds/vial	3.313.260	15.000	49.698.900.000
8	t-OPV	10 ds/vial	1.374.080	31.650	43.489.632.000
Total					562.382.472.800
PPN/VAT 10 %					56.238.247.280
Total - PPN/VAT					618.620.720.080

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 21 November 2016 serta dianggap sah apabila sudah dilengkapi dengan Bukti Penerimaan Barang di Dinas Kesehatan Provinsi yang bersangkutan, ditandatangani oleh Penerima Barang dan diketahui oleh Pejabat Struktural Dinas Kesehatan di Provinsi, Bukti Penerimaan Barang di tingkat pusat ditandatangani oleh Penerima Barang di Gudang Direktorat Jenderal Pengendalian Penyakit dan Penyehatan Lingkungan (PP & PL) dan diketahui Pejabat Struktural. Panitia Penerima Hasil Pekerjaan Pengadaan Barang/Jasa Direktorat Jenderal Bina Kefarmasian dan Alat Kesehatan membuatkan rekap bukti penerimaan yang diketahui oleh Pejabat Pembuat Komitmen Satker Direktorat Bina Obat Publik dan Perbekalan Kesehatan.
3. Menyerahkan Surat Jaminan sebagai jaminan pelaksanaan yang diterbitkan oleh Bank Umum atau Perusahaan Penjaminan atau Perusahaan Asuransi yang memiliki Program Asuransi Kerugian (Surety bond) yang diijinkan oleh Menteri Keuangan Republik Indonesia, sebesar 5% dari nilai kontrak atau sebesar Rp30.931.036.004 yang berlaku sampai dengan tanggal 15 Desember 2016.

37. SIGNIFICANT AGREEMENTS AND COMMITMENTS

- a. Based on the Contract of Vaccine Procurement Catalog No.455 Year of 2015 dated on December 21, 2015 between the Company and Government Procurement Policy Institution, the Company entered into regular vaccine sale and purchase agreement in 2016 with the Directorate of Public Drugs and Health Supply of the Directorate General of Pharmaceutical and Medical Devices of the Ministry of Health of the Republic of Indonesia as mentioned in a letter of agreement No.KN.01.01/5/41-PK/2016 dated on February 10, 2016. The Directorate of Public Drugs and Health Supply of 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 for the program from the Company :

The following are requirements the Company should meet the agreement :

1. Vaccines produced should have specifications as stated in the sale and purchase agreement.
2. All types of vaccines should be submitted at the designated warehouse no more than November 21, 2016, and will be valid when equipped by receiving report issued by the Provincial Health Office. At the Ministry Office, the receiving document is signed by recipient of goods at the Warehouse of Directorate General of of Disease Control and Environmental Healthcare (PP & PL), and known by the Official of the Directorate. The Committee for Receiving of Procurement of the Directorate of Pharmaceutical and Medical Devices provides a recapitulation of the receiving reports that known by the Official in Charge of the Directorate of Public Drugs and Health Supply.
3. Submit a letter of guarantee as performance bond issued by Bank or Guarantor or Insurance Company that have a Surety Bond Program licenced by the Ministry of Finance of the Republic of Indonesia amounting to 5% of the contract price, or equivalent to Rp30.931.036.004 and valid until December 15, 2016.

37. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

- b. Berdasarkan Kontrak Katalog Pelaksanaan Penyediaan Vaksin No.455 tahun 2015, tanggal 21 Desember 2015 antara Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah dan PT Bio Farma (Persero), Perusahaan mengadakan perjanjian jual beli pengadaan vaksin DPT-HB-HIB, ADS dan Safety Box tahun 2016 dengan Direktorat Tata Kelola Obat Publik dan Perbekalan Kesehatan Direktorat Jenderal Bina Kefarmasian dan Alat Kesehatan Kementerian Kesehatan Republik Indonesia, dengan nomor perjanjian No.KN.01.01/5/279 -PK.GAVI/2016, tanggal 6 Oktober 2016. Disepakati bahwa Direktorat Tata Kelola Obat Publik dan Perbekalan Kesehatan Direktorat Jenderal Bina Kefarmasian dan Alat Kesehatan Kementerian Kesehatan Republik Indonesia akan membeli vaksin untuk program tersebut dari Perusahaan dengan rincian sebagai berikut :

No.	Jenis Vaksin <i>Vaccine Types</i>	Kemasan <i>Packing</i>	Kuantum <i>Quantity</i>	Harga Satuan <i>Unit Price</i>	Jumlah (Rp.) <i>Amount (Rp.)</i>
1.	DTP-HB-Hib	5 ds/vial	787.720	69.350	54.628.382.000
Total					54.628.382.000
PPN/VAT 10 %					5.462.838.200
Total + PPN/VAT					60.091.220.200

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 15 Desember 2016 serta dianggap sah apabila sudah dilengkapi dengan Bukti Penerimaan Barang di Dinas Kesehatan Provinsi yang bersangkutan, ditandatangani oleh Penerima Barang dan diketahui oleh Pejabat Struktural Dinas Kesehatan di Provinsi. Panitia Penerima Hasil Pekerjaan Pengadaan Barang/Jasa Direktorat Jenderal Bina Kefarmasian dan Alat Kesehatan membuat rekap bukti penerimaan yang diketahui oleh Pejabat Pembuat Komitmen PHLN Satker Direktorat Tata Kelola Obat Publik dan Perbekalan Kesehatan.
 3. Menyerahkan Surat Jaminan sebagai jaminan pelaksanaan yang diterbitkan oleh Bank Umum atau Perusahaan Penjaminan atau Perusahaan Asuransi yang memiliki Program Asuransi Kerugian (Surety bond) yang diijinkan oleh Menteri Keuangan Republik Indonesia, sebesar 5% dari nilai kontrak atau sebesar Rp2.731.419.100 yang berlaku sampai dengan tanggal 31 Januari 2017.
- c. Berdasarkan Kontrak Katalog Pelaksanaan Penyediaan Vaksin No.875 tahun 2016, tanggal 7 Oktober 2016 antara Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah dan PT Bio Farma (Persero), Perusahaan mengadakan perjanjian jual beli pengadaan vaksin regular tahun 2016 (Inactivated Poliomyelitis Vaccine (IPV)) dengan Direktorat Tata Kelola Obat Publik dan Perbekalan Kesehatan Direktorat Jenderal Bina Kefarmasian dan Alat Kesehatan Kementerian Kesehatan Republik Indonesia, dengan nomor perjanjian No.KN.01.01/5/458 -PK/2016, tanggal 1 November 2016.

37. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

- b. Based on the Contract of Vaccine Procurement Catalog No.455 Year of 2015 dated on December 21, 2015 between the Company and Government Procurement Policy Institution, the Company entered into a sale and purchase agreement of DPT-HB-HIB vaccines; ADS and Safety Box in 2016 with the Directorate of Public Drugs and Health Supply of the Directorate General of Pharmaceutical and Medical Devices of the Ministry of Health of the Republic of Indonesia as mentioned in a letter of agreement No.KN.01.01/5/279 -PK.GAVI/2016 dated October 6, 2016. The Directorate of Public Drugs and Health Supply of the Directorate General of Pharmaceutical and Medical Devices of the Ministry of Health of the Republic of Indonesia will purchase the vaccines for the program of the Company, with details as follows:

The following are requirements the Company should meet the agreement :

1. Vaccines produced should have specifications as stated in the sale and purchase agreement.
 2. All types of vaccines should be submitted at the designated warehouse no more than December 15, 2016, and will be valid when equipped by receiving report issued by the Provincial Health Office. At the Ministry Office, the receiving document is signed by 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 Procurement of the Directorate of Pharmaceutical and Medical Devices provides a recapitulation of the receiving reports that known by the Official in Charge of the Directorate of Public Drugs and Health Supply.
 3. Submit a letter of guarantee as performance bond issued by Bank or Guarantor or Insurance Company that have a Surety Bond Program licenced by the Ministry of Finance of the Republic of Indonesia amounting to 5% of the contract price, or equivalent to Rp2.731.419.100 and valid until January 31, 2017.
- c. Based on the Contract of Vaccines Procurement Catalog No.875 Year of 2016 dated October 7, 2016 between the Company and Government Procurement Policy Institution, the Company entered into a sale and purchase agreement for Inactivated Poliomyelitis Vaccine (IPV) in 2016 with the Directorate of Public Drugs and Health Supply of the Directorate General of Pharmaceutical and Medical Devices of the Ministry of Health of the Republic of Indonesia regarding the as mentioned in a letter of agreement No.KN.01.01/5/458-PK/2016 dated November 1, 2016.

37. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

Disepakati bahwa Direktorat Tata Kelola Obat Publik dan Perbekalan Kesehatan Direktorat Jenderal Bina Kefarmasian dan Alat Kesehatan Kementerian Kesehatan Republik Indonesia akan membeli vaksin untuk program tersebut dari Perusahaan dengan rincian sebagai berikut :

No.	Jenis Vaksin <i>Vaccine Types</i>	Kemasan <i>Packing</i>	Kuantum <i>Quantity</i>	Harga Satuan <i>Unit Price</i>	Jumlah (Rp.) <i>Amount (Rp.)</i>
1.	SIPV	5 ds/vial	65.225	139.000	9.066.275.000
2.	SIPV	10 ds/vial	20.575	247.500	5.092.312.500
Total					14.158.587.500
PPN/VAT 10 %					1.415.858.750
Total + PPN/VAT					15.574.446.250

Persyaratan Perusahaan dalam memenuhi perjanjian tersebut antara lain :

1. Vaksin yang diproduksi harus memiliki spesifikasi sebagaimana tercantum dalam Perjanjian Jual Beli (kontrak).
 2. Semua jenis vaksin tersebut harus diserahkan di gudang tujuan paling lambat 15 Desember 2016 serta dianggap sah apabila sudah dilengkapi dengan Bukti Penerimaan Barang di Dinas Kesehatan Provinsi DI Yogyakarta yang bersangkutan, ditandatangani oleh Penerima Barang dan diketahui oleh Pejabat Struktural yang bersangkutan. Bukti Penerimaan Barang dari Dinas Kesehatan Provinsi DI Yogyakarta direkap oleh Panitia Penerima Hasil Pekerjaan Pengadaan Barang/Jasa Direktorat Jenderal Bina Kefarmasian dan Alat Kesehatan, dan dibuatkan Berita Acara Penerimaan Barang diketahui oleh Pejabat Pembuat Komitmen (PPK) Satker Direktorat Bina Obat Publik dan Perbekalan Kesehatan.
 3. Menyerahkan Surat Jaminan sebagai jaminan pelaksanaan yang diterbitkan oleh Bank Umum atau , Perusahaan Penjaminan atau Perusahaan Asuransi yang memiliki Program Asuransi Kerugian (Surety bond) yang diijinkan oleh Menteri Keuangan Republik Indonesia, sebesar 5% dari nilai kontrak atau sebesar Rp778.722.312,50 yang berlaku sampai dengan tanggal 31 Desember 2016
- d. Berdasarkan Kontrak Katalog Pelaksanaan Pengadaan Vaksin No. 875 tahun 2016, tanggal 7 Oktober 2016 antara Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah dan PT Bio Farma (Persero), Perusahaan mengadakan perjanjian jual beli pengadaan vaksin IPV, ADS 0,5 ml, dan Safety Box tahun 2016 dengan Direktorat Tata Kelola Obat Publik dan Perbekalan Kesehatan Direktorat Jenderal Bina Kefarmasian dan Alat Kesehatan Kementerian Kesehatan Republik Indonesia, dengan nomor perjanjian No. KN.01.01/5/314-PK.GAVI/2016, tanggal 10 November 2016. Disepakati bahwa Direktorat Tata Kelola Obat Publik dan Perbekalan Kesehatan Direktorat Jenderal Bina Kefarmasian dan Alat Kesehatan Kementerian Kesehatan Republik Indonesia akan membeli vaksin untuk program tersebut dari Perusahaan dengan rincian sebagai berikut:

37. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

The Directorate of Public Drugs and Health Supply of the Directorate General of Pharmaceutical and Medical Devices of the Ministry of Health of the Republic of Indonesia will purchase vaccine for the program of the Company, with details as follows:

No.	Jenis Vaksin <i>Vaccine Types</i>	Kemasan <i>Packing</i>	Kuantum <i>Quantity</i>	Harga Satuan <i>Unit Price</i>	Jumlah (Rp.) <i>Amount (Rp.)</i>
1.	SIPV	5 ds/vial	65.225	139.000	9.066.275.000
2.	SIPV	10 ds/vial	20.575	247.500	5.092.312.500
Total					14.158.587.500
PPN/VAT 10 %					1.415.858.750
Total + PPN/VAT					15.574.446.250

The following are requirements the Company should meet the agreement :

1. Vaccines produced should have specifications as stated in the sale and purchase agreement.
 2. All types of vaccines should be submitted to the designated warehouse no more than December 15, 2016, and will be valid when equipped by receiving report issued by the D.i Yogyakarta Provincial Health Office. At the Ministry Office, the receiving document is signed by recipient of goods at the Warehouse of Directorate General of of Disease Control and Environmental Healthcare (PP & PL), and known by the Official of the Directorate. The Committee for Receiving of Procurement of the Directorate of Pharmaceutical and Medical Devices provides a recapitulation of the receiving reports that known by the Official in Charge of the Directorate of Public Drugs and Health Supply.
 3. Submit a letter of guarantee as performance bond issued by Bank or Guarantor or Insurance Company that have a Surety Bond Program licenced by the Ministry of Finance of the Republic of Indonesia amounting to 5% of the contract price, or equivalent to Rp778.722.312,50 and valid until December 31, 2016.
- d Based on the Contract of Vaccines Procurement Catalog No.875 Year of 2016 dated October 7, 2016 between the Company and Government Procurement Policy Institution, the Company entered into a sale and purchase agreement of Inactivated Poliomyelitis Vaccine (IPV), ADS 0,5 ml, and Safety Box in 2016 with the Directorate of Public Drugs and Health Supply of the Directorate General of Pharmaceutical and Medical Devices of the Ministry of Health of the Republic of Indonesia regarding the as mentioned in a letter of agreement No.KN.01.01/5/314-PK.GAVI/2016 dated November 10, 2016.The Directorate of Public Drugs and Health Supply of the Directorate General of Pharmaceutical and Medical Devices of the Ministry of Health of the Republic of Indonesia will purchase vaccine for the program of the Company, with details as follows:

37. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

37. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

No.	Jenis Vaksin <i>Vaccine Types</i>	Kemasan <i>Packing</i>	Kuantum <i>Quantity</i>	Harga Satuan <i>Unit Price</i>	Jumlah (Rp.) <i>Amount (Rp.)</i>
1.	SIPV	5 ds/vial	265.625	139.000	36.921.875.000
2.	SIPV	10 ds/vial	53.675	247.500	13.284.562.500
Total					50.206.437.500
PPN/VAT 10 %					5.020.643.750
Total + PPN/VAT					55.227.081.250

Persyaratan Perusahaan dalam memenuhi perjanjian tersebut antara lain:

1. Vaksin yang diproduksi harus memiliki spesifikasi sebagaimana tercantum dalam Perjanjian Jual Beli (kontrak).
 2. Semua jenis vaksin tersebut harus diserahkan di gudang tujuan paling lambat 29 Desember 2016 serta dianggap sah apabila sudah dilengkapi dengan Bukti Penerimaan Barang di Dinas Kesehatan Provinsi yang bersangkutan, ditandatangani oleh Penerima Barang dan diketahui oleh Pejabat Struktural Dinas Kesehatan di Provinsi. Bukti Penerimaan Barang di pusat diterima dan ditandatangani oleh Penerima Barang dan diketahui oleh salah satu Pejabat Struktural di lingkungan Direktorat Jenderal Pencegahan dan Pengendalian Penyakit (P2P). Panitia Penerima Hasil Pekerjaan Pengadaan Barang/Jasa Direktorat Jenderal Bina Kefarmasian dan Alat Kesehatan membuat rekap bukti penerimaan barang dari Pusat dan Dinas Kesehatan Propinsi yang kemudian dibuatkan Berita Acara Penerimaan Barang dan diketahui oleh Pejabat Pembuat Komitmen PHLN Satker Direktorat Tata Kelola Obat Publik dan Perbekalan Kesehatan.
 3. Menyerahkan Surat Jaminan sebagai jaminan pelaksanaan yang diterbitkan oleh Bank Umum atau Perusahaan Penjaminan atau Perusahaan Asuransi yang memiliki Program Asuransi Kerugian (Surety bond) yang diijinkan oleh Menteri Keuangan Republik Indonesia, sebesar 5% dari nilai kontrak atau sebesar Rp2.510.321.875,00 yang berlaku sampai dengan tanggal 31 Januari 2017.
- e. Perusahaan mengadakan perjanjian kerjasama kegiatan pengembangan produk dengan pihak ketiga yaitu *University of Melbourne*, *Artes Biotechnology GmbH*, *PATH Vaccine Solution (PVS)*, dengan *IVI (The International Vaccine Institute)*, *Lipotek Pty.Ltd*, *Iwate Medical University* dan *Japan Poliomyelitis Research Institute (JPRI)*.
- f. Perusahaan mengadakan perjanjian jual beli produk Perusahaan dengan beberapa pelanggan di luar negeri sebagai berikut:
- 1 Perjanjian No.04394/DIR/VI/2010 tanggal 30 Juni 2010 dengan Universal Exim tentang perjanjian pemasaran yang meliputi penjualan Monovalent Poliomyelitis Bulk dan DTP Bulk, yang berlaku hingga 31 Maret 2014, yang telah dilakukan amandemen IX sesuai perjanjian No.08905/DIR/VII/ 2013 tanggal 12 Juli 2013 yang memperbaharui masa berlaku hingga sampai 31 Maret 2016,

The following are requirements the Company should meet the agreement :

1. Vaccines produced should have specifications as stated in the sale and purchase agreement.
 2. All types of vaccines should be submitted to the designated warehouse no more than December 15, 2016, and will be valid when equipped by receiving report issued by the Provincial Health Office. At the Ministry Office, the receiving document is signed by recipient of goods at the Warehouse of Directorate General of of Disease Control and Environmental Healthcare (PP & PL), and known by the Official of the Directorate. The Committee for Receiving of Procurement of the Directorate of Pharmaceutical and Medical Devices provides a recapitulation of the receiving reports that known by the Official in Charge of the Directorate of Public Drugs and Health Supply.
 3. Submit a letter of guarantee as performance bond issued by Bank or Guarantor or Insurance Company that have a Surety Bond Program licenced by the Ministry of Finance of the Republic of Indonesia amounting to 5% of the contract price, or equivalent to Rp52.510.321.875,00 and valid until December 31, 2017.
- e. The Company entered into cooperation agreements for product development activities with third parties, those are *University of Melbourne*, *Artes Biotechnology GmbH*, *PATH Vaccine Solution (PVS)*, dengan *IVI (The International Vaccine Institute)*, *Lipotek Pty.Ltd*, *Iwate Medical University*, and *Japan Poliomyelitis Research Institute (JPRI)*.
- f. The Company entered into agreements with overseas customers for sale and purchase of its products as follows:
- 1 Agreement No.04394/DIR/VI/2010 dated June 30, 2010 with the Universal Exim regarding the agreement of marketing of selling Monovalent Poliomyelitis Bulk and DTP Bulk, which is valid until March 31, 2014. This agreement was amended by amendment IX No.08905/DIR/VII/2013 dated July 12, 2013 that renew the period of the agreement until March 31, 2016,

37. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

amandemen X sesuai perjanjian No.06724/DIR/XII/ 2013 tanggal 17 Desember 2013 yang memperbaharui nilai perjanjian, dan amandemen XI sesuai perjanjian No.01512/DIR/III/2015 tanggal 9 Maret 2015 yang memperbaharui nilai perjanjian dan masa berlaku hingga 31 Maret 2019.

- 2 Perjanjian No.06384/DIR/XI/2011 tanggal 7 November 2011 dengan BioNet Asia Ltd tentang penjualan DPT Bulk, yang berlaku hingga 31 Desember 2015. Pada tanggal 14 Mei 2012 dilakukan amandemen II atas perjanjian tersebut sesuai dengan perjanjian No.03098/DIR/V/2012, yang memperbaharui masa berlaku hingga 31 Desember 2016. Pada tanggal 17 November 2014 dilakukan amandemen III atas perjanjian tersebut sesuai dengan perjanjian No.05664/DIR/XI/2014, yang memperbaharui masa berlaku hingga tanggal 31 Desember 2019.
- 3 Perjanjian No.06383/DIR/XI/2011 tanggal 7 November 2011 dengan BioNet Asia Ltd tentang penjualan Monovalent Poliomyelitis Bulk, yang berlaku hingga 31 Desember 2015. Perjanjian telah diubah dengan amandemen I sesuai perjanjian No.03097/DIR/V/2012 tanggal 14 Mei 2012 yang memperbaharui masa berlaku hingga 31 Desember 2017, amandemen II sesuai perjanjian No.05265/DIR/ IX/2013 tanggal 30 September 2013 yang merubah nilai perjanjian, dan amandemen IIIdengan perjanjian No.05663/DIR/XI/2014 tanggal 17 November 2014 yang memperbaharui masa berlaku hingga 31 Desember 2019.
- 4 Perjanjian No.09439/DIR/XII/2009 tanggal 10 Desember 2009 dengan Bionet Asia Co.Ltd tentang pemasaran produk Bio Farma berupa *bulk* dan *finished Product* (Vaccine), yang berlaku hingga 31 Desember 2014, dan telah dilakukan amandemen II dengan perjanjian No.02956/DIR/V/2012 tanggal 9 Mei 2012 yang memperbaharui masa berlaku hingga 31 Desember 2016.
- 5 Perjanjian No.02051/ DIR/III/2010 tanggal 30 Maret 2010 dengan BioNET ASIA CO.LTD tentang penjualan Poliomyelitis *Bulk*, yang berlaku hingga 30 Maret 2013, telah dilakukan amandemen II sesuai perjanjian No.02957/DIR/ V/2012 tanggal 9 Mei 2012 yang memperbaharui masa berlaku hingga 31 Desember 2016.
- 6 Perjanjian No.02305/DIR/ IV/2010 tanggal 8 April 2010 dengan BioNET ASIA CO.LTD tentang penjualan DPT *Bulk*, yang berlaku hingga 8 April 2013, dan telah dilakukan amandemen II sesuai perjanjian No.02958/DIR/V/2012 tanggal 9 Mei 2012 yang memperbaharui masa berlaku hingga 31 Desember 2016.
- 7 Perjanjian No.07444/DIR/XII/2012 tanggal 20 Desember 2012 dengan BioNet-Asia Co. Ltd tentang penjualan *Ready-to-fill Final Bulk Td Vaccine*, yang berlaku untuk jangka waktu 5 tahun sejak tanggal registrasi dari produk akhir di wilayah Thailand.

37. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

amendment X No.06724/DIR/XII/ 2013 dated December 17, 2013 that change the price included in the agreement, and amendment XI No.01512/DIR/III/2015 dated March 9, 2015 that change the price and renew the period of the agreement until March 31, 2019.

- 2 *Agreement No.06384/DIR/XI/2011 dated November 7, 2011 with the Bionet Asia Ltd, regarding the sale of DPT Bulk, which is valid until December 31, 2015. On May 14, 2012 the agreement was amended by agreement (amendment II) No.03098/DIR/V/2012 that renew the period of the agreement until December 31, 2016. Later, on November 17, 2014 the agreement was amended again by agreement (amendment III) No.05664/DIR/XI/ 2014 that renew the period of the agreement until December 31, 2019.*
- 3 *Agreement No.06383/DIR/XI/2011 dated November 7, 2011 with the Bionet Asia Ltd., for the sale of DPT Bulk, valid until December 31, 2015. This agreement was amended by agreement (amendment I) No.03097/DIR/ V/2012 dated May 14, 2012 that renew the period of the agreement until December 31, 2017, agreement (amendment II) No.05265/ DIR/IX/2013 dated September 30, 2013 that change the contract price, and agreement (amendment III) No.05663/DIR/XI/2014 dated November 17, 2014 that renew the period of the agreement until December 31, 2019.*
- 4 *Agreement No.09439/DIR/XII/2009 dated December 10, 2009 with the BioNET Asia Co.Ltd regarding the marketing of the Company's products of bulk and finished products (vaccines), which is valid until December 31, 2014, and was amended on May 9, 2012 by amendment II No.02956/DIR/V/2012 that renew the period of the agreement until December 31, 2016.*
- 5 *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, this agreement was amended by amendment II No.02957/DIR/V/2012 that renew the period of the agreement until December 31, 2016.*
- 6 *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. This agreement was amended on May 9, 2012 by amendment II No.02958/DIR/V/2012 that renew the period of the agreement until December 31, 2016.*
- 7 *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. The agreement is valid for 5 years since registration date of the end products in Thailand territory.*

37. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

- 8 Perjanjian No.01391/ DIR/II/2013 tanggal 16 Maret 2013 dengan Biological E Limited tentang penjualan *Measles Bulk*, yang berlaku hingga 16 Maret 2018. Pada 5 Desember 2013 dilakukan amandemen atas perjanjian tersebut sesuai dengan perjanjian No.06511/DIR/ XII/2013, yang memperbaharui masa berlaku hingga 31 Desember 2018.
- 9 Perjanjian jangka panjang 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 tahun 2013 sampai 2015.
 - 11 Desember 2012, untuk *supply* tOPV 20 ds dan bOPV 20 ds dari tahun 2013 sampai 2016.
 - 1 April 2015 dan 19 Mei 2015 untuk penambahan *supply* vaksin TT-10 dosis tahun 2015.
 - 18 Maret 2016, untuk *supply* Vaksin DTP - 10 ds dari tahun 2016 sampai 2018;
 - 7 April 2016, untuk *supply* Vaksin TT - 10 ds dan Td - 10 ds dari tahun 2016 sampai 2017.
- 10 Perjanjian No.05887/DIR/XI/2014 tanggal 3 Desember 2014 dengan Propharm (M) SDN.BHD tentang penjualan *Finished Product (Vaccine)* yang berlaku hingga tanggal 30 April 2018.
- 11 Perjanjian No.05900/DIR/XI/2014, tanggal 19 Januari 2015, dengan Arabio tentang penjualan produk, bulk final dan vaksin yang berlaku hingga 31 Desember 2024.
- g. Perusahaan melakukan penandatanganan perpanjangan & peningkatan plafond fasilitas pembiayaan Fasilitas Kredit dengan PT Bank Mandiri (Persero) dengan rincian fasilitas sebagaimana tercantum pada SPPK No.CBG.CB1/SPPK/SPD.003/2016 tanggal 24 Mei 2016 perihal Surat Penawaran Pemberian Kredit (SPPK). Fasilitas kredit meliputi *non cash loan* untuk penerbitan LC Impor/SKDN (Sight, Usance & UPAS)/BG dengan sub limit *Trust Receipt, Fasilitas Treasury Line, dan Purchasing Line*. Jaminan berupa Mesin, Inventaris, dan Peralatan Pabrik yang berlokasi di Jl.Pasteur No.28 Bandung dengan nilai penjaminan sebesar IDR265.000.000.000 yang diikat secara fidusia.
- h. Perusahaan melakukan penandatanganan perpanjangan Kredit Modal Kerja Ekspor (KMKE) dengan Lembaga Pembiayaan Ekspor Indonesia (LPEI)/Indonesia Eximbank sesuai dengan Surat Persetujuan Perpanjangan dan Penambahan Fasilitas Pembiayaan No.PBD/SP3/30/2016 tanggal 6 Juni 2016 . Fasilitas kredit meliputi 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);

37. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

- 8 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 March 16, 2018. On December 5, 2013 the agreement was amended by agreement No.06511/DIR/XII/2013 for renew the period of the agreement until December 31, 2018.
- 9 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 from 2013 until 2016.
 - November 28, 2012, to supply the *TT-10 ds, Td-10 ds, and DTP-10 ds vaccines* from 2013 until 2015.
 - December 11, 2012, to supply *tOPV 20 ds and bOPV 20 ds* from 2013 until 2016.
 - April 1 and May 19, 2015 to additional supply of vaccine *TT-10 dosage* for 2015.
 - March 18, 2016 to supply of vaccine *DTP-10 dosage* from 2016 until 2018.
 - April 7, 2016 to supply of vaccine *TT-10 dosage* from 2016 until 2017.
- 10 Agreement No.05887/DIR/XI/2014 dated December 3, 2014 with the Propharm (M) Sdn.Bhd concerning the sale of *Finished Product (Vaccine)*. The agreement is valid until 30 April 2018.
- 11 Agreement No.05900/DIR/ XI /2014 , dated January 19, 2015, with Arabio on product sales, and a final bulk vaccine that is valid until December 31, 2024.
- g The Company entered into Agreement of Working Capital Credit Revolving No.CCBG.CB1/SPPK/SPD.003/2016 dated May 24, 2016 with PT Bank Mandiri (Persero), Tbk . This credit 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*. The loan is fiducially secured by machineries, office equipments, and factory equipments which are located at Jalan Pasteur No.28 Bandung with the value of IDR265.000.000.000.
- h The Company entered into an agreement of the extension of the Export Working Capital Credit (KMKE) from the Indonesia Eximbank (Lembaga Pembiayaan Ekspor Indonesia - LPEI) in accordance with Letter of Acceptance for Financing Facility (SPPP) No.PBD/SP3/30/2016 dated June 6, 2016. The credit facility, includes 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);

37. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

Kredit dijamin oleh Piutang Usaha dengan nilai penjaminan sebesar Rp35.000.000.000, Persediaan Barang dengan nilai penjaminan sebesar Rp60.000.000.000 dan Mesin, Inventaris, dan Peralatan Pabrik yang berlokasi di Jl. Pasteur No.28 Bandung dengan nilai penjaminan sebesar IDR180.000.000.000 yang diikat secara fidusia.

- i. Perusahaan melakukan penandatanganan perjanjian kredit modal kerja (KMK) dengan PT Bank Rakyat Indonesia (Persero) sesuai dengan surat No.R.II.291-ADK/DKR-2/12/2016, tanggal 15 Desember 2016. Fasilitas kredit meliputi kredit modal kerja yang meliputi : Interchangeable dengan fasilitas Penanguhan Jaminan Impor (PJI) (LC/SKBDN), Fasilitas Trade Line, Fasilitas Comercial Line dan Fasilitas Forex Line .

Kredit dijamin oleh Piutang Usaha dengan nilai penjaminan sebesar Rp183.496.626.930,24, Persediaan Barang dengan nilai penjaminan sebesar Rp176.077.094.546,50.

- j. Atas dasar 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 yang menyatakan status PT Iglas (Persero) (dalam pailit), Perusahaan melakukan penyisihan 100% atas pokok piutang PT Iglas (Persero) sebesar Rp4.894.737.040 dari jumlah kewajibannya sebesar Rp6.503.458.205 yang terdiri dari :

- Pokok Piutang	Rp 4.894.737.050
- 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 (*cash basis*).

Namun, sesuai dengan Putusan Perdamaian per 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 mulai bulan April 2010, sehingga terbuka kembali kemungkinan untuk tertagihnya piutang tersebut.

Posisi Piutang PT Iglass (Persero) sebagai berikut :

Total Piutang PT Iglass (Persero) pada saat pailit :

Pembayaran :

Sumber dana dari PT Iglass (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
Sub Total	Rp 1.058.748.939

Sumber dana dari

PT Perusahaan Pengelola Aset (PT PPA) Rp 2.533.350.643

Jumlah Pembayaran

Saldo Piutang

37. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

This loan is fiducially secured by Trade Receivables with a guarantee value of Rp35.000.000.000, and Inventories with a guarantee value of Rp60.000.000.000 and Machinery, Office Equipments and Factory Equipments with a guarantee value of IDR180.000.000.000 located at Jalan Pasteur No.28 Bandung.

- i. The Company entered into Agreement of Working Capital Credit (KMK) with PT Bank Rakyat Indonesia (Persero), Tbk No.R.II.291-ADK/DKR-2/12/2016 dated December 15, 2016. This credit includes Interchangeable with facilities Suspension Import Guarantee (PJI) (LC / SKBDN), Trade Line Facility, facilities and amenities Comercial Line Forex Line.

The loan is fiducially secured by trade receivables with the value of IDR183.496.626.930,24. Inventories with a guarantee value of Rp176.077.094.546,50.

- j. Based on the decision of the Supreme Court No.397K / Pdt.Sus / 2009 dated July 30, 2009, Jo No.01 / Pailit / 2009 / PN Niaga SBY September 30, 2009 stated of PT Iglas (Persero) (bankruptcy), the Company puts 100% allowance on the principal receivable PT Iglas (Persero) amounting to Rp4.894.737.040 of total liabilities amounted Rp6.503.458.205 consisting of :

Principal -
Accumulated Interests -
Accumulated Penalties -

The Company has not recognized the interests and penalties on such receivable as revenues as the admission is cash basis .

However, in accordance with Decision Peace on January 13, 2010 decided by the Commercial Court in Surabaya District Court that the companies as Concurrent PT Iglas (Persero) are entitled to receive a payment on accounts starting in April 2010, thus it has opened for uncollectible accounts.

The position of receivable to PT Iglas (Persero) is as follow :

Rp 4.894.737.040

Total receivable at the time of bankrupt

Payments :

Source of fund from PT Iglas (Persero)

Year 2010

Year 2011

Year 2012

Year 2013

Source of fund from

PT Perusahaan Pengelola Aset (PT PPA)

Total Payments

Balance as of December 31, 2016

37. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

Sisa dana PPA sebesar Rp999.690.769 akan segera diselesaikan berdasarkan Notulen Rapat tentang Piutang PT Iglas (Persero) antara PT Iglas (Persero) dengan PT Bio Farma (Persero) tanggal 14 September 2012, namun sampai saat ini pembayaran tersebut belum diterima perusahaan.

PT Iglas (Persero) melalui surat No.0736/Q-12-2011 tanggal 27 Desember 2011 perihal Penyelesaian Pinjaman dan No.0084/Q-2-2012 tanggal 6 Pebruari 2012 perihal Konfirmasi Data Hutang PT Iglas (Persero) telah mengajukan permohonan pembebasan denda dan bunga pinjaman sebesar Rp1.608.721.165 dan telah dijawab oleh Perusahaan melalui surat No.02316/TUK/IV/2012 tanggal 13 April 2012 tentang Pembebasan Bunga dan Denda Piutang PT Iglas (Persero) bahwa permohonan tersebut belum dapat dikabulkan sesuai rekomendasi Dewan Komisaris melalui surat No.15/DK.BF/III/2012 tanggal 12 Maret 2012.

Pada tanggal 11 Juni 2013 PT Iglas (Persero) mengirimkan surat ke PT Bio Farma (Persero) dengan surat No.0214/D-06-2013 perihal Penundaan Sementara Pembayaran Kewajiban, yang isinya menerangkan tentang pembayaran angsuran yang tersendat karena adanya mesin yang rusak yang harus diperbaiki sehingga mempengaruhi cash flow di PT Iglas (Persero).

Pada tanggal 30 Desember 2013 PT Iglas (Persero) mengirimkan surat ke PT Bio Farma (Persero) dengan surat No.0489/D-12-2013 perihal Kewajiban PT Iglas (Persero) yang menyatakan bahwa pembayaran PT Iglas (Persero) ke PT Bio Farma (Persero) tahun 2013 adalah benar sebesar Rp25.000.000 dan belum dapat melakukan pembayaran kewajiban pada PT Bio Farma (Persero) tepat waktu sesuai kesepakatan.

PT Bio Farma (Persero) telah melakukan penagihan melalui surat No.03307/TUK/VII/2014 tanggal 18 Juli 2014 dan surat No.04581/TUK/IX/2014 tanggal 30 September 2014, dan telah ditanggapi oleh PT Iglas (Persero) melalui surat No.0328/D-10-2014 tanggal 9 Oktober 2014 yang menyatakan bahwa saat ini PT Iglas (Persero) masih berupaya memperbaiki mesin-mesin baik secara mandiri maupun dalam rencana dikerjasamakan dengan PT Petrosida Gresik dengan cara Kerjasama Operasi (KSO) sehingga belum dapat menyelesaikan kewajiban kepada PT Bio Farma (Persero).

PT Bio Farma (Persero) mengirimkan surat penagihan ke PT Iglass (Persero) dengan surat No.04442/TUK/VI/2015, tanggal 30 Juni 2015 perihal konfirmasi penagihan atas penyelesaian kewajiban pembayaran tersebut.

PT Bio Farma (Persero) telah melakukan penagihan ke PT Iglass (Persero) melalui surat No. 07769/TUK/XII/2015, tanggal 18 Desember 2015 perihal konfirmasi lebih lanjut atas penyelesaian kewajiban pembayaran setelah dilakukannya perbaikan dan pemasangan mesin – mesin di pabrik PT Iglass (Persero) berdasarkan jawaban surat PT Iglass (Persero) sebelumnya No.0313/D-07/2015 tanggal 15 Juli 2015 yang menyatakan hal – hal sebagai berikut :

37. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

Remaining funds amounting Rp999.690.769 PPA will be settled based on the Minutes of the Meeting of the Receivable PT Iglas (Persero) between PT Iglas (Persero) and PT Bio Farma (Persero) dated September 14, 2012, however we have not received any payment.

Through the letters PT Iglas (Persero) No.0736 / Q-12-2011 dated December 27, 2011 regarding the Settlement Loans and No.0084 / Q-2-2012 dated 6 February 2012 regarding of Debt Confirmation Data Debt PT Iglas (Persero) has applied for exemption penalties and interest loan of Rp1.608.721.165 and has been answered by the Company with reference No.02316 / TUK / IV / 2012 dated 13 April 2012 on the exemption from interest and penalties receivable PT Iglas (Persero) that the request can not be granted according to the recommendations of the Board Commissioner by letter No.15 / DK.BF / III / 2012 dated March 12, 2012.

On June 11, 2013 PT Iglas (Persero) has sent a letter to PT Bio Farma (Persero) No.0214 / D-06-2013 regarding Obligation Payment Delays which explains about the installment payments faltered because some of theirs machines were broken that need repaired so that affect cash flow in PT Iglas (Persero).

On December 30, 2013 PT Iglas (Persero) sent a letter to PT Bio Farma (Persero) No.0489 / D-12-2013 regarding Obligation PT Iglas (Persero) which states that the payment PT Iglas (Persero) to PT Bio Farma (Persero) in 2013 was Rp 25,000,000 and PT Iglas (Persero) has not been able to make any payments on the obligations on time as agreed.

PT Bio Farma (Persero) has asked the payment to PT Iglas (Persero) via letter No.03307 / TUK / VII / 2014 dated July 18, 2014 and letter No.04581 / TUK / IX / 2014 dated 30 September 2014, and has been responded through letter No.0328 / D-10-2014 dated October 9, 2014 which stated that at thies time PT Iglas (Persero) still keeps repairing the machines either independently or in cooperation with PT Petrosida Gresik by Joint Operation (KSO) and therefore has not been able to settle the obligations to PT Bio Farma (Persero).

PT Bio Farma (Persero) sent another billing letter to PT Iglass (Persero) reference No.04442 / TUK / VI / 2015 dated June 30, 2015 regarding a billing confirmation on the settlement of the payment obligation.

PT Bio Farma (Persero) has sent billing letters to PT Iglass (Persero) reference No. 07769 / TUK / XII / 2015 dated December 18, 2015, concerning a further confirmation on the settlement of payment obligations after repairing and installation of machineries based on the letter PT Iglass (Persero) No.0313 / D- 07/2015 dated July 15, 2015 which state as follows:

37. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

- a. PT Iglass (Persero) telah melakukan perbaikan dan pemasangan kembali mesin Emhart di line Dapur G-1.
- b. Melalui PPA telah merencanakan untuk memberikan pinjaman dana untuk pembelian /pembangunan Dapur G-2 beserta mesin – mesin lainnya.

PT Bio Farma (Persero) telah melakukan penagihan ke PT Iglass (Persero) melalui surat No. 01372/TUK/IV/2016, tanggal 7 April 2016 perihal konfirmasi lebih lanjut atas penyelesaian kewajiban pembayaran dan berdasarkan tanggapan yang diterima tanggal 20 April 2016 sesuai surat No. 0104/D-4- 2016 PT Iglass (Persero) menyatakan telah menghentikan kegiatan operasional Perusahaan sejak 31 Oktober 2015 dan di tahun 2016 oleh KBUMN telah dimasukkan dalam program Privatisasi Tahunan, sehingga belum bisa memastikan rencana pembayaran maupun penyelesaian kewajiban.

38. MANAJEMEN RISIKO KEUANGAN**a. 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 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. Jumlah eksposur risiko kredit maksimum sama dengan nilai tercatat atas akun-akun tersebut.

Untuk risiko penjualan kredit, Perusahaan mensyaratkan adanya bank garansi atau LC dengan limit tertentu. Untuk risiko kredit yang berhubungan dengan bank, hanya 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 yang dimiliki Perusahaan:

	Konsentrasi Risiko Kredit <i>Credit Risk Concentration</i>		Eksposur Maksimum <i>Maximum Exposure</i>	
	Institusi <i>Institution</i>	Lain-lain <i>Others</i>		
Piutang Usaha	288.626.423.903	-	288.626.423.903	Trade Receivables
Piutang Lain-lain	1.302.637.458	446.140.212	1.748.777.670	Other Receivables
	289.929.061.361	446.140.212	290.375.201.573	

(ii). Risiko Mata Uang

Risiko mata uang adalah risiko fluktuasi nilai instrumen keuangan yang disebabkan perubahan nilai tukar mata uang asing.

37. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

- a. Iglass PT (Persero) has made improvements and reassembling the machine EMHART in line kitchen G-1.
- b. PPA, has planned to provide loans for the purchase / construction of kitchen G-2 with machine - other machines.

PT Bio Farma (Persero) has sent a letter to PT Iglass (Persero) reference No. 01372 / TUK / IV / 2016 dated April 7, 2016 concerning further confirmation on the settlement of payment obligations and based on the response received on April 20, 2016 in accordance letter No. 0104 / D-4- 2016 PT Iglass (Persero) state that the operations of the Company has been suspended operations of the Company since October 31, 2015 and by KBUMN have been included in the Annual Privatization program thus the payment and settlement obligations can not be assured in 2016.

38. FINANCIAL RISK MANAGEMENT**a. Financial Risk**

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 is the risk in which one party to a financial instrument will fail to meet its obligations and cause the other party to incur a financial loss. The Company's financial instruments that have the potential credit risk consist of cash and cash equivalents in the bank, accounts receivable and other receivables. The maximum credit risk exposure amount is equal to the carrying value of these accounts.

For credit sales risks, the Company applies the requirement of having bank guarantee or LC with certain limit. For credit risk associated with banks, the Company chooses only well-predicate banks. In addition, the Company's policy is not restrict 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.

38. MANAJEMEN RISIKO KEUANGAN (lanjutan)

(ii). Risiko Mata Uang (lanjutan)

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 di pasar domestik.

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 di bawah ini menggambarkan detail jatuh tempo aset dan liabilitas keuangan Perusahaan yang dipengaruhi oleh tingkat suku bunga.

31 Desember 2016 / December 31, 2016					
Suku Bunga Mengambang	Suku Bunga Tetap				
Floating Interest Rate	Fixed Interest Rate				
Kurang dari 1 tahun	Kurang dari 1 tahun	Tdk dikenakan bunga	Jumlah		
Less than 1 year	Less than 1 year	No interest charged	Total		
Aset				Asset	
Kas dan Setara Kas	175.710.469.720	272.050.386.800	189.469.748	272.239.856.548	Cash and Cash Equivalents
Jumlah aset keuangan	175.710.469.720	272.050.386.800	189.469.748	272.239.856.548	Total financial assets
Jumlah gap suku bunga	175.710.469.720	272.050.386.800	189.469.748	272.239.856.548	Total interest rate gap

38. FINANCIAL RISK MANAGEMENT (continued)

(ii). Currency Risk (continued)

The Company uses foreign currency in performing transactions of procurement of goods/services from and of export selling to foreign parties, and disbursements 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 received.

In addition to be exposed to transactions that can lead to suffer losses of future cash flows when receives or making payments, the Company also will be affected by the economic exposures because of doing international trade transactions. The company faces risks of income impairment or increased costs due to exchange rate fluctuations so the selling price of the Company's products becomes uncompetitive both compared to competitors in global market and foreign competitors in the domestic market.

Cash receipts from export sales that are 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 risks of exchange rate fluctuations, the Company makes a natural hedging by maintaining the balance of foreign currency receipts and disbursements through maintaining cash balance as needed, changing the purchase price of goods and services from foreign vendors denominated in 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.

38. MANAJEMEN RISIKO KEUANGAN (lanjutan)**(iv) Risiko Likuiditas**

Risiko Likuiditas adalah risiko dimana Perusahaan akan mengalami kesulitan dalam rangka memperoleh dana untuk memenuhi komitmennya terkait dengan instrumen keuangan.

Perusahaan mengelola risiko likuiditas dengan mempertahankan kas dan setara kas yang mencukupi untuk memungkinkan Perusahaan memenuhi komitmen kepada semua pihak dan melakukan pengawasan proyeksi dan arus kas aktual secara terus menerus serta pengawasan tanggal jatuh tempo aset dan kewajiban keuangan.

Menindaklanjuti program WHO tahun 2013-2018 terkait eradikasi Polio Global yang telah disetujui oleh Dewan Eksekutif WHO di tahun 2013. Dimana salah satu keputusannya yang harus dilaksanakan adalah melakukan penghapusan semua vaksin Polio Oral secara bertahap. Strategi untuk meminimalkan risiko adalah melalui penghentian produksi tOPV (trivalent Oral Polio Vaccine) secara bertahap oleh para produsen dan pembatasan produk tOPV sampai dengan switching produk tOPV ke bOPV (bivalent Oral Polio Vaccine) selesai dilakukan pada April 2016.

Komitmen Indonesia untuk eradikasi Polio Nasional tahun 2020 sudah ditindaklanjuti melalui edaran Kemenkes mengenai peralihan 95% pemakaian vaksin tOPV ke bOPV secara bertahap sampai batas waktu 4 April 2016, melakukan pengenalan produk pengganti IPV (Inactivated Polio Vaccine) pada program imunisasi rutin, pencabutan ijin edar dan penarikan tOPV serta pemusnahannya mulai tanggal 4 - 30 April 2016 diseluruh Indonesia baik di sektor swasta maupun pemerintah.

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 aset dan liabilitas keuangan jangka pendek mendekati nilai tercatatnya karena pendiskontoan yang tidak signifikan.

Pada 31 Desember 2016, tidak ada liabilitas keuangan Perusahaan yang diklasifikasikan sebagai pinjaman jangka panjang.

39. TANGGUNG JAWAB ATAS LAPORAN KEUANGAN

Manajemen Perusahaan bertanggung jawab atas penyusunan laporan keuangan yang diotorisasi untuk diterbitkan pada tanggal 24 Februari 2016.

38. FINANCIAL RISK MANAGEMENT (continued)**(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 sufficient cash and cash equivalents to enable the Company to meet the commitments to all parties, and continuously supervising the projected and actual cash flows, and monitoring the maturity date of its financial assets and liabilities.

Following up the WHO program in 2013-2018 related to the Global Polio eradication which has been approved by the WHO Executive Board in 2013. One of the decisions that must be done is to do the elimination of all Oral Polio Vaccine gradually. Strategy to minimize the risk is through the discontinuation of tOPV (trivalent Oral Polio Vaccine) production gradually by the manufacturer and limitation of tOPV product until switching tOPV product to bOPV (bivalent Oral Polio Vaccine) was completed in April 2016.

Indonesia's commitment to polio eradication National in 2020 has been followed up by a circular of Ministry of Health regarding the transition 95% vaccine use tOPV to bOPV gradually until its deadline on April 4, 2016, conducting the introduction of substitute products IPV (Inactivated Polio Vaccine) in the routine immunization program, the revocation of a distribution license and tOPV withdrawal and destruction began on 4 - 30 April 2016 throughout Indonesia in both the private and public sectors.

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.

On December 31, 2016, the Company has not any financial liability that classified as long-term loans.

39. 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 24, 2016.

A large, abstract watercolor splash in shades of green and blue covers the background of the page. The splash is irregular and textured, with darker green and blue tones at the top and bottom edges, and lighter green in the center.

CRITERIA REFERENCE

ANNUAL REPORT

AWARD (ARA) 2016

CRITERIA DESCRIPTION			PAGE
I. Umum			
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	Name of company and year of the Annual Report is placed on: 1. The Front cover 2. Side cover 3. Back cover 4. Every page	√
4.	The Annual Report is posted in the Company's website	Including the latest Annual Report and at least the previous 4 years reports	√
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 presented comprises: 1. Sales/revenue; 2. Earning: a. Distributed to shareholders of parent company; and b. Distributed to non-controlling interests; 3. Comprehensive income in the current period: c. Distributed to shareholders of parent holding company; and d. Distributed to non-controlling stakeholders; and 4. Earnings (loss) per share. Note: If the Company does not own any subsidiary, the Company presents total comprehensive earnings (loss) and revenue in the current period.	41 - 43
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	20 - 24
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	25

REFERENSI KRITERIA ANNUAL REPORT AWARD (ARA) 2016

CRITERIA DESCRIPTION			PAGE
4.	Share price in table and graph	1. Number of circulated shares; 2. Information presented in the table, including: a. Market capitalization based on price at Stock Exchange where shares are listed; b. Highest, lowest and closing price at Stock Exchange where shares are listed; and c. Trading volume at Stock Exchange where shares are listed. 3. Graphic information at least containing: a. Closing price at Stock Exchange where shares are listed; and b. Trading volume at Stock Exchange where shares are listed, for every quarter in the last two accounting years. Note: please disclose the information if the Company does not have market capitalization, market price information, and trading volume.	26 (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 per 2015 and 2016. Note: please disclose the information if the Company does not own any bond/sukuk/convertible bond.	26 (N/A)
III. Board of Commissioners and Directors Report			
1.	Board of Commissioners Report	Comprises the following topics:: 1. Evaluation of Board of Directors performance 2. Review of business prospects stated by Board of Directors ; 3. Outlook on implementation/management of whistle blowing system (WBS) in the Company and roles of the Board of Commissioners in the implementation/management; and 4. Changes in the composition of the Board of Commissioners (if any) and the reasons of the changes	45 – 51

CRITERIA DESCRIPTION			PAGE
2.	Board of Directors Report	Provides the following information: 1. Analysis of company performance : a. strategic policy; b. comparison of result target ;and c. problems faced by the Company and measures taken to overcome them; 2. Business prospects ; 3. . Improvement on implementation of corporate governance in the accounting year; and date of effective change of Company's name; and 4. Changes in the composition of the Board of Directors (if any), and the reasons of the changes .	52 - 61
3.	Signatures of Board of Commissioners and Board of Directors members	1. Provides the following information: 2. Signatures are printed on a separate sheet 3. Statement of Board of Commissioners and Board of Directors that they are fully responsible for the validity of annual report 4. Signatures, names and positions of all members of Board of Commissioners and Board of Directors 5. 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.	62 - 63
IV. Corporate Profile			
1.	Name and address	Information includes name, address, postal code, telephone and/or fax number (s), e-mail and website	65 - 68
2.	Brief history	Description includes date of establishment, name and change of name (if any) and effective date for changes in the name of the company. Note: please disclose the information if the Company has never made any change in the Company's name and on corporate culture during the accounting year; and	72 - 73
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	74 - 77
4.	Organization structure	In the form of chart, depicting names and positions at least to one level below board of directors.	78 - 79

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CRITERIA DESCRIPTION		PAGE	
5.	Vision,Mission,and Company Culture	Elaborates on: 1. Corporate vision 2. Corporate mission 3. Statement that corporate vision and mission are approved by Board of Directors/Board of Commissioners during the fiscal year; and 4. Statement concerning the corporate culture in the company.	80 - 81
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. Domicile 5. Education (Field of Study and Institutions) 6. Working experience (Position, institution/ Company and Period Served) and 7. History of appointment (term of office and position) as a member of the Company's Board of Commissioners, since first appointment.	82 - 86
7.	Identity and brief curriculum vitae of the members of the Board of Directors.	1.Name 2.Position (incl. position in any other company or institution) 3.Age 4.Domicile 5.Education (Field of Study and Institutions) 6.Working experience (Position, institution/ Company and Period Served) and 7.History of appointment (term of office and position) as a member of the Company's Board of Commissioners, since first appointment.	88 - 93
8.	Total number of employees (2 years in comparison) and data of employees' competence development that shows opportunities given to each level of organization.	The information should contain: 1. The number of employees for each level of the organization. 2. The number of employees for each level of education. 3. The number of employees based on employment status 4. Data of employees' competence development during the accounting year, comprising of participants (position level) of training, types of training, and purposes of training; and 5. Expenses of employees competencies development during the fiscal year	94 - 113

CRITERIA DESCRIPTION		PAGE
9.	Composition of shareholders Consist of: 1. The details include the name of 20 largest shareholders and their percentage of ownership; 2. The details of shareholders and their percentage of ownership, including: a. Names of shareholders having 5% or more shares b. Groups of public shareholders with less than 5% ownership each 3. Names of Directors and Commissioners and percentage of their share ownership, either directly or indirectly. Note: please disclose the information if members of the Board of Directors and the Board of Commissioners do not have direct and indirect share ownership, presented in a table that comprises: Parent company (including private placement) and/or corporate share listing since the date of first share issue up to end of accounting year.	114 (N/A)
10.	Subsidiaries and/or affiliates Presented in table that consists of the following information: 1. Name of subsidiaries/affiliates; 2. Percentage of share ownership; 3. Core business of subsidiaries/affiliates; and 4. Operating status of subsidiaries/affiliates (operational or non-operational)	114 (N/A)
11.	Company Group Structure Structure describes parent entity, the subsidiary, affiliates, joint ventures, special purpose vehicle (SPV) or statement of not owning any group	114 (N/A)
12.	Share listing chronology, (including private placement) and/or share listing from the initial offering up to the end of fiscal year. 1. Name of other securities, year of issuance of other securities, rate of interest/ consideration of other securities, and maturity dates of other securities; 2. Value of securities offering; 3. Name of Stock Exchange where other securities are listed; 4. Security ratings. Note: please disclose the information if the Company does not have chronology of issue or listing of other securities.	114 (N/A)
13.	Share listing chronology, (including private placement) and/or share listing from the initial offering up to the end of fiscal year. Information describes at least: 1. Name of other securities, year of issuance of other securities, rate of interest/ consideration of other securities, and maturity dates of other securities; 2. Value of securities offering; 3. Name of Stock Exchange where other securities are listed; 4. Security ratings. Note: please disclose the information if the Company does not have chronology of issue or listing of other securities.	115 (N/A)

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14.	Name & address of institutions and professionals	Information regarding: 1. Name & address of Share Registrar 2. Name & address of public Accountant 3. Office name & address of Rating Agency	115 (N/A)
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)	116 - 123
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	115 (N/A)
17.	Information in the Company's Website at least contains:	at least contains: 1. Information of shareholders up to individual share owners; 2. Contents of the Code of Conducts; 3. Information on General Meeting of Shareholders, which at the minimum comprises agenda of GMS, GMS resolutions, and important dates, i.e. date of GMS announcement, date of GMS invitation, date of GMS, date of announcement of GMS resolutions; 4. Separated annual financial statements (last 5 years); 5. Profiles of the Board of Commissioners and the Board of Directors; and 6. Company's Charter of the Board of Commissioners, the Board of Directors, Committees, and Internal Audit.	135
18.	Education and/or training for the Board of Commissioners, the Board of Directors, Committees, Corporate Secretary, and Internal Audit.	At the minimum covers information (type and relevant participants) on: 1. Education and/or training for the Board of Commissioners; 2. Education and/or training for the Board of Directors; 3. Education and/or training for Audit Committee; 4. Education and/or training for Nomination and Remuneration Committee; 5. Education and/or training for other Committees; 6. Education and/or training for Corporate Secretary; and 7. Education and/or training for Internal Audit during accounting year. Note: please disclose the information if there was no education and/or training during the accounting year.	136 - 145

CRITERIA DESCRIPTION			PAGE
V Analisa dan Pembahasan Manajemen atas Kinerja Perusahaan			
1.	Review of business operations per business segment	Contains information on: 1. Explanation of each business segment. 2. Performance by business segments, among others: a. Production/business activity; b. Increase/decrease in production capacity; c. Sales/income from business; d. Profitability.	154 - 177
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	178 - 203
3.	Discussion and analysis on the capacity to pay debts and the company's accounts receivable collectability, by presenting the relevant ratios calculated in accordance with the type of industry of the company	Explanation on: 1. Ratio solvability 2. Account receivable collectability ratio	204 - 206
4.	Discussion of capital structure and capital structure policy	Explanation on: 1. Capital structure, consists of interest-based bonds / sukuk and equity; and 2. Management policies of the capital structure; and 3. Basis of Management's policy on capital structure.	207 - 209
5.	Discussion on material ties for the investment of capital goods (non-biding funding) on last fiscal year	Description of: 1. Name of parties in the binding agreement; 2. Purpose of commitment; 3. Funding sources to honor commitment; 4. Currency; and 5. Action plans to hedge foreign currency risks. Note: if company has no commitment in capital expenditure, it should be stated.	210 - 214
6.	Discussion on investment of capital goods realized in the last fiscal year	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	215 - 219
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	220 - 236
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	237 (N/A)

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CRITERIA DESCRIPTION			PAGE
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	237 - 245
10.	Description of marketing aspect	Description of marketing of products and/or services, covering marketing strategy and market share of the company.	246 - 252
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.	253 - 254
12.	Employee Stock Option (ESOP) and Management Stock Option (MSOP) Which is still available until accounting year	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	255 (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) Note: please disclose the information if the Company does not have any information on use of funds from securities offering	255 (N/A)
14.	Information on material transactions with conflict of interest and/or transactions with related parties	Description of the following: 1. Name of the transacting parties and nature of related parties; 2. A description of the fairness of the transaction 3. Reason for the transaction 4 Realization of transactions during the period 5. Company policies regarding the review mechanism on the transactions 6. Compliance with related rules and regulations Note: should be disclosed if there are no such transactions	255 (N/A)
15.	Details of impacts on the Company due to changes in regulations during last accounting year	Details consist of: 1. Name of replaced law/regulation; and 2. Its impacts (quantitative and/or qualitative) to the Company (if significant) or statement that state that its impacts are not significant. Note: please disclose the information if there is no change in rules and regulations during the last accounting year.	256t (N/A)

CRITERIA DESCRIPTION		PAGE
16.	Description of changes in accounting policies Description should contain among others: 1. Any revision to accounting policies, 2. Reason for change in accounting policy; and 3. Its quantitative impacts on the financial statements. Note: please disclose the information if there is no change on the accounting policy during the last accounting year. Catatan: apabila tidak terdapat perubahan kebijakan akuntansi pada tahun buku terakhir, agardiungkapkan.	257 - 264
17.	Information on business continuity 1. Issues that may have significant impact on the continuity of business in the last fiscal year; 2. Management assessment on issues in point 1; and 3. Assumption used by the management in making the assessment Note: If there is no issues that may have significant impact on the continuity of business in the last fiscal year, disclose the assumption used by management to arrive at the assessment that there is no issues that may have significant impact on the continuity of business in the last fiscal year	265 - 269
VI. Good Corporate Governance		
1.	Description of Board of Commissioners The information should contain: 1. Description of the responsibility of the Board of Commissioners. 2. Assessment on performance of each Committee under the Board of Commissioners and basis of their assessment; and 3. Disclosure of Board Charter (guidance and work procedure of the Board of Commissioners)	Financial Statement 295 - 316
2.	Independent Commissioners (minimum 30% out of total members of the Board of Commissioners) Comprising, among others: 1. Criteria of selecting Independent Commissioner; and 2. Statement on each Independent Commissioner's independence	317 - 321
3.	Description of Board of Directors Description include: 1. Scope of duty and responsibility of each member of Board of Directors 2. Assessment on performance of Committees under the Board of Directors (if any); and 3. Disclosure of Board Charter (guidance and work procedure of the Board of Directors)	322 - 344
4.	Assessment on GCG implementation for accounting year 2015, which at the minimum covers aspects of the Board of Commissioners and the Board of Directors Comprises details on: 1. Criteria used in the assessment; 2. Assessor; 3. Assessment score for each criterion; 4. Recommendation for assessment results; and 5. Reason for not (yet) applying the recommendation. Note: please disclose the information if there is no assessment on GCG implementation in accounting year 2015.	345 - 357

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CRITERIA DESCRIPTION		PAGE
5.	Description of the remuneration policy for the Board of Commissioners and Board of Directors Consists of: 1. Disclosure on procedure, starting from proposal up to decision making, of the Board of Commissioners' remuneration; 2. Disclosure on procedure, starting from proposal up to decision making, of the Board of Directors' remuneration; 3. Structure of remuneration, which shows components of remuneration and amount per component for each member of the Board of Commissioners; 4. Structure of remuneration, which shows components of remuneration and amount per component for each member of the Board of Directors; 5. Disclosure on indicators of the Board of Directors' remuneration; and 6. Disclosure of performance bonus, nonperformance bonus, and/or stock option received by each member of the Board of Commissioners and the Board of Directors (if any). Note: please disclose the information if there is no performance bonus, nonperformance bonus, and/or stock option received by each member of the Board of Commissioners and the Board of Directors.	358 - 362
6.	Frequency and Attendance Rate of members of the Board of Commissioners (minimum 1 time every two months), the Board of Directors' meeting (minimum 1 time every month), and the Board of Commissioners' joint meeting with the Board of Directors (minimum 1 time every 4 month) Includes among others: 1. Meeting Date 2. Attendance of the meetings 3. Agenda of the meetings for every BOC meetings, BO	363 - 383
7.	Information on Principal Shareholders and Controlling Shareholders, either directly or not directly, through to individuals Presented in a scheme or diagram that separates majority shareholder and controlling shareholder. Note: majority shareholder is an entity with minimum 20% (twenty percent) of voting rights, either directly or indirectly, out of total voting shares issued by a company, but not controlling shareholders.	384
8.	Disclosure of affiliate relation between Board of Commissioners, Directors, and principal shareholders and/or controlling shareholders Information includes among other things: 1. Affiliate relation between Board of directors member and other Board of directors member 2. Affiliate relation between Board of directors member and Board of commissioners member 3. Affiliate relation between Board of directors member and Principal shareholder and/or Controlling Shareholder 4. Affiliate relation between Board of commissioners member and other Board of commissioners member 5. Affiliate relation between Board of commissioners member and Principal shareholder and/or Controlling Shareholder Note: if no such affiliate relation exists, state so	384 - 386

CRITERIA		DESCRIPTION	PAGE
9.	Audit Committee	Information includes: 1. Name, position, and term of office of members of audit committee; 2. Educational history (Study Major and Educational Institution) and work history (Position, Institution, and Term of Office) of members of audit committee; 3. Independence of members; 4. Duty and responsibility; 5. Details on audit committee activities during accounting year; and 6. Audit Committee meeting frequency and attendance rate	387 - 403
10.	Nomination and Remuneration Committee	Information includes: 1. Name, title, and brief curriculum vitae of the members of the committees 2. Independence of the members of the Nomination and/or Remuneration Committee/Function. 3. Description of the tasks and responsibilities 4. Activities carried out by the Nomination and/or Remuneration Committee/Functioni during the reported fiscal year. 5. Frequency of meetings and the attendance rate of the Nomination and/or Remuneration Committee/Function. 6. Statement on availability of Nomination and/or Remuneration Charter; and 7. Board of Directors succession policy	404 (N/A)
11.	Other Committees under Board of Commissioners	Information covers at least: 1. Name, title, and brief curriculum vitae of the members of the committees 2. Independence of the members of the committee. 3. Description of the tasks and responsibilities. 4. Activities carried out by the committees during the reported fiscal year 5. Frequency of meetings and the attendance rate of other	405 - 419
12.	Description of tasks and function of the Corporate Secretary.	Includes among others: 1. Name, domicile and brief history of the position of Corporate Secretary; 2. Domicile; 3. Details on roles and responsibilities; and 4. Details on corporate secretary's activities during accounting year	420 - 424
13.	Description of the company's 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	439 - 450

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CRITERIA DESCRIPTION		PAGE
14.	Public accountant	The information should contain: 1. Name and year of public accountant that has provided financial statement audit for the last 5 years; 2. Name and year of Public Accounting Firm that has provided financial statement audit for the last 5 years; 3. The amount of fees for the audit and other attestation services on the last fiscal year; and 4. Other services provided by Public Accounting Firm and Public Accountant aside from financial statement audit during last accounting year. Note: should be disclosed if there are no other services.
15.	Description of company's risk management	Includes among others: 1. Risk management system 2. Review on performance of risk management system during accounting year; 3. Risks facing the company 4. Efforts to manage such risks.
16.	Description of internal control system	Includes among others: 1. Brief report on internal control system, including financial and operational control 2. Description of compatibility between the internal control system and internationally recognized internal control framework (COSO) 3. Evaluation of effectiveness of internal control system
17.	Description of corporate social responsibility related to environment	Description includes information on: 1. Target/activity plans for 2016 that were set by the Management; 2. Implemented activities and quantitative impacts from those activities; and on environmental programs that are related to the Company's operation, such as use of environmentally-friendly and recyclable material and energy, Company's waste management system, environmental grievance mechanism, environmental requirement in credit offer to the customers, etc. 3. Environmental certification owned by the Company

CRITERIA DESCRIPTION			PAGE
18.	Description of corporate social responsibility related to employment, work health and safety	Comprises the information, including: 1. Target/activity plans for 2016 that were set by the Management; and 2. Implemented activities and their quantitative impacts related to employment practices, occupational health and safety, gender equality and equal work opportunity, work facilities and safety, employees turnover, incident rate, remuneration, employment complaints mechanism, etc.	532 - 534
19.	Description of corporate social responsibility related to social and community development	1. Targets/activity plans that have been set in 2016 by the Management; 2. Implemented activities and their impacts; and 3. Expenditures for social and community development, such as use of local workforce, empowerment of communities around the Company's operations, improvement of social facilities, other forms of donation, communication on policy and procedures of anti-corruption, training on anti-corruption, etc.	534 - 539
20.	Description of corporate social responsibility in relation to customer	Comprises the following issues: 1. Targets/activity plans that were set by the Management in 2016; and 2. Implemented activities and their impacts on product responsibilities, such as consumers' health and safety, product information, facilities, number and consumers' complaint handling, etc.	539 - 540
21.	Description of significant cases faced by the company, subsidiaries, incumbent members of Board of Directors and Board of Commissioners	Information includes among others: 1. Substance of cases/claims 2. Status of cases/claims settlement 3. Company's potential risks and amount of lawsuit; and 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: please disclose the information if the Company, subsidiary, members of the Board of Commissioners, and members of the Board of Directors have no significant case, in order that	479 (N/A)

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CRITERIA DESCRIPTION		PAGE	
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.	480 - 486
23.	Discussion of code of conduct	Details on: 1. Contents of Code of Conduct; 2. Disclosure on the relevancy of the code of conduct for all levels of the organization 3. Socialization of the Code of Conduct; 4. Sanction for each type of violation that is regulated in Code of Conduct; and 5. The number of violation of code of conduct and sanction thereof in the last fiscal year. Note: To be disclosed if there is no violation to the code of conduct in the last fiscal year	487 - 497
24.	Elaboration on whistleblowing system	Description of the mechanism of the whistleblowing system, including: 1. Method of reporting 2. Protection of whistle-blower 3. Handling of reports 4. Party that handles report 5. Output of reports handled, and 6. Sanction/follow-up on complaints that have been completed in the accounting year. Note: to be disclosed if there is no complaint received in the last fiscal year.	498 - 509
25.	The policy about diversity of the Board of Commissioners and	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.	510 - 517
VII Financial Information			
1.	Statement of Board of Directors regarding its responsibility of financial statement	Compliance with Bapepam-LK Regulation No.VIII.G.11 on Responsibility of the Board of Directors on the Financial Statement.	Financial Statement √
2.	Independent auditor's opinion on financial statement		Financial Statement i - ii

CRITERIA DESCRIPTION			PAGE
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	456 Financial Statement i - ii
4.	Full financial statement	Contains all financial statement elements: 1. Balance sheet 2. Comprehensive Profit loss statement 3. Changes in equity report 4. Cash flow report 5. Notes to financial statement 6. Comparative information of the previous period; and 7. 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 (where applicable)	Financial Statement 1 - 54
5.	Comparison of profitability ratio	Comparison of current and previous year profit (loss).	170 - 172 Financial Statement 3
6.	Presentation of cash flow report	Meets the following provisions: 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	553 Financial Statement 19 - 22
7.	Description of accounting policy	1. Statement of compliance with SFAS 2. Basis of financial statement measurement and presentation 3. Income tax 4. Recognition of income and expense, and 5. Financial instruments.	Financial Statement 9 - 19

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CRITERIA DESCRIPTION			PAGE
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	Financial Statement 43 - 52
9	Disclosure of tax obligations	Issues that should be disclosed: 1. Fiscal reconciliation and calculation of current tax. 2. Explanation on the relation between tax expenses (benefit) and accounting/book profit 3. Statement that the amount of Taxable Profit as calculated through reconciliation is in accordance with the Tax Return. 4. Details of deferred tax assets and liabilities recognized on the financial position (balance sheet) for each reporting period, and the amount of deferred tax expenses (benefit) recognized in the profit/loss statement in the event that the amount is not recognizable from the amount of deferred tax assets and liabilities presented on the financial position (balance sheet) 5. Statement whether or not there is any tax dispute	Financial Statement 24 - 27
10	Disclosure of fixed assets	Issues that should be disclosed: 1. Depreciation method applied 2. Description of the selected accounting policies between the revaluation model and cost model 3. The methods and significant assumptions used in estimating the fair value of fixed assets (revaluation model) or disclosure of the 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	Financial Statement 16 - 17 28 - 31

CRITERIA DESCRIPTION		PAGE	
11	Disclosure of operating segment-related matters	Issues that should be disclosed: 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.	156 – 179 Financial Statement 39 - 42
12	Disclosure of financial instruments	Issues that should be disclosed: 1. Accounting requirements, conditions and policies for each group of financial instruments ; 2. Fair value and hierarchy of every group of financial instruments; 3. Explanation of the risks associated with financial instruments: market risk, credit risk and liquidity risk 4. Risk management policy, and 5. Risk analysis related to financial instruments quantitatively.	Financial Statement 52 - 54
13	Publication of financial statement	Issues to be disclosed include: 1. Date of authorization for financial statement publication 2. Parties responsible for authorizing financial statement	Financial Statement 54

