

SHAPING THE MILESTONE IN INDONESIAN INFRASTRUCTURE

THE FIRST OF ITS KIND

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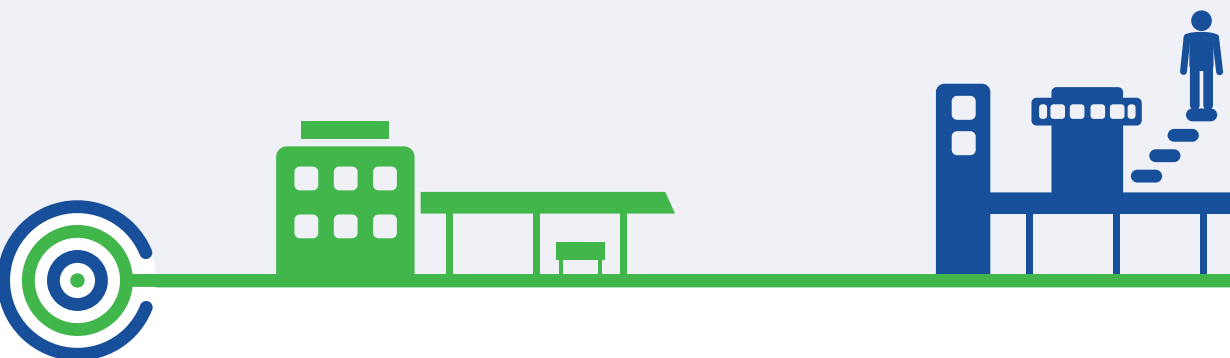
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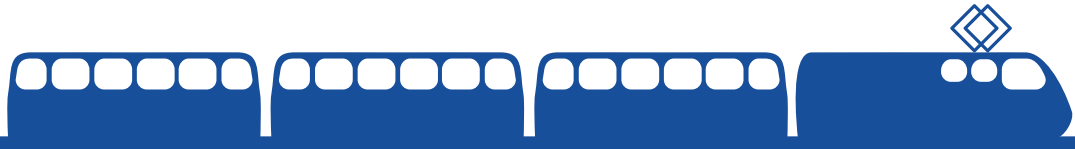
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SHAPING THE MILESTONE IN INDONESIAN INFRASTRUCTURE

THE FIRST OF ITS KIND

As the country's center of governance and commerce, Jakarta is a magnet for millions of people who reside or run businesses in the capital city. Everyday, no fewer than four million commuters from areas around the Special Region of Jakarta (Greater Jakarta/Jabodetabek) flood into the capital, adding to the city's population who are bustling with activity outside their homes. With the geographic expansion of Jakarta and Jabodetabek, transportation costs increase significantly, while the rate of mobility lessens, and living quality declines.

It is time for Jakarta to build a better, faster, safer, more comfortable and accessible transportation system to answer its citizens' mobility problems. One solution is a public transportation system that is integrated, connecting Jakarta with its surrounding regions. Alongside an effective and efficient railway system, Mass Rapid Transit (MRT) is believed to be the fitting answer. It is the first in Indonesia, 'The First of Its Kind'.





MRT Jakarta is a sustainable, visionary system that aims to improve the living quality of the city's people. MRT Jakarta must be able to bring Jakarta to a par with, or even exceed, the world's other great modern urban centers, as a city that provides

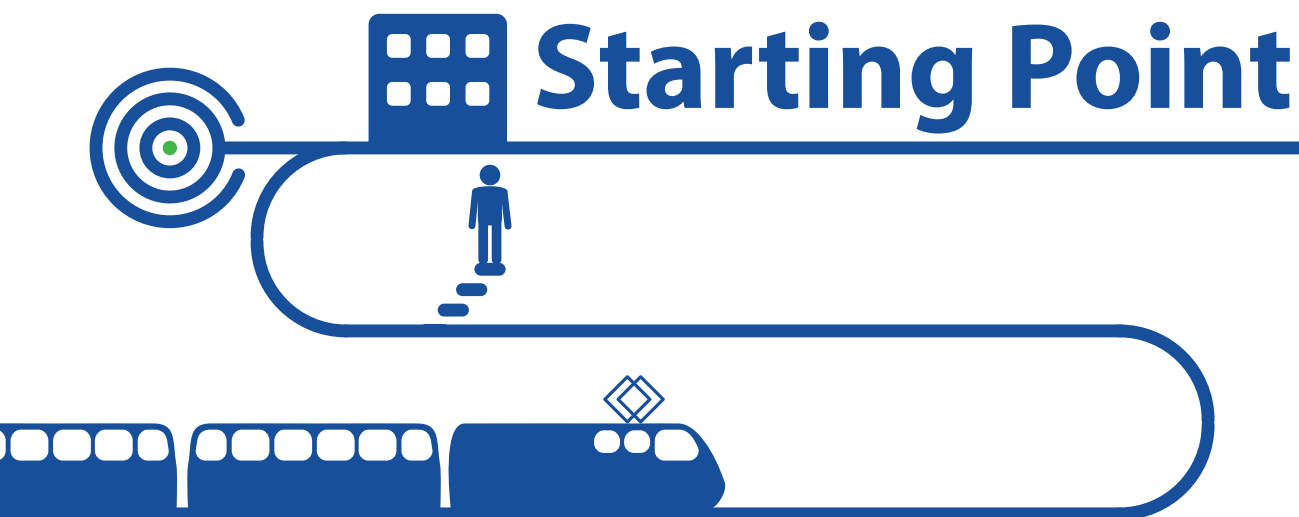




The First of its Kind

a fast, safe and comfortable transportation system for
its citizens – as resonates in the tagline of MRT Jakarta,
'Increasing Mobility, Improving Life Quality'.

SEREMONI GROUNDBREAKING PROYEK MRT JAKARTA



TAMAN DUKUH ATAS

10 OKTOBER 2013



The commencement of the MRT Jakarta construction project was honored with a groundbreaking ceremony held on 10 October 2013 in Dukuh Atas, west of Jl. Thamrin on Jl. Tanjung Karang in Central Jakarta. The ceremony took place at the site of what will be the Dukuh Atas MRT station.



Objectives & Benefits of MRT Jakarta

Objectives

MRT Jakarta supports economic growth and infrastructure development acceleration in Indonesia. It provides a fast, comfortable, safe and reliable means of transportation for Jakarta's citizens. It also opens growth and revitalization opportunities for areas around transit stations and along MRT corridors, as well as reducing traffic congestion and pollution.

Benefits

Job creation

MRT Jakarta creates thousands of jobs during construction and after commencing operations

Travel time decreases while mobility increases

The mobility of Jakarta's population will increase, which in turn will support the city's economic growth at the same time as improving citizens' quality of life

Environmental Impact

MRT Jakarta reduces consumption of fuel that damages the environment. It contributes to reducing pollution and preserving the environment

Restoring City Planning & Economic Growth

With its Transit-Urban Integration concept, the MRT system is an incentive for spatial planning restoration that will drive economic growth in areas around MRT stations



Financial Highlights

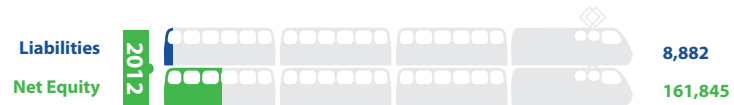
(in million Rp)

	2013	2012
Current Assets	219,283	141,762
Progressive Assets	177,638	25,601
Fixed Assets	3,439	1,737
Other Assets	1,125,747	1,626
Total Assets	1,526,107	170,726
Liabilities	148,733	8,882
Net Equity	1,377,374	161,845
Total Liabilities and Equity	1,526,107	170,726
Operating Expenses		
General and Administrative Expenses	(33,718)	(27,165)
Other Income (Expense)	(2,155)	4,906
Total Operating Expenses	(35,872)	(22,259)



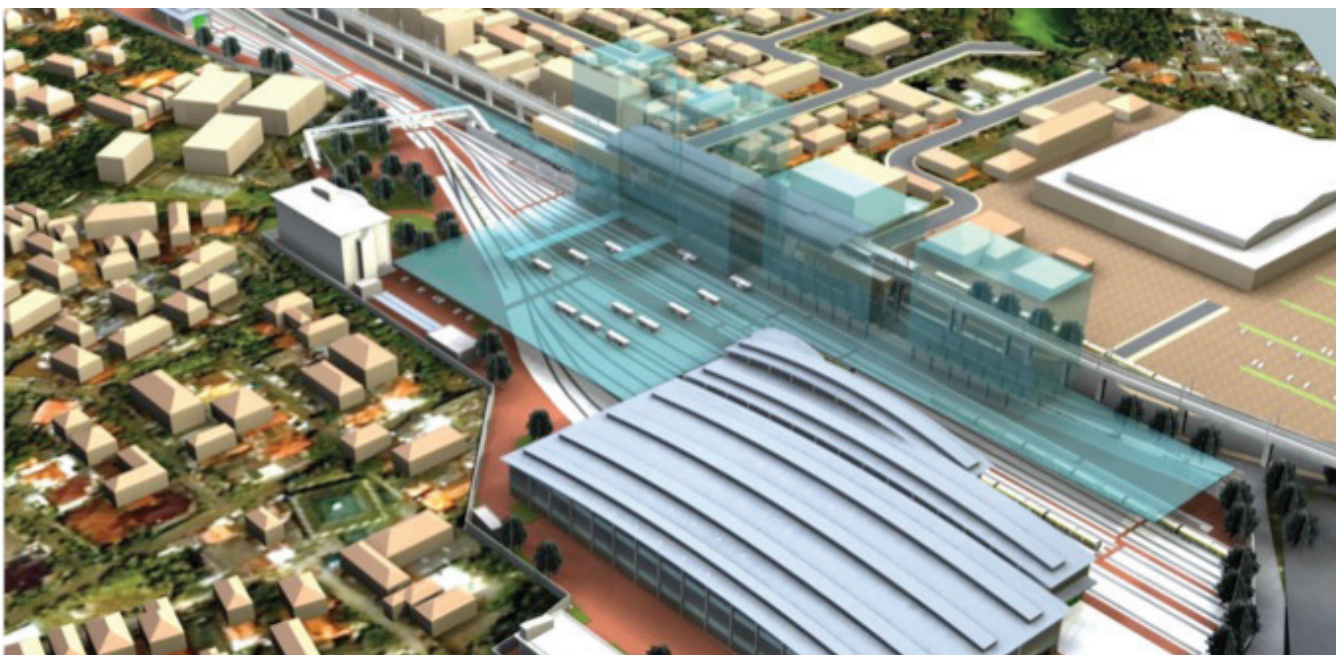
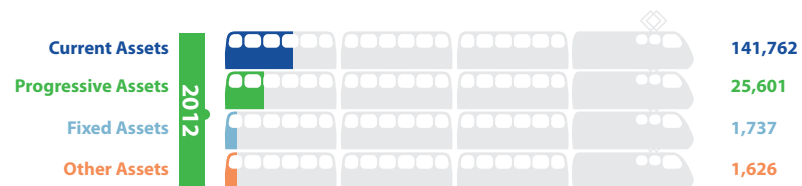
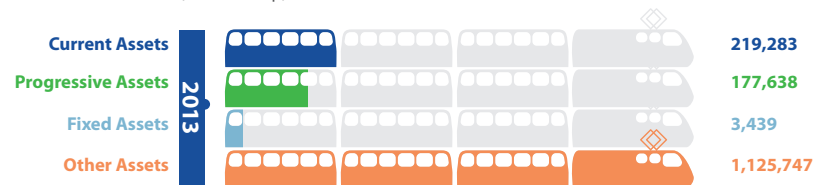
Liabilities & Equity

(in million Rp)



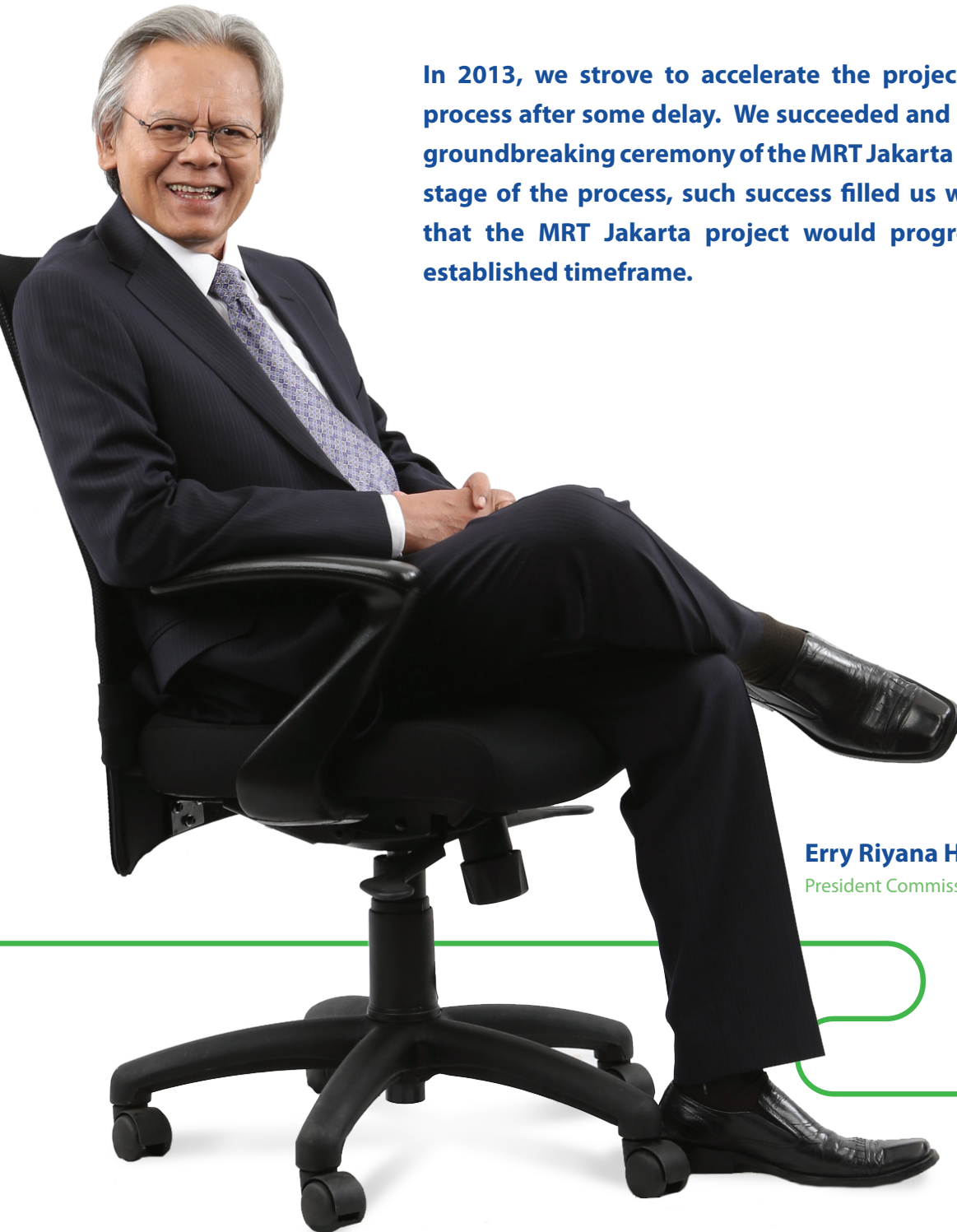
Assets

(in million Rp)



Report from the President Commissioner

In 2013, we strove to accelerate the project's preparation process after some delay. We succeeded and finally held the groundbreaking ceremony of the MRT Jakarta project. At that stage of the process, such success filled us with confidence that the MRT Jakarta project would progress within the established timeframe.



Erry Riyana Hardjapamekas
President Commissioner

Dear Valued Shareholders,

2013 was an important year for us, as we worked to accelerate the project's preparation phase, which experienced some delay. In the end, we succeeded, and in 2013 we held the groundbreaking of the MRT Jakarta project.

That success gave us the confidence that the project would meet its established targets.

We would like to express our deepest gratitude to God SWT. It is with His blessings that we were able to close 2013 with important achievements. In 2013, the Company reached a new milestone in Indonesia's mass transportation development history by starting the Mass Rapid Transit (MRT) construction – a project that has been aspired to for 27 years. Joko Widodo, at the time the Governor of DKI Jakarta, led the MRT Jakarta groundbreaking event on 10 October 2013.

MRT Jakarta is a way of providing a fast and comfortable means of transportation for the people. It will also contribute to relieving traffic congestion, which, for years, has been Jakarta's most pressing problem.

Laporan Komisaris Utama

Internally, we continue to make various breakthroughs and innovations for improvement. We constantly synergize with our stakeholders, employees, business partners and shareholders.

In the view of the Board of Commissioners, the management has performed well in 2013, as shown by the company's steady development and strong foundation in carrying out the MRT Jakarta construction. The management was able to deliver the achievements with the support from our stakeholders, especially the DKI Jakarta city administration as well as the central government and its staff. We would also like to acknowledge the full support of JICA from Japan, which acts as the creditor for the project.

Dear Shareholders, the Board of Commissioners has monitored the performance of the Board of Directors. We provided guidance and direction to the Board of Directors and the management to ensure that they consistently delivered the best output and were faithful to the goal of providing excellent services to the public and shareholders.

The Company's practices have adhered to Good Corporate Governance principles. As a business entity fully owned by the city administration of DKI Jakarta, we constantly strove to improve the implementation of transparency, accountability, trustworthiness, responsibility and fairness principles, so that the Company may carry out its tasks in the best way possible.

The ceaseless support from shareholders, the Board of Directors, employees and the public at large has been the foundation of our faith and our determination to make the MRT Jakarta a source of pride for Indonesia.



Erry Riyana Hardjapamekas

President Commissioner

The Board of Commissioners



**Erry Riyana
Hardjapamekas**

President Commissioner and
Independent Commissioner

Sarwo Handayani

Commissioner

Tundjung Inderawan
Commissioner



F. Trisbiantara
Commissioner



Report from the President Director

In 2013, the construction of Mass Rapid Transit Jakarta project, a solution to address the city's traffic congestion, started. It was a new milestone for the transportation infrastructure development - not only in Jakarta, but also in the whole of Indonesia. We are now focusing on ensuring that the project will be completed within the agreed timeframe.



Dono Boestami

President Director

Dear Shareholders,

Allow us to express our thankfulness to Allah SWT for the important achievements that we were able to deliver in 2013 for the company and for the country. We are pleased to bring you the performance results of PT Mass Rapid Transit in this 2013 annual report.

As we know, 2013 was an eventful period and fraught with challenges, globally and in Indonesia. Global financial uncertainty that followed negative sentiment toward the decrease in monetary stimuli in the US triggered capital outflow, while our currency's exchange rate continued to depreciate with increased volatility. Other currencies in the region weakened as well as the rupiah.

Indonesia's economy grew at 5.78 percent, lower than the preceding year, when it saw 6.23 percent growth. Despite growing at a lower rate, it was nevertheless an achievement considering Indonesia's unstable macro economy.

There was an increase in the deficit of the balance of payment (BoP), while the rupiah weakened. The current account deficit reached 3.5% of gross domestic product (GDP) and surplus in capital and financial transactions declined. Policies implemented by Bank Indonesia triggered inflation, which exceeded Bank Indonesia's target of 4.5% and reached 8.38% by the end of 2013.

Moving Toward Modern City Transportation

Amid the challenging economic landscape, we were nevertheless grateful, as a number of development priorities continued to proceed. These included the construction of the Mass Rapid Transit (MRT) Jakarta transport system, a project that remained one of the priorities for the government at both the central and DKI Jakarta regional level. The financing for this project was obtained through loans from JICA (Japan International Cooperation Agency). The central government has disbursed to the DKI Jakarta city administration the funding required for MRT construction phase I. It is a soft loan and loan repayment is shared between the central government, which shoulders 49% of repayment, and DKI Jakarta city administration, which shoulders the remaining 51%.

This year, enabled by the hard work, dedication and support from within PT MRT Jakarta, the DKI Jakarta government and all of our stakeholders, we commenced phase I of the construction process of the MRT Jakarta South-North corridor. This corridor extends from Lebak Bulus to Bundaran Hotel Indonesia (HI), covering a total distance of 15.7 kilometers.

Since its groundbreaking ceremony on 10 October 2013, the construction of MRT Jakarta has attracted attention from both domestic and foreign observers. This is indeed a critical and major task with respect to Indonesia's infrastructure development. Further, this project is expected to attract foreign investors, entrusting them to partake in the development efforts that will realize a new transportation infrastructure in Indonesia.

We would like to take this opportunity to convey our thanks to World Finance magazine, which has chosen MRT Jakarta as among the top 20 infrastructure projects in the World. MRT Jakarta was selected because of its significance for Jakarta as the capital city as well as Indonesia overall. MRT Jakarta may also be regarded as a catalyst to precipitate the acceleration of other transport infrastructure projects in Indonesia.

In terms of executing MRT Jakarta's construction, we duly acknowledge that we face a number of complex challenges. For 27 years, since 1986, the plan to build an MRT system in Jakarta has experienced many vicissitudes. But today, the Company and the DKI Jakarta provincial government have been able to overcome the challenges, as we move on to start the first stage of construction smoothly.

We hope that this positive start will enhance the trust of the regional and central government, the domestic and international markets, as well as other stakeholders in Indonesia's capability to undertake a project of this scale. MRT Jakarta will also contribute to Indonesia's future economic growth.

Building the MRT the Right Way

MRT Jakarta is the first project of its kind in Indonesia and therefore will become an example for other projects in the country. For that reason, we apply the highest standards not only for the technical aspects of the construction, but also in regard to other matters such as information dissemination and education to citizens who are impacted by this project.

We make sure that the project uses advanced construction technology as required and we constantly strive to ensure the security and safety of our workers as well as the people at and around MRT construction sites.

We also fully recognize that the MRT construction will affect Jakarta's traffic conditions, especially in areas around construction sites. Therefore, we will make every effort necessary to ensure that the rights of road users are respected, particularly with regard to ease and safety of mobility. We will also continue our dissemination efforts to circulate information to the people impacted by this project, so that they may make necessary arrangements while construction is underway.

Furthermore, in realizing the MRT project, we aim to ensure that all aspects of our endeavors abide by Good Corporate Governance (GCG) principles. We synchronize the Company's GCG with business dynamics and integrate it with risk management. We are highly committed to conform to GCG principles and always seek improvement in their implementation within the Company. The indicator of our commitment is our code of corporate governance PT MRT Jakarta, which serves as a reference for the Company's organs in practicing GCG.

Through GCG implementation within the Company, we aspire to enhance transparency, accountability, trustworthiness, responsibility and fairness. Our GCG implementation seeks to ensure that the Company can execute the project with the highest degree of accountability, while at the same time addressing the interests of stakeholders pursuant to applicable laws and regulations as well as ethical values.

Our Invaluable Resources

With regard to the Company's activities, we acknowledge the importance of human capital as a resource that plays a key role in determining the success of the Company's mission. Our employees are our resource – equipped with qualifications and competencies in line with the Company's vision and mission.

Undeniably, without the dedication and hard work of all our employees, our success today might never have been accomplished. Also, without strong support from the provincial government of DKI Jakarta, our dream of realizing the MRT Jakarta project construction might still be impeded. On behalf of the Board of Directors, allow me to express our sincere gratitude to all of the Company's employees for their substantial contribution throughout 2013.

We also would like to convey our thanks and highest appreciation to the shareholders for their support, respect and trust, which have enabled us to commence the development journey to realize MRT Jakarta as a comfortable means of transportation, as well as a solution to Jakarta's traffic congestion.

We thank all contractors, both those who work for elevated section packages CP 101, CP 102 and CP 103 and those who implement the underground packages CP 104, CP 105 and CP 106 for their hard work, for showing the highest working standards and for their dedication to the MRT Jakarta project.



Dono Boestami

President Director

The Board of Directors

M. Nasyir

Director of Construction



Dono Boestami

President Director

Albert Tarra

Director of Operations
and Maintenance



Tuhyat

Director of Finance
and Administration

Annual Report Responsibility Statement

STATEMENT OF RESPONSIBILITY FROM MEMBERS OF THE BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS FOR THE 2013 ANNUAL REPORT OF PT MASS RAPID TRANSIT JAKARTA

We, the signatories, hereby declare that all information contained in the 2013 Annual Report of PT Mass Rapid Transit Jakarta has been fully and thoroughly disclosed. We assume full responsibility for the accuracy of the content of this annual report.

This statement is truthfully declared.

Board of Commissioners



Erry Riyana Hardjapamekas

President Commissioner and Independent Commissioner



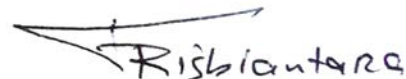
Sarwo Handayani

Commissioner



Tundjung Inderawan

Commissioner




F. Trisbiantara

Commissioner

Board of Directors

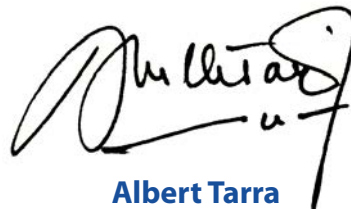


Dono Boestami
President Director



M. Naszir

Director of Construction



Albert Tarra

Director of Operations and Maintenance



Tuhiyat

Director of Finance and Administration



MRT mrt jakarta
increasing mobility, improving life quality

History of MRT Jakarta

PT Mass Rapid Transit Jakarta (PT MRT Jakarta) is a limited liability company with the provincial government of DKI Jakarta as its majority shareholder. Incorporated on 17 June 2008, PT MRT Jakarta's primary duty is to build MRT infrastructure and facilities; to perform operations and maintenance of MRT infrastructure and facilities; and to develop and manage the property and business premises located at stations and nearby areas, as well as at depots and nearby areas.

PT MRT Jakarta was founded based on DKI Jakarta Regional Regulation No. 3 of 2008 on the Incorporation of Regional Government-Owned Enterprise (BUMD), Perseroan Terbatas (PT) MRT Jakarta, amended by Regional Regulation No. 7 of 2013 on the Amendment to Regional Regulation No. 3 of 2008 on the Incorporation of Regional Government-Owned Enterprise (BUMD), PT MRT Jakarta, and Regional Regulation No. 4 of 2008 on Regional Investment in PT MRT Jakarta. This regulation was amended by Regional Regulation No. 8 of 2013 on the Amendment to Regional Regulation No. 4 of 2008 on Regional Government Investment in PT MRT Jakarta.

The plan to build an MRT system in Jakarta dates to its early initiation in 1985. The project, however, was not declared a national project until then President Susilo Bambang Yudhoyono affirmed otherwise in 2005. Enabled by a clear direction, the central government and the DKI Jakarta provincial government took the initial steps and started dividing responsibilities. The need for funding was answered by the Japanese government, which agreed to be the project's creditor.

On 28 November 2006, the Governor of Japan Bank for International Cooperation (JBIC) Kyosuke Shinozawa and the Indonesian Ambassador to Japan H.E. Yusuf Anwar signed the loan agreement for the MRT Jakarta project. Subsequently, JBIC designed and submitted study recommendations to the DKI Jakarta provincial government. Pursuant to the agreement between JBIC and Indonesia, an agency would be appointed to act as a one-stop organizing body for the MRT project.

Afterward, JBIC merged with Japan International Cooperation Agency (JICA) and JICA acts as assessor, while JBIC acts as creditor. Initially, based on a timeframe developed by JICA and MRT Jakarta, the technical design and land acquisition would take place in 2008-2009, while tenders for construction and electrical and mechanical equipment would commence in 2009-2010. Construction was planned to start in 2010 and be completed in 2014, while operational tests would be carried out in that same year. However, the schedule was delayed. Project design started in 2008-2009, while the construction phase began in 2013 and is expected to be completed in 2018.

Based on applicable laws and regulations, there are three types of agencies that the regional government can establish: management agencies (Badan Pengelola/BP), regional enterprises (BUMD/PD) and limited liability companies (BUMD/PT). From a management perspective, BP and BUMD/PD would not have sufficient flexibility to apply outsourcing or to cooperate with the private sector; these types of organizations are likely to be inefficient due to limited funding capacity from the regional government. On the other hand, BUMD/PT has an identical function with the private sector; therefore it would be able to put external resources to optimum use. PT MRT Jakarta was then incorporated based on these considerations.

The shareholding composition of PT MRT Jakarta is:

- Provincial Government of DKI Jakarta: 99.78%
- PD Pasar Jaya: 0.22%

History of MRT Jakarta

MRT Jakarta has commenced phase I of MRT construction, a route of 15.7 kilometers that connects Lebak Bulus Terminal with Bundaran Hotel Indonesia, comprising 13 stations along the route. To minimize the physical impact of phase I development, MRT Jakarta has partnered with traffic management consultancies as well as ensuring that the project has prepared an environmental impact analysis document. The phase I corridor is due for operations in 2018.

- In engineering services, PT MRT Jakarta is responsible for pre-qualification and the contractor bidding process.
- In terms of construction, PT MRT Jakarta, on behalf of the DKI Jakarta provincial government, is the signatory of contracts with contractors, consultants that assist during the contractor procurement process and management as well as operational consultants.

This first route will also be the first chapter in the history of the MRT integrated network development, which will be part of DKI Jakarta's future mass transport system. Subsequent development will focus on the Sudirman to Kampung Bandan route of the North-South line, and continue with the East-West line.

As defined by its task structure, PT MRT Jakarta is responsible for the overall activities, from engineering service, construction and operations to maintenance. The details are as follows:

- In terms of operations and maintenance, PT MRT Jakarta is responsible for operations and maintenance activities, including ensuring that the facility reaches its passenger target in order to provide sufficient revenue for the Company.

MRT construction involves numerous agencies at central and regional level aside from PT MRT Jakarta. Therefore, the project's budget documents also involve other, relevant agencies, which may state different program and activity names, yet with a single common output, namely MRT development.



Milestones

- The Transportation Ministry formulates the Jabodetabek Integrated Public Transportation Masterplan, proposing an integrated transportation system comprising railways, light rail and buses.

1990-1992

1995-1996

- The Transportation Ministry revises the basic design and proposes that the government finance the project, with minimal private participation

1999

2000

- The Indonesia-Japan-Europe Consortium develops a basic design and concludes that the project is not feasible under a full private financing scheme (BOT). It is estimated that ticket sales would only contribute around 15% of the total budget.

- An MRT (subway) feasibility study conducted by a JICA research team emphasizes the importance of subway development in Jakarta. The government would need to participate in the project's financing to enable the project.

Milestones

- JICA Study on Integrated Transportation Master Plan II highlights subway development as a priority.

2002

- DKI Jakarta Gubernatorial Decree No. 84 of 2004 on Macro Transportation Pattern (PTM) serves as a masterplan to address Jakarta's transportation issues, proposing a reliable mass transportation facility integrated with other modes of transportation. The mass transportation facility is identified as Mass Rapid Transit (MRT).

2004

- 2004 study revised in March 2005 into Revised Implementation Program (Revised IP) for the Jakarta MRT system (Lebak Bulus-Dukuh Atas). Indonesian government uses the study as a financing proposal to the Japanese government.

2005

- On 2 March 2004, the Governor of DKI Jakarta signs a Memorandum of Understanding (MoU) with Indonesia's Transportation Ministry regarding MRT development, focusing on the Lebak Bulus-Fatmawati-Blok M-Monas-Kota corridor.

- In July 2004, the Transportation Ministry publishes a study on the implementation program for the Jakarta MRT system (Lebak Bulus-Dukuh Atas).

- Study by Special Assistance for Project Formation (SAPROF) Team from JBIC to facilitate stakeholders' buy-in regarding the project's implementation in Indonesia.

- In December 2005, the agreement achieved and stated in minutes of discussion (MoD), signed by JBIC, Bappenas, the Transportation Ministry and the DKI Jakarta provincial government.

- MRT Sub-Committee established under the Committee for Policy of Infrastructure Development Acceleration (KKPPI) in August 2005. The sub-committee is to implement necessary processes to incorporate the MRT operating company (MRTC).

- On 18 October 2006, the Indonesian government and JBIC sign a Memorandum on Engineering Services (MoES) as a basis of loan approval.

2006

- On 28 November 2006, Phase 1 Loan Agreement (IP-536) was signed. The agreement's terms and conditions had been agreed in MoD and a Memorandum on Engineering Services (MoES) regarding a ¥1,869 billion-loan, to be used to finance the following:
 - 1) Basic design formulation consultancy (engineering services)
 - 2) Management consultancy to incorporate and develop PT MRT Jakarta
 - 3) Procurement consultancy to help PT MRT Jakarta organizes project bidding in order to implement the basic design

- Law No. 13 of 1992 on Railways amended to Law No. 23 of 2007. Under the new regulation, the organization of railway facilities and infrastructure is no longer the sole authority of state-owned enterprises (BUMN); it can also be undertaken by an enterprise incorporated by regional governments.

2007

- JBIC conducts SAPI (Special Assistance For Project Implementation) and SAPMAN (Special Assistance for Procurement Management) to help Transportation Ministry and DKI Jakarta provincial government.

- PT Mass Rapid Transit Jakarta (PT MRT Jakarta) is incorporated on 17 June 2008 following approval from the DKI Jakarta legislature through Regional Regulation No. 3 of 2008 on the Incorporation of Regional Government-Owned Enterprise PT MRT Jakarta and Regional Regulation No. 4 of 2008 on Regional Investment in PT MRT Jakarta.

2008

- Minutes of Discussion (MoD 2008) signed on 28 November 2008 as the basis to sign a loan agreement for MRT construction.
- JICA and DKI Jakarta provincial government sign an aide-memoir on 5 December 2008 to conduct a preparatory study for the Dukuh Atas-Kota-Kampung Bandan extension. JICA follows up the study by deploying a team to conduct a phase II feasibility study on the South-North corridor, Dukuh Atas – Kota – Kampung Bandan, and an East-West corridor pre-feasibility study.

Milestones

- 25 March 2009, signing of a grant agreement (Naskah Perjanjian Penerusan Hibah/ NPPH) 1 (between the Indonesian government and the DKI Jakarta city administration) for the partial disbursement of a grant (L/A 1) and for the purpose of tender assistance and management consultancies procurement.

- 31 March 2009, Phase 2 Loan Agreement Tahap 2 (L/A 2) for the construction phase with the sum of 48.15 billion yen and as the second portion of the total loan for the MRT project (L/A 2).

2009

- 8 July 2010, minutes of discussion (MoD) between JICA and the Indonesian government (c.q. DKI Jakarta provincial government, Bappenas, directorate-general of railways of the Transportation Ministry). The MoD discuss the MRT route extension of South-North corridor phase I, from Lebak Bulus- Dukuh Atas to Lebak Bulus – Bundaran HI. To enable this extension,

2010

- 24 July 2009, Signing of Grant Agreement (NPPH) 2 for the disbursement of grant in full amount (L/A 2) to the DKI Jakarta Provincial Government, for the purpose of MRT construction.

- 23 November 2009, commencement of basic design engineering at the Transportation Ministry.

Bundaran HI station, which was originally assigned to the South-North phase II corridor, is moved to the phase I corridor. The change is made to minimize traffic impact during the construction period and to accommodate the turn-back facility needs of the South-North phase I corridor.

- Tender for the MRT project commences following a legal status issued by central government and DKI Jakarta provincial government, which declares that all activities related to the MRT including the bidding process would be under the authority of PT MRT Jakarta
- MRT project implementation consisting of basic engineering design (BED) consultancy, management consulting service (MCS), tender assistance service (TAS), civil works and equipment, operations management consultancy service (OMCS), and construction management consultancy service (CMCS) are asserted in Loan Agreement (L/A) 1 and 2 as well as the grant agreement document (NPPH).
- 31 January 2012, PT MRT Jakarta holds a bidding briefing at PT MRT Jakarta's office. The meeting is attended by the MRT civil works procurement committee, the Corruption Eradication Commission, the Government Procurement Agency, members of the PT MRT Jakarta Board of Directors and civil contractor candidates.
- PT MRT Jakarta creates an integrity pact for goods and services procurement in line with the PT MRT Jakarta code of conduct. It is a proof of commitment to implement procurement processes legally to ensure output is reached in a seamless and timely manner.

2011

- In December 2011, ten-contractor consortiums pass a pre-qualification tender round for phase I construction (Lebak Bulus-Bundaran HI).
- JICA publishes a no-objection letter (NOL) on 7 December 2011 for short-listed contractor candidates that passed the pre-qualification round. The contractors are to carry out MRT Jakarta civil works phase I.

2012

- MRT Jakarta information dissemination on 27 September 2012 through exhibitions at seven shopping centers in Jakarta.
- 28 September 2012 - announcement of award for three tendered underground packages. Two packages are awarded to a consortium led by Shimizu Obayashi, with Wijaya Karya and Jaya Konstruksi Joint Venture as consortium members. The third package is awarded to the Sumitomo Mitsui Construction Company (SMCC) Consortium in joint operation with Hutama Karya

Events Highlights 2013



• **February 2013**, DKI Jakarta governor Joko Widodo reviews PT MRT Jakarta for its preparedness and project continuation



• **June 2013**, Signing of underground construction contract CP 104, CP 105 and CP 106. Held at PT MRT Jakarta's office, DKI Jakarta governor attends the signing ceremony



• **September 2013**, Tender process for elevated construction is completed; bidding winners for CP 101, CP 102 and CP 103 are announced.



• **September 2013**, Ratification of Amendment to Regional Regulation No. 3 and No. 4 of 2008 into Regional Regulation No. 7 and 8 of 2013.

2013

• **March 2013**, Inauguration of PT MRT Jakarta's new BOD



• **August 2013**, Exploratory test at Jl. Sudirman commences



• **August 2013**, Preparation to discuss amendment to Regional Regulations No 3 and 4 of 2008



• **October 2013**, Groundbreaking preparation and dissemination



• **October 2013**, Groundbreaking ceremony at Dukuh Atas



• **October 2013**, Contract signing for elevated construction contracts CP 101, CP 102 and CP 103





• **November 2013**, Preparation for underground construction along Senayan-Bundaran HI corridor.



• **January 2014**, preparation for construction in Lebak Bulus and relocation of Lebak Bulus terminal.



• **February 2014**, Preparation for elevated construction on Lebak Bulus - Fatmawati - Panglima Polim - Blok M corridor.



• **February 2014**, Shortlist announcement for systems & trackwork and rolling stock bidding.

2013

2014

• **January 2014**, PT MRT Jakarta collaborates with Green Radio and Lewatmana.com



• **February 2014**, MRT Jakarta project acknowledged by World Finance as one of the world's 20 best projects.



Vision

Moving Jakarta into one of the leading modern cities in the Asia with the world class standards of operational excellence.

Mission

Providing Sustainable Excellence Service in Mass Rapid Transportation in a safe, convenient and reliable manner.

Corporate Values

Professionalism

Every individual in PT MRT Jakarta shall consistently demonstrate his or her best efforts and deliver the best performance possible, while maintaining professionalism. This applies in the individual work process, teamwork, across the organization and in relationships with third parties. A professional individual of the Company needs to uphold and exercise professionalism as well as the Company's ethics.

Respect

The Company respects and values diversity and the unique characteristics brought by each individual. The Company provides equal opportunities for professional advancement based on each individual's competence. Employees of MRT Jakarta are also expected to build a culture of mutual respect among peers and with superiors.

Integrity

Every individual of the Company shall observe the principles of truth, honesty and discipline in performing their duties and in any decision-making. We seek to ensure that our actions resonate with our strong belief in truthfulness.

Dignity and Ownership

To achieve the desired quality of a world-class service provider, dignity among the company's individuals is essential. Driven by this sense of dignity, no employees will compromise service excellence and will uphold the Company's reputation. A sense of ownership is part of the dignity that results from our important role in this nation's advancement. PT MRT Jakarta will grow to be a model of world-class service implementation for other provinces and governments in other regions.

Excellence

Every individual of the Company believes that PT MRT Jakarta can emerge as a leading company with the support from and by developing the best talents to ensure service excellence.



Human Resources

Building Human Resources Alongside the Growth of the Transportation Industry

With changes that occur within the transportation industry, the Company recognizes the importance of building knowledgeable, capable and loyal individuals as its human resources (HR) that will grow together with the Company. Strong work motivation and enthusiasm are expected to spur employees' involvement in and contributions to the Company as well as shaping a common goal between employees and the management.

Since it was established in 2008, PT MRT Jakarta's journey to realize the MRT system has reached the construction stage. In accordance with its incorporation mandate as stipulated in Regional Regulation No. 3 of 2008, which is to build, operate and maintain an MRT system and to develop areas at and near stations, PT MRT Jakarta is met with different challenges at each phase of development.

To achieve its goals, the organization needs the support of adequate organization capability, founded on the best competencies of the individuals. Operations of the MRT system in the future, which are part of PT MRT Jakarta's responsibilities, also demand the implementation of international safety standards, operated by competent and certified personnel. With these aspects in mind, human resources at PT MRT Jakarta are a strategic issue for the management.

PT MRT Jakarta's vision of human resources development and management is to build and implement the organization's strategy. This is in order to realize effective human resources management and to have personnel who are able to contribute to the endeavors of the organization's vision and mission achievement.

The mission of the human resources management division is to become a leading and reputable HR division among the transport organizers community in Indonesia, known for implementing good practices of human resources management and organizational development.

The year 2013 was a transition period for the organization and was part of the journey of PT MRT Jakarta. Top management reform that started gradually in 2012 was eventually completed in 2013. The transformation introduced changes to the company's culture and management policies, including in regard to human resources management and development. As the single, sole asset of the company today, human resources management and development needs to be effected in a comprehensive manner. In 2013, the Company implemented systematic HR management and development based on an integrated HR management development roadmap. The roadmap was approved by the Board of Directors (BoD) at a BoD meeting on 25 October 2013.

For senior management, the Company organized a BoD Retreat that aimed to synchronize management styles as well as company culture with respect to leading the organization. This event was followed by vision alignment that sought to align the management one level below the BoD. Organizational restructuring, accountability mapping matrix formulation and new job grading and person grade development took place over the course of the year.

To create a positive work climate, the Company organized various employee activities around work schedules, such as sports activities, employee excursions and religious celebrations.

The details of our HR development and management policies are revealed in this annual report.

Human Resources

INTEGRATED HR MANAGEMENT

Based on the analysis of strategic organizational environment, PT MRT Jakarta has always been designed as a BUMD from the onset with the mandate to build, operate and manage the MRT system and to develop areas around stations. As an organization, PT MRT Jakarta needs at least three types of organization capabilities, which are to build and develop the company from a start-up organization into a sustainable corporation, to manage infrastructure projects and to realize sustainable operations of the MRT system.

We realize that competent personnel are fundamental to achieving the organization's strategic goals through organization capability improvement. Therefore, HR management needs to be carried out on an integrated platform. The management of PT MRT Jakarta is determined to build an integrated HR management system as MRT Jakarta's organizational platform in the future to realize operational readiness

Integrated HR System

Integrated HR Management system consists of five key pillars of HR development: (1) Foundation, (2) Acquisition, (3) Development, (4) Maintenance, and (5) Separation. Bringing the five pillars together as a unity is the HR enabling system.

- Foundation is closely related to organizational structure – the organization's vision, mission, and strategy followed by business process mapping. The HR management division contributed in defining and implementing

the vision, mission and strategy. The HR management division is also responsible for organization culture, organization structure, accountability mapping, job description and all processes related to these aspects as well as serving as the leading sector to implement them.

- Acquisition entails efforts to secure competent personnel through a series of candidate identifications from the best talent pools; a selection process using competency-based recruitment; and personnel deployment in accordance with organizational needs. To meet its personnel requirements, PT MRT Jakarta also tried and tested the outsourcing method, as we wanted to make sure that the Company's asset investments were focused only on strategic priorities that are essential for the future.
- Development comprises efforts to develop personnel, to advance them to achieve the minimum competence level according to competency standards required by their profession. This corresponds to the value of professionalism that is one of the Company's values. Individual competence should also be in line with organization competence to achieve organization capability.
- Maintenance, encompasses various ways to maintain and manage employees, namely performance measurement, career development, reward system management and industrial and employee relations management. Two of these processes, performance measurement and reward systems, have been initiated since MRT Jakarta

was first established. However, they need further refinement, while career development and succession planning are new systems that need to be put in place. With an integrated HR management system, these processes will synergize with other pillars.

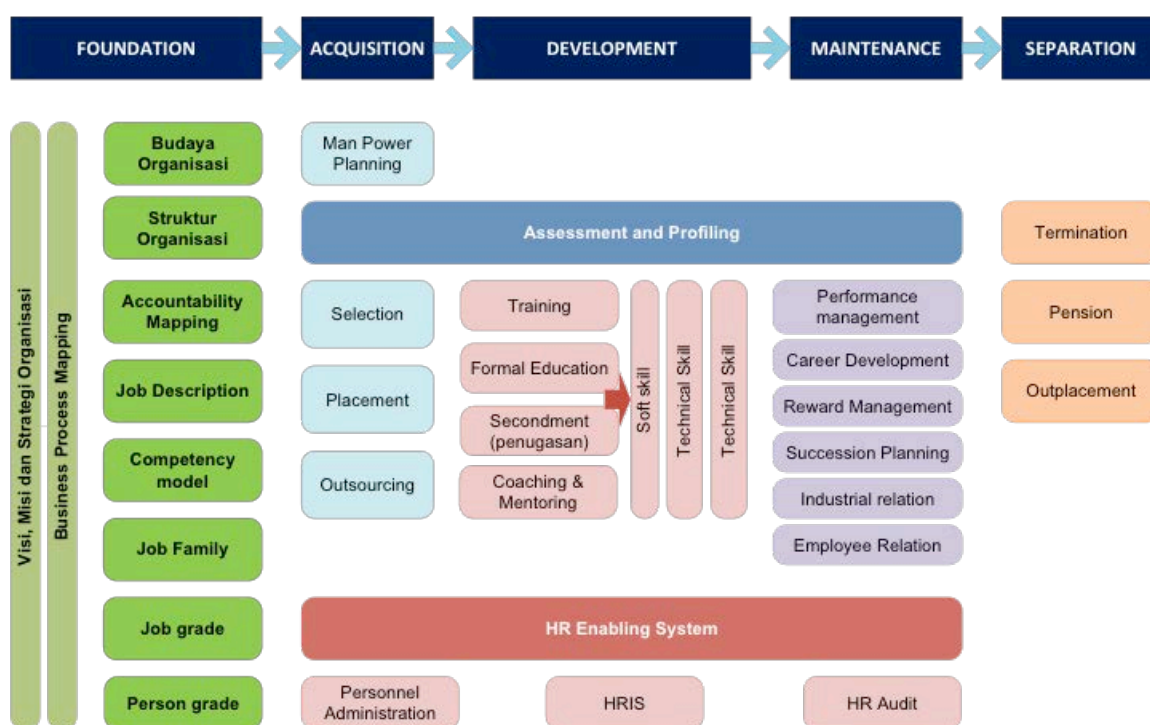
- Separation contains termination, retirement and outplacement. These processes are designed to minimize the risk of conflict that may harm the corporate image as well as project continuity, impeding operational readiness.

Aside the five pillars, also integral to the overall integrated system is the HR enabling system, which is composed of personnel data management, human resource information systems and HR audit.

The integrated HR management system is part of the management strategic initiatives and outlined in the 2013 budget plan. Implemented with the guidance of the HR roadmap, the pillar will be established gradually between 2013 and 2015.

Organization Structure

Management reform was followed by organizational restructuring to enable the execution of the Company's workplan and budget 2013. The new structure introduced profession-based standards for career development in the form of functional position grouping. The organizational structure was established through Board of Directors Decision Letter No. 30 of 2013 on the Organization Structure Reform and Establishment of Functional Position Group for Construction Management Implementer of PT Mass Rapid Transit Jakarta. The total positions within the structure are as follows:



Human Resources

Accountability Mapping Matrix

Accountability mapping is a process to map all fields and work processes to positions in an organization. The output of this process is the accountability mapping matrix, which connects areas of responsibilities with positions within the organization structure. The mapping needs input from the organization structure, the business process/value chain and job descriptions.

No	Directorate	Position	Total Position	Total Employee
1	President Director	Division	2	20
		Department	5	
		Staffs	3	
2	Director of Construction	Division	2	13
		Department	1	
		Fields	8	
		Staffs	14	
3	Director of Operations and Maintenance	Division	3	10
		Department	9	
		Fields	17	
4	Director of Finance and Administration	Division	3	10
		Department	6	
		Fields	11	
Total			84	53

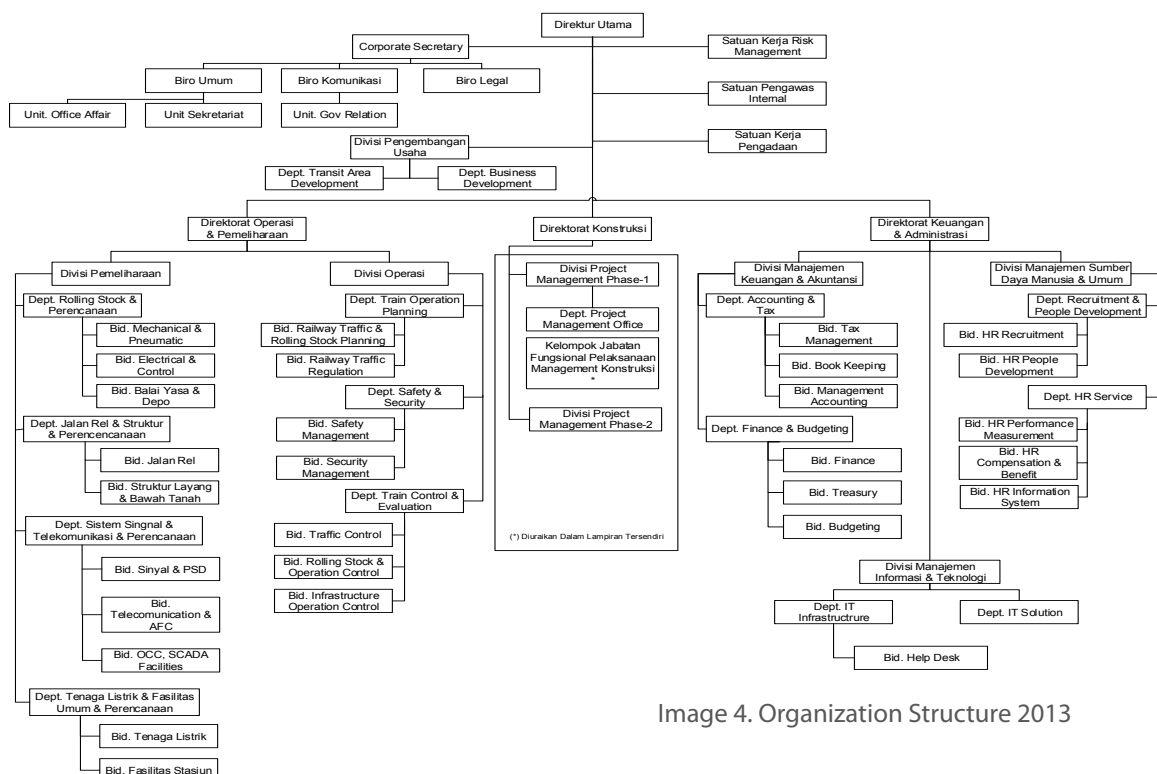


Image 4. Organization Structure 2013

Job Descriptions

Job descriptions detail the duty or activity required of a certain position in order to achieve the expected outcome of the position. The Company has not formulated job descriptions, as it is still waiting for the tender to procure consultancy services, which will be realized in 2014 through the Company's 2014 annual budget work plan.

Job Family and Competence

Competence consists of knowledge, hard or technical competency and soft competency required of a person in a certain position in order to carry out his or her tasks. Job family is a categorization or grouping of jobs that have substantial similarity of job elements or content. Job family and competence standard formulation are part of the annual budget work plan.

Job Grade and Person Grade

Job grade is the categorization of a number of positions that are weighted similarly. Job grade reflects the extent of responsibility and job risks. The purpose of job grading is to enable the Company to reward employees in proportion to their responsibilities and job risks, appreciate each one's professional responsibilities, and accommodate differences in responsibilities between one position and another. Decision-making related to mutation, professional advancement and remuneration also draws upon job grading.

Employee assessments are conducted on 50 employees of PT MRT Jakarta and use the same variables as position evaluation. The result is confirmed by the position evaluation committee and finalized by a steering committee.

ACQUISITION

Part of an optimum HR function is its apt selection and assignment of employees based on the suitability of an individual's characteristics to job requirements. A decision is made based not only on an individual's potential, but also his or her daily conduct. Further, personal merit also plays into an individual's behavior in certain situations.

In an organizational context, these considerations are important to project an employee's future performance and foresee the felicitousness of an individual with existing job requirements. Therefore, gaining an appropriate and thorough assessment of a candidate is imperative. Recruitment also follows a standardized process and should be able to select the best talents in accordance with the available manpower. Acquisition also deals with the sourcing method, recruitment process and employee boarding.

Sumber Daya Manusia

The following is recapitulation of the recruitment process throughout 2013:

Status	Total
Cancelled	3
In consideration	19
Proposed	18
Failed	33
Joint	38
Less Qualified	8
Offering Letter	2
Waiting 1st Interview	4
Waiting 2nd Interview	3
Total	128

EMPLOYEE DEVELOPMENT

Training is provided for employees to enhance the technical, theoretical, conceptual and moral competence of the employees according to their job requirements.

Employee training is one of the Company's efforts to improve manpower quality. Training is important for both new and existing employees as a vehicle for them to meet job demands that are changeable following changes in work environment, company strategy and so forth.

Employee Trainings 2013

No	Assignment Letter	Trainings	Organizer	Location	Date
1	003 /INT/BOD-MRT/ST/I/2013	Risk management professional Review workshop and CRMP Certification Exam	Indonesian Accounting Association (IAI)	Jakarta	21 - 23 January 2013
2	005 /INT/BOD-MRT/ST/I/2013	Workshop on Income Exemption Amendment update (PTKP) by IAI	Internal Audit Education Foundation	BSD, Tangerang	30 January 2013
3	011 /INT/BOD-MRT/ST/II/2013	Value Capture/TOD - The Concept and International Practices Workshop	KPMG	Jakarta	14 February 2013
4	013 /INT/BOD-MRT/ST/II/2013	Legal Short Course " Legal Audit Research Document" by PPHBI	-	Jakarta	6 March 2013
5	023 /INT/BOD-MRT/ST/IV/2013	Inaguration and Seminar of IRSE Indonesian Section	IRSE	Jakarta	4 April 2013
6	024 /INT/BOD-MRT/ST/IV/2013	Seminar Smart To Be Green by Modern Data Solusi	PT Modern Data Solution	Jakarta	9 April 2013
7	028 /INT/BOD-MRT/ST/IV/2013	New Era of Work Seminar	Microsoft	Jakarta	18 April 2013
8	032 /INT/BOD-MRT/ST/IV/2013	Underground Infrastructure Challenges and Solution Workshop	LTA & Holcim Singapore	Singapore	26-28 June 2013
9	034 /INT/BOD-MRT/ST/V/2013	Site visit to Operations Area 1	-	Jakarta	21 - 23 May 2013
10	037 /INT/BOD-MRT/ST/V/2013	Cash Flows Control and Management Workshop by DHN Consulting	DHN Consulting Group	Jakarta	13 June 2013
11	040 /INT/BOD-MRT/ST/VI/2013	Underground Infrastructure: Challenges and Solutions Training	LTA & Holcim Singapore	Singapore	26-28 June 2013

Sumber Daya Manusia

Employee Trainings 2013

No	Assignment Letter	Trainings	Organizer	Location	Date
12	042 /INT/BOD-MRT/ST/VI/2013	Construction Safety Management Course for Qualified Site Supervisors di LTA Academy Singapore	LTA & Holcim Singapore	Singapore	2 - 4 July 2013
13	43 /INT/BOD-MRT/ST/VI/2013	Training and Examination of Government Procurement Expertise, Basic Level	-	Jakarta	1 - 4 July 2013
14	44 /INT/BOD-MRT/ST/VI/2013	Focus Group Discussion (FGD) Mass Transportation Opportunity with KPS Scheme	-	Surabaya	3 - 4 July 2013
15	48/INT/BOD-MRT/ST/VII/2013	Region Decree & Pre-Decree regarding Utilization of Above and Underground Space Workshop	-	Jakarta	25 July 2103
16	49 /INT/BOD-MRT/ST/VIII/2013	Fire Safety Engineering Workshop	-	Jakarta	26-28 August 2013
17	50 /INT/BOD-MRT/ST/VIII/2013	JICA Training Program, Urban Railway Management J13-00862	JICA	Jepang	4-30 November 2013
18	54 /INT/BOD-MRT/ST/IX/2013	Land Procurement Issues in Indonesia Workshop	-	Jakarta	26 September 2013
19	56 /INT/BOD-MRT/ST/IX/2013	Government Procurement Expertise Training and Exam Certification	-	Jakarta	23 - 26 September 2013
20	57 /INT/BOD-MRT/ST/IX/2013	HR for Non HR Training	-	Jakarta	7-8 October 2013
21	58 /INT/BOD-MRT/ST/IX/2013	RJPP Discussion and Review Workshop	-	Jakarta	09/11/13
22	59 /INT/BOD-MRT/ST/IX/2013	Breakfast Dialogue with Pri Notowidigdo – Say Yes When a Headhunter Calls	-	Jakarta	09/12/13
23	63/INT/BOD-MRT/ST/IX/2013	Certified International Project Management Professional	-	Jakarta	17-19 September 2013

Employee Trainings 2013

No	Assignment Letter	Trainings	Organizer	Location	Date
24	66/INT/BOD-MRT/ST/IX/2013	Certified International Project Management Professional	-	Jakarta	20 September 2013
25	70 /INT/BOD-MRT/ST/IX/2013	RJPP Material Discussion Workshop	-	Jakarta	2 October 2013
26	71 /INT/BOD-MRT/ST/IX/2013	RJPP Material Discussion Workshop	-	Jakarta	2 October 2013
27	75 /INT/BOD-MRT/ST/IX/2013	Structure Development and Wages and Benefits Scale Training	PPM Management	Jakarta	9-10 October 2013
28	76 /INT/BOD-MRT/ST/IX/2013	Site Visit to Kuala Lumpur Mass Rapid Transit (KL MRT) Project	-	Kuala Lumpur	23-26 October 2013
29	78 /INT/BOD-MRT/ST/IX/2013	Site Visit to Kuala Lumpur Mass Rapid Transit (KL MRT) Project	-	Kuala Lumpur	23-26 October 2013
30	79 /INT/BOD-MRT/ST/IX/2013	Accountability Map Development Workshop	Insight Consultant	Jakarta	22 October 2013
31	81 /INT/BOD-MRT/ST/IX/2013	RJPP Material Discussion Workshop	-	Jakarta	21 October 2013
32	83 /INT/BOD-MRT/ST/IX/2013	ACIIA Conference 2013 On-Site Learning	-	Taipe	2-8 November 2013
33	84 /INT/BOD-MRT/ST/IX/2013	Site Visit to Kuala Lumpur Mass Rapid Transit (KL MRT) Project	-	Malaysia	23-26 October 2013
34	88 /INT/BOD-MRT/ST/IX/2013	Urban Underground Space and Tunelling Workshop and Site Visit	-	Hong Kong	19-23 November 2013
35	90 /INT/BOD-MRT/ST/IX/2013	Procurement SOPs Workshop	-	Jakarta	1 November 2013

Human Resources

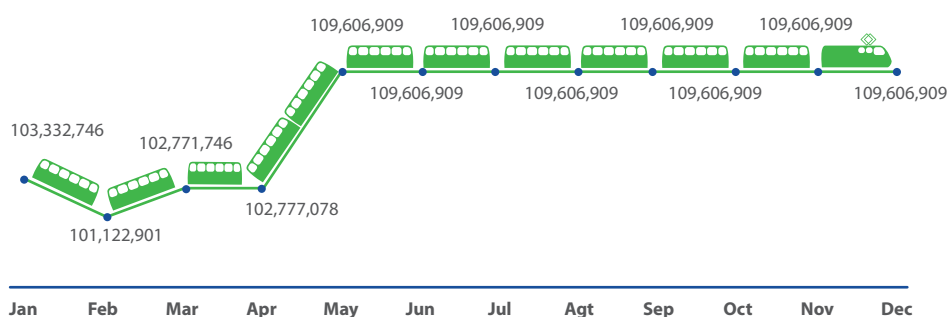
Employee Trainings 2013

No	Assignment Letter	Trainings	Organizer	Location	Date
36	93 /INT/BOD-MRT/ST/IX/2013	Speaker in Procurement SOPs Workshop	-	Jakarta	1 November 2013
37	96 /INT/BOD-MRT/ST/XI/2013	New Employee Orientation	-	Jakarta	6-8 November 2013
38	97 /INT/BOD-MRT/ST/XI/2013	Site Visit to Delhi Metro Rail Corporation (DMRC)	-	New Delhi	17-21 November 2013
39	98 /INT/BOD-MRT/ST/XI/2013	Weekly Monitoring for New Employee Orientation	-	Jakarta	11 Nov & 7 Dec 2013
40	101 /INT/BOD-MRT/ST/XI/2013	Oracle Primavera Solution Day- Unified Solution for Capital Project and Program Management	-	Jakarta	20 November 2013
41	104 /INT/BOD-MRT/ST/XI/2013	Best Practice in Electronic Filing System	-	Jakarta	25-26 November 2013
42	105 /INT/BOD-MRT/ST/XI/2013	Enterprise Risk Management	-	Bali	11-13 December 2013
43	106 /INT/BOD-MRT/ST/XI/2013	Development of Work Program of Annual Audit Risk-Based Workshop	-	Bandung	25-26 November 2013
44	108/INT/BOD-MRT/ST/XI/2013	Accountability Mapping Matrix	Insight Consultant	Jakarta	26-27 November 2013
45	111 /INT/BOD-MRT/ST/XII/2013	National Procurement Training	HR Management Information Institute	Jakarta	12-13 December 2013
46	112 /INT/BOD-MRT/ST/XII/2013	Competence Enhancement Training Specifically on The Government Procurement	National Development and Consultation Institution	Jakarta	16-19 December 2013
47	113 /INT/BOD-MRT/ST/XII/2013	Computational Geotechnics Course – Deep Excavation (2D Plaxis Course)	-	Bandung	8-11 December 2013
48	116 /INT/BOD-MRT/ST/XII/2013	Workshop of Knowledge Transfer Algoritme & MRT Station Design Criteria, The theoretical framework and regulatory integration of design and development of MRT transit area	-	Bandung	12-13 December 2013

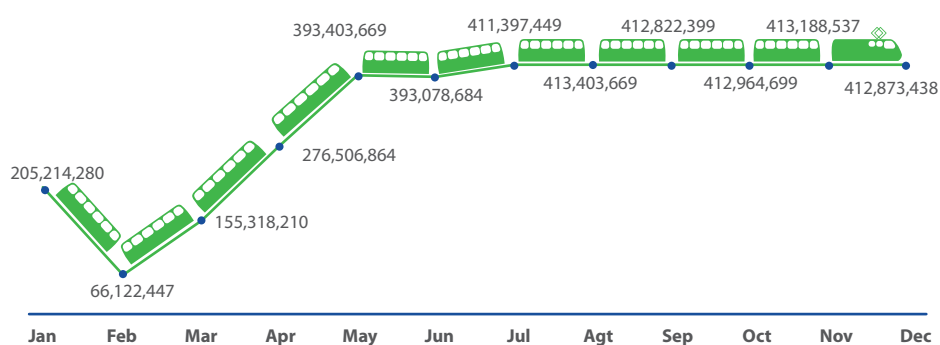
Compensation & Benefits

The Company has the obligation to pay and provide benefits for its employees according to their respective positions in the organization as staff, managers, directors or commissioners. In 2013, MRT Jakarta paid a total of Rp10.86 billion in salaries. In addition to salaries, the Company also offers social security coverage for health and occupational safety. For certain positions, the Company provides overtime pay according to existing regulations.

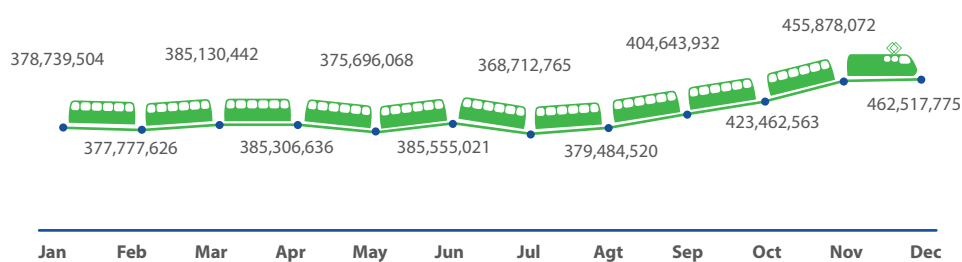
Commissioners' Salary



Directors' Salary



Employees' Salary



Human Resources

Employee Relations

To establish a solid and close-knit team, the Company organizes activities that are designed to promote employee teamwork. The activities are believed to be effective for building a strong team and include futsal, swimming, badminton, group tours and many others.

EMPLOYEE DEMOGRAPHY

Employee demography data in 2013 consists of employee distribution by position, age, gender, length of service and educational background. The data is presented as follows:

1. Total Employee by Position

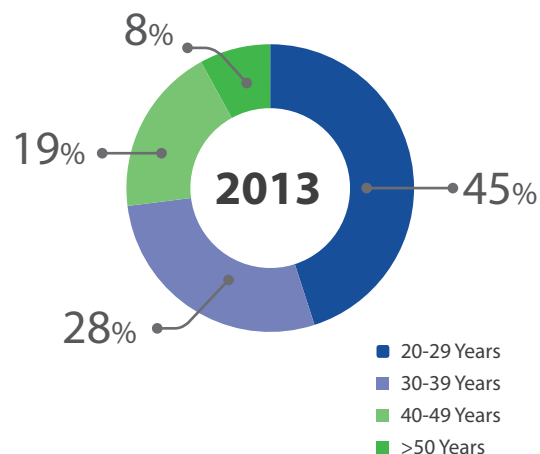
Position	Sub Total	Total
Senior Managers	4	53
Managers	5	
Senior Staffs	4	
Staffs	24	
Probation	10	17
Contract Employment	6	
Subject Matter Experts	17	
TOTAL		70

2. Employee Statistics

The following statistics are employee statistics that comprise senior manager positions to contract employees.

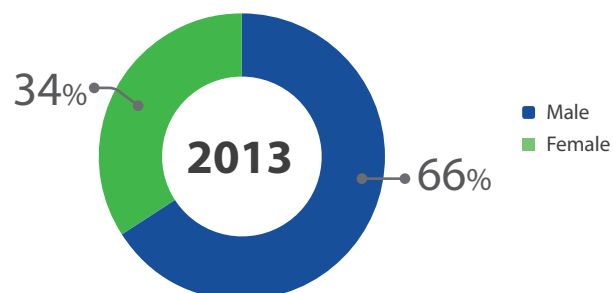
2.1. Employee by Age.

AGE INTERVALS	TOTAL
20-29 Years	24
30-39 Years	15
40-49 Years	10
>50 Years	4
TOTAL	53



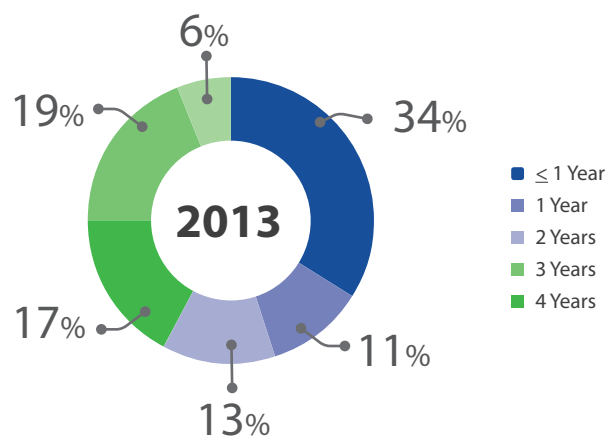
2.2. Employee by Gender.

GENDER	TOTAL
Male	35
Female	18
Total	53



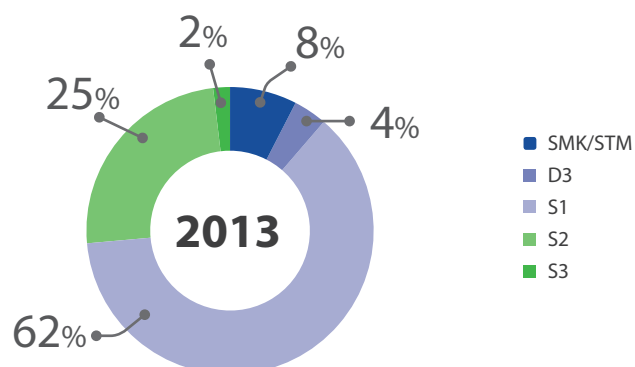
2.3. Employee by Length of Service at PT MRT Jakarta.

EMPLOYMENT	TOTAL
<1 Year	18
1 Year	6
2 Years	7
3 Years	9
4 Years	10
>5 Years	3
Total	53



2.4. Employee by Educational Background.

EDUCATION	TOTAL
SMK/STM	4
D3	2
S1	33
S2	13
S3	1
Total	53



Information Technology



Reliable information technology supports development acceleration as well as the Company's performance. MRT Jakarta relies on IT for data and information about the Jakarta MRT construction.

PT MRT Jakarta is undertaking a construction project of a technology-driven mass transport system, including information technology (IT). MRT Jakarta depends on a reliable, modern and safe IT system for its entire project.

From construction to operations, IT serves as the project's backbone without room for error, as lives are at stake. The operations of MRT Jakarta will very much depend on the reliability of an IT software that works to ensure seamlessness and comfort for MRT users.

With IT having such a crucial role, sophisticated instruments and substantial funding are required. The Company is ready to make the necessary investment to keep the Company's activities continuing safely and seamlessly.

IT also supports the Company in communicating and providing information to the public as can be seen from, among other places, the company's website at <http://www.jakartamrt.com>. The website contains the latest information on the project's progress, development process, tender information, traffic information and so on. It also enables public monitoring of the company's activities.

The Company also uses social media platform Twitter to disseminate information. As a realization of the transparency principle in the execution of the Jakarta MRT project, and to provide a tool for public monitoring, the Company has installed a CCTV system covering each construction site. Using streaming technology, images captured by the cameras can also be viewed through the Company's website.

The Company also elevates the use of the CCTV network installed in each construction site by collaborating with website www.LewatMana.com. Streaming the images live through LewatMana.com and MRT Jakarta websites, the partnership aims to provide real-time information to Jakarta's residents on traffic conditions around project sites, particularly residents who are planning to go through certain routes where construction work is ongoing.

For similar purposes, MRT Jakarta also partners with TMC Polda Metro Jaya, which regularly updates information on traffic conditions around project sites. During the groundbreaking period on 7-24 October 2013, the regional TMC Polda Metro Jaya helped to disseminate traffic information to its Twitter followers from Twitter account @TMCPoldaMetro. A number of radio channels broadcast the groundbreaking event, namely Elshinta, Sindo Trijaya, RDI and Kiss FM.

The Company fully acknowledges IT's role in business operations. The company will maintain its commitment to providing a modern and reliable IT system and equipment for the continuity of a modern mass transport system – realizing a longstanding dream of Jakarta's residents.



MRT Project Development



The project development of MRT Jakarta is executed in phases based on planned MRT lines. At the moment, the construction covers two phases (lines): Phase I of Lebak Bulus – Bundara HI and Phase II of Bundaran HI – Kampung Bandan.

The construction of MRT Jakarta phase I takes places along the line that connects Lebak Bulus and Bundaran HI with a total length of 15.7 kilometers. This line is due for completion at mid of 2018. Phase II will connect Bundaran HI-Kampung Bandan, an 8.1-kilometer line construction of which will start in 2018 after the first phase concludes.

MRT Jakarta phase I is divided into eight execution packages:

Elevated section package; comprises CP 101, CP 102 and CP 103;

Underground section package; comprises CP 104, CP 105 and CP 106; and

Railway systems & trackwork and rolling stock (railway) package, which consists of CP 107 and CP 108.

Elevated Section

The elevated section comprises three packages, CP 101, CP 102 and CP 103, and extends along the Lebak Bulus – Fatmawati – Blok M – Sisingamangaraja corridor. CP 101 and CP 102 were awarded to Tokyu-WIKA Consortium, while Obayashi - Shimizu - Jaya Konstruksi (OSJ) Consortium won the tender for CP 103. Contract signing for CP 101, CP 102 and CP 103 was carried out on 16 October 2013.

MRT Project Development



The first stage of the elevated section construction is the pre-construction phase. This is the preparation stage that entails the construction of stations, depots, supporting beams, viaducts and other structures necessary for the MRT project. Some key activities during this stage were completed in January 2014, namely soil investigation and test pit (utility investigation). Test pit identifies the ducting of utilities such as underground pipelines and cables installed along the project line. This is a critical activity to make sure that there will be no significant hindrances during the building foundation and viaduct construction process. Meanwhile, soil investigation aims to identify soil quality and characteristics.

Underground

SOWJ Joint Venture Consortium, which consists of Shimizu, Obayashi, PT Wijaya Karya (Persero) Tbk and PT Jaya Konstruksi Manggala Pratama Tbk. won the tender for CP 104 and CP 105 – underground construction packages for the Sisingamangaraja-Sudirman line. CP 106, the Dukuh Atas-Bundaran HI line, was awarded to SMCC-HK Joint Operation, which comprises Sumitomo Mitsui Construction Company and PT Hutama Karya (Persero). Contract signing for CP 104, CP 105 and CP 106 was performed on 4 June 2013.

Pre-construction stages for underground lines include green belt dismantling, road extension, utility relocation and reinforcement of soil. Green belt dismantling includes: tree logging, relocation and replanting. The purpose of this particular activity is to add vehicle lanes; the number of lanes during the construction process will match the existing lanes.



Railway Systems & Trackwork and Rolling Stock (Railway)

The tender process for CP 107, which consists of the signaling and railway system, commenced in August 2012. Tender for train procurement, CP 108, commenced in April 2012 and bidding invitations continued on 12 February 2014. The tender process for CP 107 and CP 108 was assisted by Nippon Koei, Co. Ltd tender consultant, the lead consultant from Jakarta Metro Tender Assistance-2 (TAS-2) funded by a JICA ODA loan.

For CP 107, five participants passed the pre-qualification phase: Marubeni – Toshiba – Sumitomo Mitsui Construction – WIKA JO, Kawasaki Heavy Industries – Itochu JV, Mitsubishi – Hitachi – Mitsubishi Heavy Industries – Jaya Konstruksi JO, Sumitomo Corporation, and Mitsui – Kobelco – Toyo – IKPT (Metro One Consortium). There are 10 components in the CP 107 tender package, namely substation system, overhead contact system, power distribution system, signaling system, telecommunication system, facility SCADA, automatic fare collection (AFC) system, platform screen door (PSD), escalators & elevators and trackwork.

Meanwhile, four participants passed the pre-qualification stage for CP 108: Hitachi - Mitsui Consortium, Sumitomo Corporation, Mitsubishi Corporation and Kawasaki-Itochu JV (KI JV). CP 108 covers procurement work for 16 train sets, each consisting of six coaches and the entire procurement totaling at 96 coaches. Train specification refers to STRASYA (Standard Urban Railway System for Asia). The winners of CP 107 and CP 108 will have to complete their respective work within 185 weeks.



Business Development

The Urgency to Change City Development Paradigm

Jakarta has been growing at an extraordinary pace. Daily, over four million commuters from areas around DKI Jakarta (Bogor, Depok, Tangerang, Bekasi/Bodetabek) come into the capital city. The rapid and rather uncontrolled geographic expansion of Jakarta-Bodetabek has significantly increased transport costs and harmed mobility rates and life quality.



In most cases, rapid and uncontrolled development in Jakarta & Bodetabek takes the form of one-storey residential structures (which cover almost 64% of the total urban area) and low buildings that take up almost all of Jakarta's land. As a result of this phenomenon, Jakarta today lacks the room for future development.

Building Jakarta with an extensive and expansive approach, relying only on road networks and private vehicles, would simply result in a large, inefficient, profligate and uncontrollable city. The

worst possible impact to occur is the productive middle class moving to the city's outskirts, leading to social disparity both inside and outside the city. Further, open spaces diminish and city infrastructure continues to lag behind the rate of city expansion, resulting in falling standards of city services. It is ironic that the living costs borne by residents and commuters continue to increase, while the quality of public services fail to improve.

It is time for the city to shift its development paradigm, to move away from a development mindset that favors private vehicles, especially cars, and prioritizes pedestrians and a mass transport system instead.

Transit Oriented Development-TOD for City Development

The initiative to revitalize this city needs to effectively integrate smart land utilization (compact and vertical) with mass transport network development. Consequently, to apply a compact and vertical development approach, mass transit stations need to be the focus. Today, efforts to streamline the city by introducing compact and vertical development, in order to improve land utilization efficiency, have not been followed with an integrated plan to ensure mobility and adequate accessibility for pedestrians, or better planning for open spaces. Without an integrated approach, the efforts will only add to the already heavy burden of roads, aggravating traffic congestion, worsening people and goods mobility and degrading the overall quality of the city's environment.

The only justification for a compact and vertical approach to spatial planning is the integrated planning of dense and high intensity areas, providing a mass transport system with the MRT as the backbone and utilizing LRT, BRT and PRT to complement the network, or serve as feeders. At the same time, the mass transport system should be accompanied with efforts to revitalize areas around stations, allocating open space for pedestrians, cyclists, public utilities and public facilities.

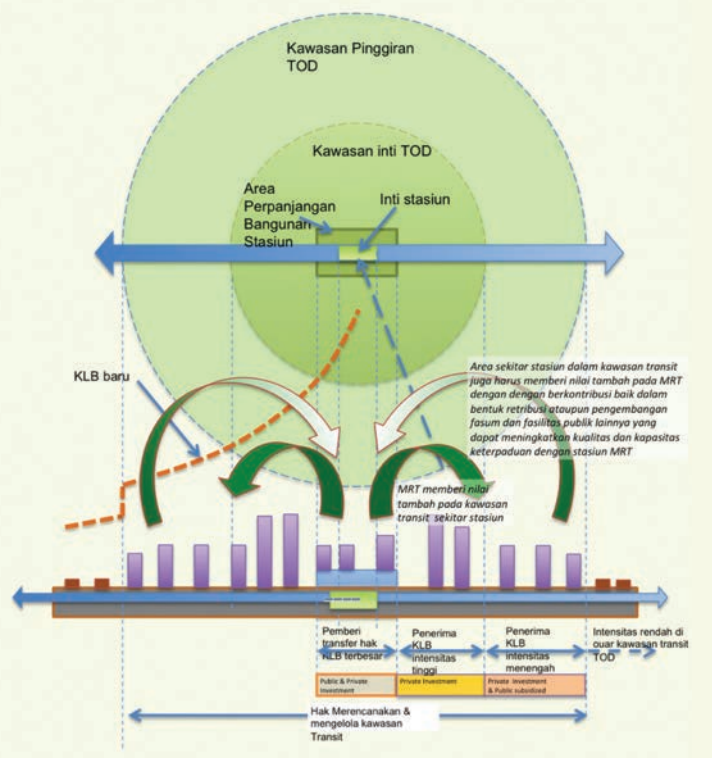
In other words, a mass transport system such as the MRT is not an initiative that exclusively belongs to the transportation sector. When the city administration introduced the project, in essence it also introduced a complete and integrated city revitalization initiative. The overall development should be transit-oriented, in line with capacity and quality improvement of area development opportunities, or transit-oriented development (TOD).

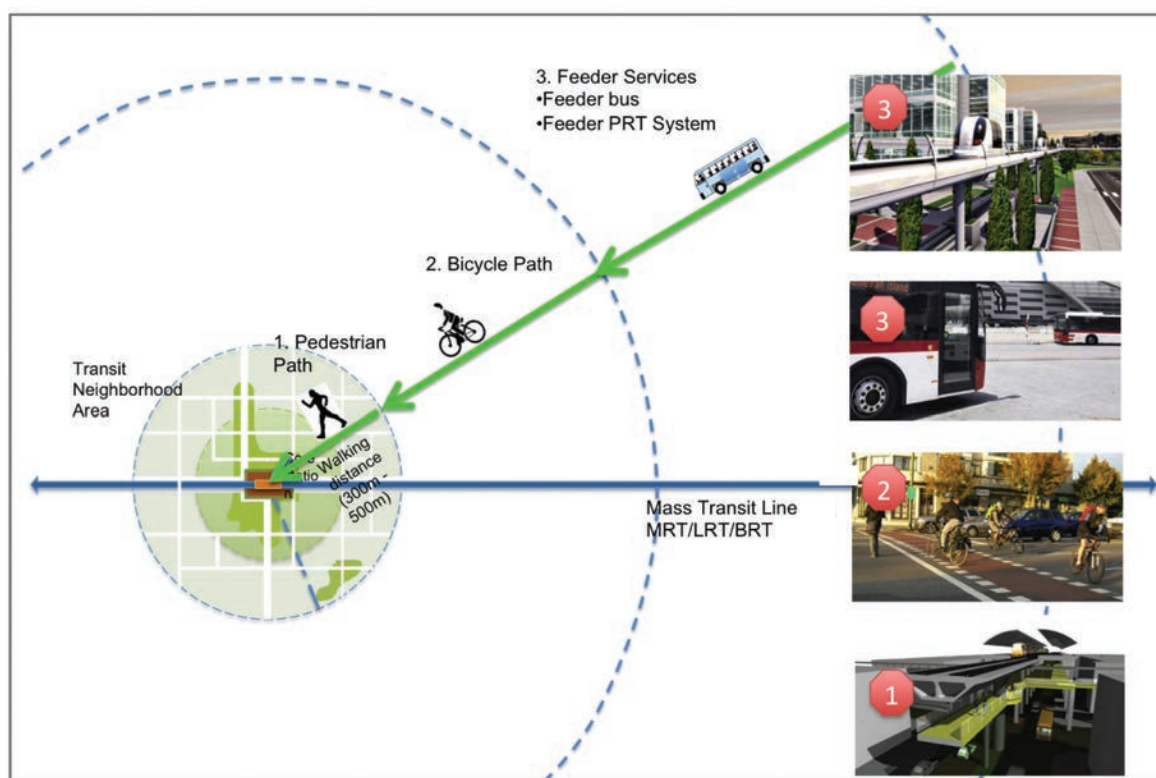
Today, transit-oriented development (TOD) has been widely recognized as the most sustainable city development model and implemented by numerous cities around the world to reduce the amount of travelling by car and to promote city planning that is conducive to the utilization of transit modes.

Focusing on compact development planning, TOD also introduces mixed land use and pedestrian-friendly development. Orientation to mass transport stations will encourage residents, workers, traders and their consumers to use mass transit modes rather than private vehicles. The concern of TOD is certainly not limited to physical development, but also the safety, security and economic growth of the people and social conditions in general, as well as contributions to a better environment.

MRT infrastructure allows improvement of growth in transit areas within a radius of 350m-700m of a station. High capacity and frequency of MRT services enable movement of people (passengers) in a large number, serving as an incentive for increased utilization of vertical space (FAR) exceeding the previous average as long as the utilization still meets transit criteria and planning.

Meanwhile, stakeholders (property owners, land owners, developers) are mandated to contribute to MRT infrastructure development, especially by ensuring the completeness of MRT stations' supporting systems and interconnection.





TOD Design Concept

TOD design is often described as an area that physically meets the 3Ds principle – Density, Diversity and Design. The 3Ds have now been enhanced into 5Ds – adding Distance to Transit and Destination Accessibility to the design principle.

Density refers to increasing the density of residents, workers, traders and commerce in an area located within a reasonable distance for pedestrians from a transit station. The exact distance varies depending on the community's characteristics and facilities for pedestrians, but the average reasonable distance is 500 meters.

Diversity addresses mixed land use and structure models surrounding the area. The diversity principle seeks to ensure that different facilities and public as well as commercial activities can be accessed within walking distance, eliminating the need to use motorized vehicles.

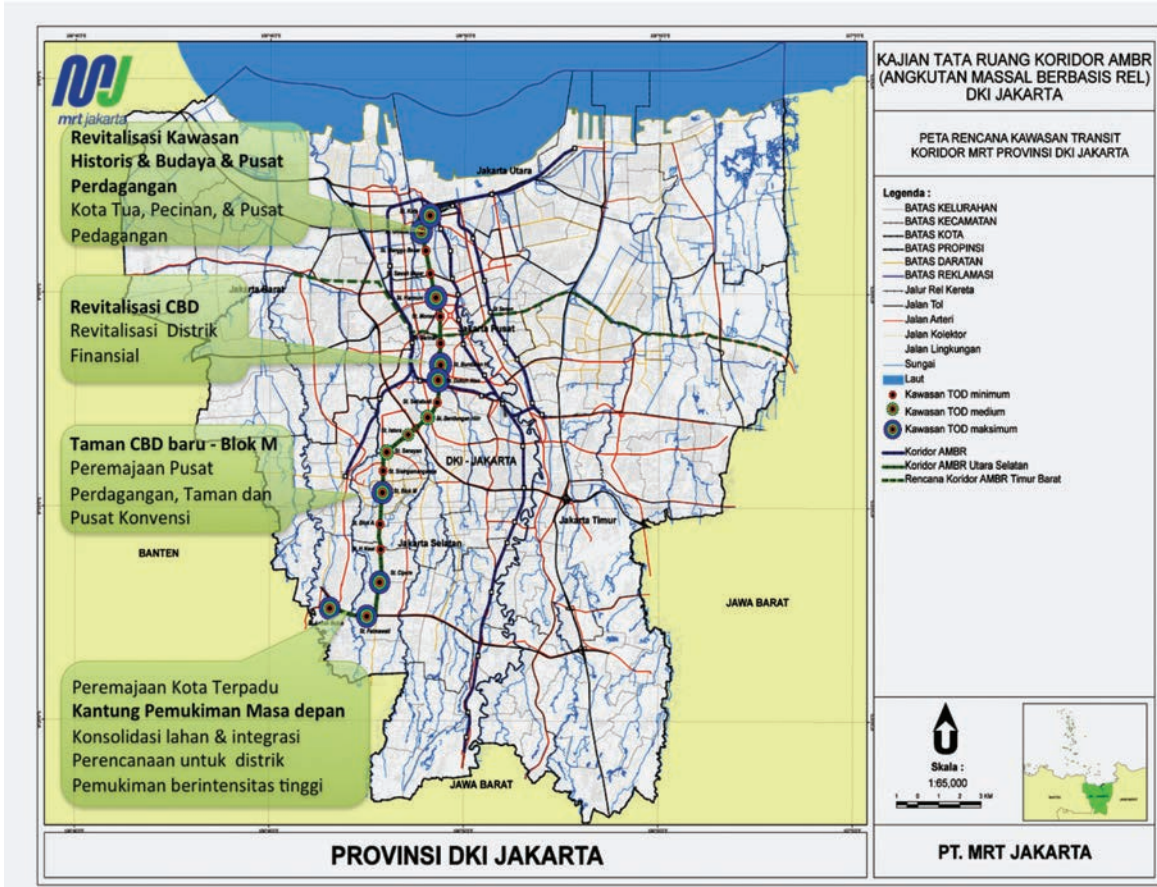
Design refers to city layout and planning that focuses on and prioritizes pedestrians, cyclists and mass transport passengers, which enable better social interactions between users.

Distance to Transit is an important factor of TOD. It draws upon the observation that ridership, or the rate of use of mass transportation, is exponentially influenced by transit's proximity with mass transportation stations. In general, it has been observed in global cities that have mass transportation systems that the ridership of residents in transit areas is five times higher than commuters.

Destination accessibility is a parameter to measure the quality of TOD and its connectivity with centers of public and commercial activities as well as other popular destinations within

a transit area. It measures the degree to which public transportation facilities can efficiently connect a transit area with activity centers distributed in larger areas. In terms of destination accessibility, aside from transit areas, feeder systems become an essential part.

The above diagram shows that the 5Ds have been comprehensively represented in MRT Jakarta design planning. Fundamentally, the MRT is expected to provide a better option of public transport for the private vehicle users who dominate the roads today. At the same time, MRT development is also expected to drive



Integrated Development Opportunities

			Interface Development	Transit Neighborhood Development	Local feeder system Development
MRT Station Exit gateway	Pedestrian bridge/Underground walkway	Elevated garden/elevated promenade/underground promenade	Public / commercial node within public/commercial area	Transit Oriented Neighborhood	Intermodal facility, bicycle path, local feeder system integration
Node	Functional Path	Vibrant path	Commercial/public destination	Cluster destination - origin	Super Cluster destination – origin & interconnection
MRTJ	<ul style="list-style-type: none"> • MRTJ & • Gov. of DKI Jakarta 	<ul style="list-style-type: none"> • Gov. of DKI Jakarta /MRTJ • Lease to private 	<ul style="list-style-type: none"> • Gov. of DKI Jakarta /MRTJ • Private owned property 	<ul style="list-style-type: none"> • Gov. of DKI Jakarta /MRTJ • Private owned property • Single Estate management 	<ul style="list-style-type: none"> • Gov. of DKI Jakarta /MRTJ • Other State owned operator • Other private owned operator
← Gov./State Owned Enterprise development			Public Private Partnership development →		

public transport reform for the interest of existing public transport users. In order to shift usage of private vehicles to public transport, enabling them to use the MRT, the MRT needs to be an overarching system, a total end-to-end solution that moves its users from their residences to their destinations. The MRT network should effectively reach even the furthest corners of Jakarta with the support of reliable and high-quality feeder systems such as LRT, PRT and shuttle buses as well as adequate “park & ride” and “kiss & ride” facilities at every station and TOD application at each station area to ensure accessibility for pedestrians.

Applying TOD to MRT Jakarta

The first MRT line, which extends from south to north and connects Lebak Bulus and Bunderan HI, then Kota Tua and Kampung Bandan, was designed based on initial investment feasibility of MRT planners. Its calculation referred to a feasibility study that focused on farebox revenue assumptions. Understandably, the first line to be developed is the line that goes through the dense route leading to Jakarta’s business district. The South-North corridor passes city areas that are relatively dense with mixed commercial and non-commercial structures alongside the corridor.

The first challenge when introducing a TOD approach to transit areas is to carry out integrated urban renewal in existing areas that are projected as transit points instead of developing an entirely new transit site on empty land. The following discussion addresses particular challenges with regard to integration.

To effectively solve urban renewal challenges, the key instrument a city administration needs to have, in addition to regular city planning, or urban design guidelines, is land consolidation. A TOD approach that drives integrated urban renewal by developing an MRT system provides an opportunity for the DKI Jakarta government to reinvigorate and revitalize a number of important areas along MRT corridors. Revitalization is crucial to the continuation of Jakarta in at least three ways:

First, increasing development capacity along the corridors, encouraged by increased development volume (or increased FAR), compared with the usual development approach. Better capacity will accommodate Jakarta's economic growth in the coming decades by efficiently and effectively utilizing land, curbing the rate of acquisition on what's left of Jakarta's undeveloped land and open spaces.

Second, reducing dependency on motor vehicles as a means of transport to Jakarta's business districts and to carry out activities within transit areas. This change will occur provided that the MRT system can provide a total solution for users of private vehicles and incentive for these users to shift to the MRT, whether directly or via the feeder system.

Third, efforts of urban renewal and public transportation accessibility upgrades open opportunities for districts along MRT Jakarta's first corridor to be revitalized and redefined. As illustrated in the previous section, the diagram of TOD development projection in the south-north corridor shows several key areas for revitalization that can be aligned with TOD:

1. Jakarta financial district revitalization. As a service city, Jakarta relies on its world-class financial district, with other service sectors as the derivatives. The quality, capacity and total costs required for this district to operate, including the costs to bring in highly skilled and productive workers, are integral for the sustainability of the financial district. MRT development in and around the financial district enables fundamental city renewal.
2. Urban renewal pushes for integrated residential enclaves. Areas in the southern part of Jakarta, especially the Fatmawati-Simatupang triangle and Lebak Bulus/Pondok Indah, have been developing autonomously and without proper city planning. Consequently, these areas develop horizontally in an inefficient manner, even occupying green open spaces. Development of transit points in Pondok Indah and Lebak Bulus, Simatupang and Fatmawati has the potential to stimulate the improvement and revitalization of these areas' shape and formation. The districts are viable to be projected as integrated areas for new residential enclaves, developed vertically, as a result of city consolidation and renewal. For MRT Jakarta, this ensures better ridership, as the south can emerge as the hub of the MRT system.

3. Revitalization and capacity improvement of the Blok M area. Blok M is a district of Kebayoran Baru and is an important area in South Jakarta. In the future, the strategic value of Blok M will only increase with the ASEAN headquarters to operate in South Jakarta in what was previously the mayor's office. Indonesia's role as the center of ASEAN will certainly affect Jakarta as the capital city and Blok M as ASEAN's civic center. Blok M can be projected as the center of the gardening business, conventions and exhibitions as city revitalization takes place with a TOD approach.
4. Revitalization of historical, cultural and commercial areas of Kota Tua, Glodok Chinatown and Mangga Dua to truly represent the function of these areas. The MRT system has the potential to integrate these areas as well as reducing dependency on private vehicles to access the areas situated in the northern part of Jakarta. At the same time, rising development volume in a TOD area can be the enabler for public and private participation to conserve and revitalize Kota Tua, Glodok and their surrounding areas.

Water stream redirection from open canals to closed channels during the MRT construction can be used permanently, so that water in the canals remains clean. The canals can also act as reservoirs for rainwater and floodwater.

How Transit Development Impacts the DKI Jakarta Provincial Government & MRT Jakarta

As a standalone system, the MRT would rely solely on fare revenue, without assurance of the rate of utilization by its target users, i.e. private vehicle users. An example of this is Jakarta's commuter rail system, which in Jakarta is practically a standalone system. It is almost entirely disconnected from city planning, discouraging users of private vehicles from shifting to rail use. Further, the presence of railway stations is not aligned with spatial planning and city management, making areas around the stations dirtier and more disorganized than before. Unsurprisingly, the public has a negative perception of transit stations.

PT MRT Jakarta, fully-owned by the DKI Jakarta provincial government, aims to combine the competence and authority of the city administration as city manager and planner with the competence to manage its own railway system. For PT MRT Jakarta, applying a TOD approach to manage transit areas around stations will ensure quality and capacity improvement of stations as destinations, while having the potential to grow as the point of origin when developed as a residential enclave. This would result in higher ridership as the desire to use the MRT, especially among private vehicle users, grows and leads to healthy MRT operations based on fare revenue.

Tax Revenue Potential from Transit Areas

For the DKI Jakarta provincial government, increasing development volume in around MRT corridors, particularly in transit areas, would not only revitalize the city and increase city capacity, but would also generate significantly higher tax revenue from local property.

The MRT Jakarta development division has made a rough estimate of tax revenue based on various development studies. Similarly, consultants developing the urban design guideline (UDGL) have also projected the tax income generated by MRT Jakarta’s first corridor. Both estimates on BPHTB (acquisition duties of rights on land & building), PBB (land & building tax), and VAT revenues show that the passive value captured is relatively significant, if not equal to the investment that the government needs for the first phase of MRT procurement.

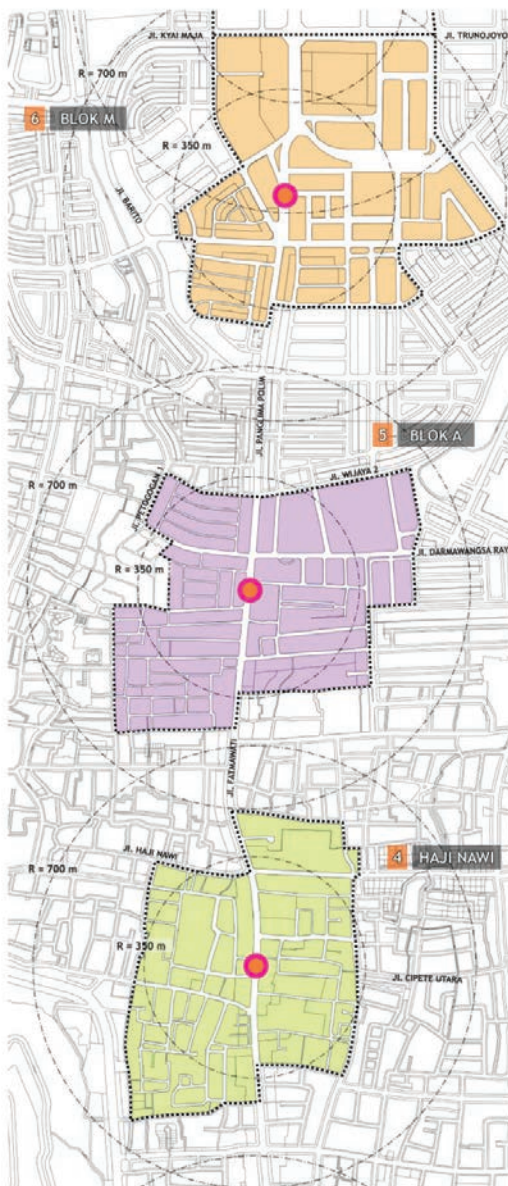
If long-term UDGL is implemented, the projection shows a maximum 9 million square meters of structures. This calculation is based on the development volume projected by MRT Jakarta’s UDGL consultant by calculating total additional floors after MRT and TOD implementation in transit areas.

There is ample opportunity to capture the potential benefits of transit area development along MRT Jakarta corridors, whether direct or indirectly.

An example of indirect benefit would be the re-investment of tax revenue (earmark policy) to MRT Jakarta by the city administration. With growth of property tax (BPHTB & PBB) paid to the city administration as a result of transit



area development, internal simulation shows that tax revenue in 20 years would equal the amount that the government has invested in the infrastructure of MRT's first corridor.



Source: City Design Guidelines of MRT Jakarta's Corridor 1

Meanwhile, direct benefits come from the Jakarta government's decision, as the authority that determines building intensity rights, to withhold some building intensity rights and grant them to PT MRT Jakarta. This would be beneficial for PT MRT Jakarta when negotiating with property owners and developers along transit routes of MRT corridors, with the purpose of achieving integration with MRT stations as well as boosting PT MRT Jakarta's non-ticket revenues.

A conservative projection calculates 20-30 years of development, as a number of projects would have to go through land consolidation processes that typically takes a longer time in order to reach agreement with relevant stakeholders.

In addition, transit development, stated among others in UDGL, needs to be equipped with rules and procedures that counterbalance the incentive that developers and landowners enjoy with their obligation to contribute to the system.

Finally, potential revenue generated by MRT can be seen in comparison with the initial investment for first phase MRT, which amounted to Rp17 trillion. This signals that the Jakarta city administration in fact has the capability to invest in the MRT system. However, it is imperative that the government effectively utilizes its capacity with regard to TOD. In the future, if the MRT is subsidized, the subsidy is only appropriate if the MRT system is integrated with transit areas and plays a strategic role in city revitalization, sustainably increasing local revenue.

Effective Leadership to Develop Transit Areas is Key

Developing transit areas, integrating and aligning them with the MRT system and stations is a complex task. It requires strong coordination and consolidation with land and property owners and private investors. Problems and obstacles could grow even more severe without solid planning in place prior to designing an infrastructure system such as the MRT.

MRT Jakarta is a complex system primarily because it is not standalone and depends on spatial planning and city management. To effectively integrate and align the different systems to generate added value, a strong and effective leadership is needed at all phases from initial planning to operations of integrated transit areas. Planning, development and management of transit areas need to be carried out in a dedicated and professional manner with proper authority.

Globally, in cities in advanced countries, there are two transit authority models. Under the first model, the transit authority is a separate entity with dedicated focus on the development and management of the transit system. With the second model, where a strong MRT corporation exists, the authority is placed within the corporation. It has sufficient rights and authority to also function as transit authority.

Joint Development Opportunity

Considering the importance of providing a comprehensive and integrated solution for MRT Jakarta users, PT MRT Jakarta believes that the project also needs other efforts outside the MRT initiative itself. Cooperation for development needs to be initiated and consolidated with other stakeholders, the private sector and residents around stations or MRT Jakarta depots.

There are three categories of joint development opportunity: interface development, transit neighborhood development and feeder system development.

Interface Development

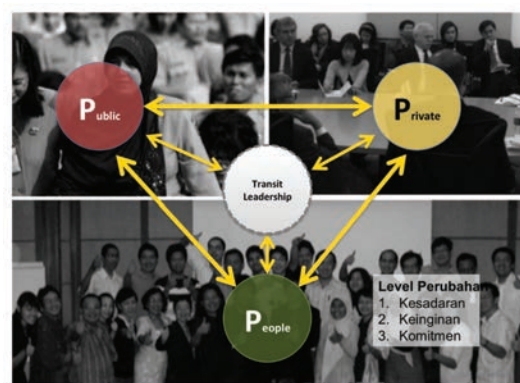
The principal purpose of interface development is to ensure seamless mobility in areas around stations. We focus not only on creating a comfortable exit access for passengers, but also seek to attract users by creating a pleasant user experience along the corridors, putting in place unique activity hubs at the end of each pedestrian route. Most likely, the last point of a activity hub is situated on private land or property. This opens opportunities for joint development with land or property owners – at the every least, the activity hubs can be connected with underground or elevated pedestrian corridors.

Transit Neighborhood Development

The main purpose of developing transit areas is to optimize value capture by revitalizing transit areas around stations and MRT depots, creating compact, high intensity and sustainable areas. This development will also give rise to new and unique city clusters. Each transit area will promote different themes influenced by different local settings, characters and specific opportunities. PT MRT Jakarta has no intention to evict local residents; instead, we seek to stimulate and call for public participation through land consolidation schemes.

Today, the Jakarta city administration is finalizing the urban design guidelines (UDGL) for areas along MRT Jakarta corridors. UDGL aim to provide significant incentives for areas that are regarded as having potential. This incentive is also expected to make urban land consolidation more attractive; nearly all land and buildings in MRT transit areas would be owned by private entities or other government agencies, and only a small part by the DKI Jakarta administration or PT MRT Jakarta. Once again, this plan shows ample opportunities for joint development projects.

We understand that there are big challenges ahead in the process of developing and synchronizing transit environments. We need to bring the buy-in and alignment of three parties in this regard, namely the government, which provides legislative support; local communities, which will participate in revitalization efforts; and the private sector, which will invest in and continue the development. In the case that MRT Jakarta is sufficiently empowered and has adequate authority, it can also assume the role as



hub, facilitator and coordinator, or transit leader, to stimulate and bridge joint development initiatives (Public-Private & People Partnership).

Feeder System Development

The feeder system will optimize the reach of services of MRT Jakarta stations by connecting MRT stations with other activity centers in the area. Conversely, it will be easy for MRT Jakarta users to access the MRT system in the gate zone. Feeder system development initiatives need to be immediately implemented by the government, entailing improvement and standardization of existing public transportation systems such as buses and minibuses, and the development of cycle lanes.

The opportunity for the private sector to take part in feeder system development is ample. The private sector can participate in developing a more organized feeder system to support MRT Jakarta. There are also opportunities to develop a more advanced feeder system that will connect and create an independent micro transit network, which would function as a local feeder for the MRT Jakarta network.

Potential Roles of MRT Jakarta

Pursuant to Article 3 of Regional Regulation No. 3 of 2008, MRT Jakarta in fact has space to assume more roles than MRT developer and operator:

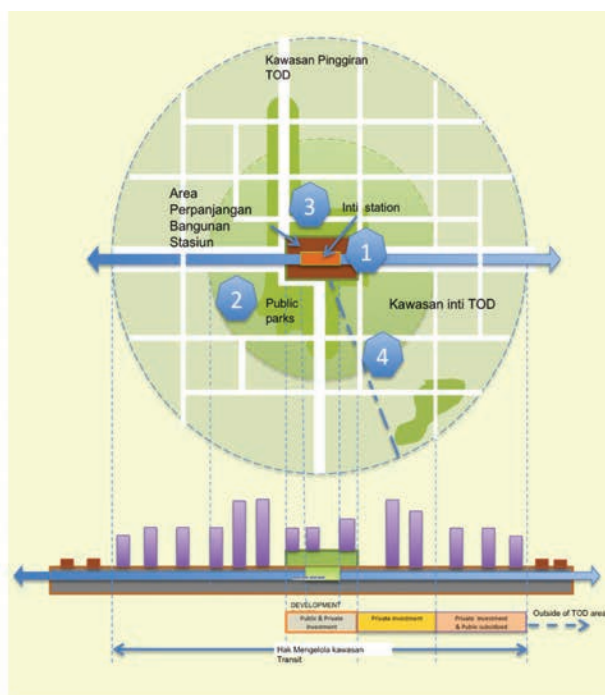
The Company's full scope of activities consists of:

- a. Developing city railway infrastructure consisting of MRT infrastructure development, operations, maintenance and management;
- b. Developing city railway facilities consisting of MRT facility development, operations, maintenance and management;
- c. Developing and managing property and businesses around stations and nearby areas as well as depots and nearby areas.

Earlier, we stated that the development of MRT Jakarta needed strong coordination and consolidation. Therefore, at the very least, MRT Jakarta has the obligation and the right to make official planning input to the spatial planning authority or transport authority of the DKI Jakarta government regarding the basic planning of transit areas, especially the central zone, including scenarios for possible land consolidation and best development for transit areas. The input is valuable for the development of the spatial planning detailed plan (RTDR) or UDGL of transit areas, which should already accommodate the best transit lay out. This would prevent spatial hindrance and interruptions that are unfavorable for MRT Jakarta, MRT users and landowners.

Further, it is important that MRT be able to benefit from public land, including underground and public areas on the surface. It is also reasonable that PT MRT Jakarta gain the right of interconnection. PT MRT Jakarta should also hold rights and obligation to push for and coordinate various efforts toward joint development to avoid confusion and uncertainty for stakeholders.

Lastly, to ensure that users will receive quality service on board the trains, at stations, in transition areas, interconnection and transit areas, MRT Jakarta has the right to manage core transit zones. PT MRT Jakarta has the authority to, together with property owners, manage all public spaces and facilities within core zones that will connect the people with private spaces and facilities in transit areas.



POTENTIAL ROLES OF MRT JAKARTA

1. As operator of the MRT system (stations, trains and depots) and, in the future, the dedicated feeder system
2. As developer of the master plan, basic plan and consolidation scheme for land around transit areas (TOD areas). The documents are input for UDGL, RDTR and the transition space development plan
3. As transit property developer in station extension areas, underground and on surface transition areas, and on land that can be connected with MRT Jakarta stations
4. As coordinator of core transit zone joint development (managing public areas and transition areas that connect private areas with MRT stations)



Management Discussion and Analysis

The following financial analysis and discussion refers to the financial report for the years ended 31 December 2013 and 31 December 2012, audited by public accounting firm Purwantono, Suherman, & Surja. The Company's financial report is developed in accordance with Indonesian accounting standards, comprising Indonesian Financial Accounting Standards (PSAK) and Interpretation of Financial Accounting Standards (ISAK) issued by the Financial Accounting Standards Board – Indonesian Institute of Accountants (DSAK-IAI). This report complies with PSAK 1 (2009) "Financial Report Presentation".

PT Mass Rapid Transit Jakarta (Perseroan) was established following approval from the legislature of the DKI Jakarta provincial government through Regional Regulation No. 3 of 2008 on the incorporation of BUMD PT MRT Jakarta and Regional Regulation No. 4 of 2008 on Regional Investment in PT MRT Jakarta. The Company is a regional government-owned enterprise established in the Republic of Indonesia by virtue of Notarial Deed No. 140 dated 17 June 2008, Notary Sutjipto, S.H., M.Kn. The incorporation was also approved by the Law and Human Rights Ministry of the Republic of Indonesia by virtue of letter No. AHU-36355.AH.01.01 of 2008 dated 27 June 2008.

There have been several amendments to the Company's Articles of Association, The last amendment was made on 8 December 2013 subsequent to a change of meeting chairman at the annual general shareholders meeting (AGMS), from president director to president commissioner. The change was recorded in notarial deed of notary Mini Tanumiharja, S.H. No. 27 dated 15 July 2013, approved by the Law and Human Rights Ministry of the Republic of Indonesia by virtue of letter No. AHU-AH.01.10-07332 dated 27 February 2014.

The Company's field of activity is land transportation. The Company implements city public railway infrastructure - activities consist of construction, operations, maintenance and development of MRT infrastructure. Activities also include development and management of areas around MRT depots and stations.

Shareholding composition :

- DKI Jakarta provincial government: 98.78%
- PD Pasar Jaya: 0.22%

The Company is responsible for the overall activities, from engineering services to construction, to operations and maintenance. In engineering services, the Company oversees the pre-qualification process and contractor tender. In construction, the Company, on behalf of the DKI Jakarta administration, signs agreements with contractors, management and operations consultants. Meanwhile, in operations and maintenance, the Company is responsible for operations and maintenance, including ensuring a sufficient number of passengers to generate adequate revenue for the Company.

The MRT Jakarta will extend to ± 110.8 kilometers. It consists of the South-North corridor (Lebak Bulus - Kampung Bandan) covering a distance of ± 23.8 km and the East-West corridor, covering a distance of ± 87 km.

- Construction of the South-North corridor from Lebak Bulus to Kampung Bandan is carried out in two phases:
 - Phase I – connecting Lebak Bulus to Bundaran HI with a total distance of 15.7 km and comprising 13 stations (seven elevated stations and six underground stations). Operation is due in 2018.
 - Phase II – continuing the South-North line from Bundaran HI to Kampung Bandan, covering a total distance of 8.1 km. Construction will begin before the operations of phase I and is targeted for operations in 2020. Pre-feasibility study for phase II construction has been completed.
- The East-West corridor is undergoing a pre-feasibility study process; operations will commence in 2024-2027.

FINANCIAL ANALYSIS

FINANCIAL PERFORMANCE REVIEW

Comprehensive Profit and Loss for Years Ended 31 December 2013 and 2012 (in million Rupiah)

Description	2013	2012	Growth	
			Rp	(%)
OPERATING EXPENSES				
General and administrative expenses	(33,718)	(27,165)	(6,553)	24.12
OTHER INCOME (EXPENSE)				
Interest income	5,845	4,585	1,261	27.49
Net Currency Gain (Loss)	(8,209)	11	(8,220)	(74.688,87)
Others - Net	8	0,001	8	787,035.02
Other Income (Expense) - Net	(2,356)	4,596	(6,952)	(151.26)
LOSS BEFORE INCOME TAX	(36,074)	(22,569)	(13,505)	59.84
GAIN FROM DEFERRED TAX	201	310	(109)	(35.15)
LOSS OF OPERATING YEAR	(35,872)	(22,259)	(13,614)	61.16
OTHER COMPREHENSIVE LOSS	-	-	-	-
COMPREHENSIVE PROFIT AND LOSS OF OPERATING YEAR	(35,872)	(22,259)	(13,614)	61.16

OPERATING EXPENSES

Operating expense, consisting of administrative and general expense, rose by Rp 6,553 million or 24.12% from Rp 27,166 million in 2012 to Rp 33,718 million in 2013. The increase mainly came from increases in employee salaries and benefits, promotions and exhibitions expenses, coordination meeting and AGMS expenses and office rent.

Employee salaries and benefits increased by Rp 3,541 million or 21.10% from Rp 16,351 million in 2012 to Rp 19,892 million in 2013 after the addition of employees, directors and commissioners, and salary increases.

Expenses for promotional activities and exhibitions rose by Rp 1,291 million or 83.90%, from Rp 1,539 million in 2012 to Rp 2,830 million in 2013.

Expenses for coordination meetings and the AGMS increased by Rp 764 million or 57.70% from Rp 1,324 million in 2012 to Rp 2,087 million in 2013.

Office rent increased by Rp 657 million or 34.24%, from Rp 1,919 million in 2012 to Rp 2,576 million in 2013. Office rent increased due to additions in rented space and project offices.

OTHER INCOME (EXPENSE) – NET

Other income (expense) – net decreased by Rp 6,592 million or 151.26% from Rp 4,596 million in 2012 to minus Rp 2,356 million in 2013. The decrease was led by increase of net currency loss, which amounted to Rp 8,220 million, from Rp 11 million profit in 2012 to Rp 8,209 million loss in 2013. Meanwhile, interest income rose by Rp 1,261 million from Rp 4,585 million in 2012 to Rp 5,845 million in 2013.

PROFIT-LOSS OF OPERATING YEAR

Following the increase of operating expense and the decline in other income (expense) – net, the loss over the operating year increased by Rp 13,614 million or 61.16% from Rp 22,259 million in 2012 to Rp 35,872 million in 2013.

ASSETS

Overall, the Company's assets increased by Rp 1,355,380 million or 793.89% from Rp 170,726 million on 31 December 2012 to Rp 1,526,107 million on 31 December 2013. The increase represented an increase in current assets and non-current assets, which respectively rose by Rp 77,522 million or 54.68% and by Rp 1,277,859 million or 4,411.79%. The Company's current assets on 31 December 2012 stood at Rp 141,762 million and Rp 219,283 million in 2013. Meanwhile, non-current assets amounted to Rp 28,965 million on 31 December 2012 and Rp 1,306,824 million on 31 December 2013.

Cash and Cash Equivalent

Cash and cash equivalent rose by Rp 74,096 million or 52.66% from Rp 140,712 million on 31 December 2012 to Rp 214,808 million on 31 December 2013. The increase was mainly down to income from other paid-up capital.

Contractor Advance

Contractor advances on 31 December 2013 stood at Rp 1,123,791. There were advance payments for contractors on 31 December 2012. Payment in advance was made for consultancy or work commencement in the interests of MRT infrastructure construction.

Fixed Assets

Fixed assets increased by Rp 153,738 million or 562.36%, from Rp 27,338 million on 31 December 2012 to Rp 181,077 million on 31 December 2013. The increase mainly came from the increase of construction in progress, which consisted of expenses for financial and procurement consultancy services and expenses for employees working directly in the construction of MRT Jakarta. The average percentage of civil construction works completion recognized as construction in progress was 1.74% on 31 December 2013. The project is estimate to be fully completed in 2018.

Progressive assets rose by Rp 152,037 million or 593.87% from Rp 25,601 million on 31 December 2012 to Rp 177,638 million on 31 December 2013 after the addition of construction and consultancy work packages.

LIABILITIES

The Company's liability on 31 December 2013 increased by Rp 139,852 million or 1,574.60%, from Rp 8,882 million on 31 December 2012 to Rp 148,733 million on 31 December 2013. The increase was mainly due to increases in outstanding expenses and outstanding payments to contractors and third-party consultants.

Financial Performance Review

Outstanding expenses rose by Rp 78,848 million or 5,446.80%, from Rp 1,448 million on 31 December 2012 to Rp 80,295 million on 31 December 2013. Increases in contractor and consultant services made up the largest component. On 31 December 2012, the balance stood at Rp1,410 million and Rp 80,217 million on 31 December 2013, an increase of Rp 78,807 million or 5,589.04%

Contractor and third-party consultants outstanding payments increased by Rp 47,412 million or 1,182.33% from Rp 4,010 million on 31 December 2012 to Rp 51,422 million on 31 December 2013.

EQUITY

Equity on 31 December 2013 rose by Rp 1,215.529 million or by 751.05%, from Rp 161,845 million on 31 December 2012 to Rp 1,377.374 million on 31 December 2013. The increase was mainly down to additions in issued and fully paid capital and other paid-up capital.

Issued and fully paid capital increased by Rp 65,245 million or by 39.54%, from Rp 165,013 million on 31 December 2012 to Rp 230,258 million on 31 December 2013. The increase represented a number of elements approved by shareholders in the extraordinary meeting of shareholders held on 25 April 2013 and documented by notarial deed of notary Aryanti Artisari, S.H., M.Kn. No. 127. The change also acquired approval from the Law and Human Rights Ministry by virtue of Decision Letter No. AHU-36639.AH.01.02 of 2013 dated 8 July 2013, and therefore additional capital to the amount of Rp 65,245 million was recognized as issued and fully paid capital under equity in the financial report.

In November and December 2013, the Company received additional regional investment from the DKI Jakarta provincial government to the amount of Rp 111,000 million, by virtue of Gubernatorial Decree No. 704 dated 1 May 2013 for the amount of Rp 31,000 million and Gubernatorial Decree No. 1923 dated 11 December 2013 for the amount of Rp 80,000 million. Until 31 December 2013, the additional investment had not been recorded in a deed and was therefore recognized as other paid-up capital under equity in the financial report.

In 2013 and 2012, the Company received additional regional investment from the DKI Jakarta provincial government, which came from grants and amounted to Rp 1,140,401 million and Rp 10,259 million, respectively. Until 31 December 2013, the additional investment had not been recorded in a deed and was therefore recognized as other paid-up capital under equity in the financial report.

CASH FLOWS

Operating Activities

Net cash flow from operational activities declined by Rp 5,665 million or by 24.58% from minus Rp23,087 million in 2012 to minus Rp 28,752 million in 2013. The decline was mainly due to increases in employees', commissioners' and directors' salary expenses, as well as expenses for contractors and consultants.

Salary expense for commissioners, directors and employees rose by Rp 4,276 million or 28.27% from Rp15,127 million in 2012 to Rp 19,403 million in 2013.

Payment to contractors and consultants increased by Rp 2,252 million or 17.82% from Rp 12,634 million in 2012 to Rp 14,886 million in 2013.

Investing Activities

Net cash flow from investment dropped by Rp 5,627 million or 222.97% from minus Rp 2,524 million in 2012 to minus Rp 8,151 million in 2013. Cash flow from investment activities, both in 2012 and in 2013, was made for acquisition of fixed assets.

Funding Activities

Net cash flow from funding activities increased by Rp 46,000 million or 70.77% from Rp 65,000 million in 2012 to Rp 111,000 million in 2013. In 2012 and 2013, cash flow from funding activities comprised funds acquired from other paid-up capital.

LIQUIDITY

The Company's liquidity on 31 December 2013 stood as follows:

- Current Ratio

The Company's current ratio in 2013 stood at 166.12%, a drop of 2,164.34% from 2,330.47% in 2012. The decrease was due to increase of short-term liability, especially outstanding expenses and outstanding payment to contractors and third-party consultants.

- Cash Ratio

The cash ratio in 2013 stood at 162.73%, a decrease of 2,150.47% from 2,313.21% in 2012.

- Quick Ratio

The Company's quick ratio in 2013 was 3.64%, representing a decrease of 1,076.61% from 1,080.26% in 2012.

Although the Company's liquidity in 2013 declined significantly in comparison with 2012, the ratio remained at a healthy level. With the current and cash ratios standing at over 100%, the Company is capable of covering its short-term liabilities with its current assets.

CAPITAL STRUCTURE

In 2013, the Company's assets were funded by liability at 9.75% and equity at 90.25%. In comparison with 2012, liability increased while equity decreased. Liability in 2012 accounted for 5.20%, while equity accounted for 94.80%.

SOLVABILITY

The Company's solvability is reflected from its debt-to-equity ratio.

Debt to Equity Ratio

The debt to equity ratio (DER) in 2013 reached 10.80%, higher by 5.31% than 5.49% in 2012. The increased was aligned with the increased in liability that was higher in percentage compared with the increased in equity.

Based on the composition of short-term and long-term debt, the Company's DER is as follows:

- The short-term debt to equity ratio in 2013 reached 9.58%, an increase of 5.82% from 3.76% in 2012.
- The long-term debt to equity ratio in 2013 reached 1.21%, a decrease of 0.51% from 1.73% in 2012

Financial Performance Review

Debt to Asset Ratio

The debt to asset ratio (DTA) in 2013 stood at 9.75%, higher by 4.54% from 5.20% in 2012.

FINANCIAL RATIOS

Equity Ratio

The equity ratio in 2013 reached 90.25%, a decrease of 4.54% from 94.80% in 2012.

MATERIAL COMMITMENTS FOR CAPITAL GOODS

On 17 January 2013, the Company amended its tender assistance services agreement, specifically extending the agreement period to 22 months. The agreement then applied until 31 March 2013 and the contract value increased to Rp 7,135,389,716 and ¥ 142,848,358.

On 27 February 2013, based on the MoD of the pre-appraisal mission signed by representatives from the Japan International Cooperation Agency (JICA) and the government of the Republic of Indonesia – represented by the National Development Planning Agency, the directorate general of railways, the DKI Jakarta provincial government, and corporations. The parties agreed to the total value of the Mass Rapid Transit Jakarta project to the amount of ¥ 137,695 million.

On 10 June 2013, the Company signed a construction management consulting services agreement with Oriental Consultant Co. Ltd., Japan International Consultant for Transportation Co. Ltd. and Pacific Consultants, Co. Ltd. The

agreement applies until 19 May 2018 with a total contract value (excluding VAT) of ¥ 1,214,922,000 and Rp 92,542,106,200.

On 11 June 2013, the Company signed the following agreements:

1. Underground and tunnels 9K+211 to 11K+043 agreement with Shimizu Obayashi, PT Wijaya Karya (Persero) Tbk and Jaya Konstruksi JV (CP-104). Total contract value amounts to ¥ 1,581,793,643 and Rp 866,870,938,606. The agreement is valid until 21 May 2018.
2. Underground and tunnels 11K+043 to 13K+102 agreement with Shimizu Obayashi, PT Wijaya Karya (Persero) Tbk and Jaya Konstruksi JV (CP-105), with total contract value of ¥ 1,296,550,429 and Rp 965,153,059,273. The agreement is valid until 21 May 2018.
3. Underground and tunnels 13K+102 to 15K+123 agreement with SMCC and HK JO (CP-106), with a total contract value of ¥ 5,470,810,000 and Rp 1,178,084,687,809. The agreement is valid until 21 May 2018.

On 4 July 2013, the Company signed a tender assistance services agreement (2) for the installation and procurement of railway system & track and rolling stock for the Jakarta MRT project with Nippon Koei Co. Ltd., Japan Transportation Consultants, Inc., The Japan Electrical Consulting Co., Ltd, PT Jaya CM, PT Dardela Yasa Guna, PT Wiratman, PT Rayakonsult, PT Lapi ITB and PT Inti Daya Kreasi Citra. The agreement is valid until 9 January 2015. The total contract value (including VAT) is ¥ 100,200,525 and Rp 4,869,088,046.

On 16 October 2013, the Company signed the following agreements:

1. Depot, elevated structure and station 0K+580 to 0K+630 agreement with Tokyu-Wika JO (CP-101), with a total contract value of ¥ 5,953,456,676 and Rp 1,016,889,879,180. The agreement is valid until 24 July 2018.
2. Elevated structures and stations agreement with Tokyu-Wika JO (CP-102), with a total contract value of ¥ 2,238,196,089 and Rp 898,199,722,934. The agreement is valid until 24 July 2018.
3. Elevated structures and stations agreement 5K+369 to 9K+211 agreement with Obayashi-Shimizu-Jaya Konstruksi JV (CP-103), with a total contract value of ¥ 1,808,674,667 and Rp 958,303,555,826. The agreement is valid until 24 July 2018.

In November and December 2013, the Company received DKI Jakarta provincial government regional investment totaling Rp111,000 million – Rp31,000 million pursuant to Gubernatorial Decree No. 704 dated 1 May 2013 and Rp80,000 million pursuant to Gubernatorial Decree No. 1923 dated 11 December 2013.

On 11 December 2013, Gubernatorial Decree No. 1924/2013 approved the disbursement of capital from the DKI Jakarta provincial government to the amount of Rp 1,720,529,427,822. The capital was appropriated from a grant from the government of the Republic of Indonesia amounting to Rp 12,088,062,892, pursuant to grant document (NPPH) No. NPPH-001/PK/2009 and a grant from the government of the Republic of Indonesia amounting to 1,708,441,364,930, pursuant to grant document (NPPH) No. NPPH-002/PK/2009.

TRANSACTIONS WITH CONFLICTS OF INTEREST AND WITH AFFILIATED PARTIES

There were no transactions with conflicts of interest or with affiliated parties for the financial year ended 31 December 2013.

MATERIAL INFORMATION AND FACTS SUBSEQUENT TO THE DATE OF REPORTING

There were no material information or facts subsequent to the date of reporting.

Financial Performance Review

ACCOUNTING POLICIES AND EXTRAORDINARY FINANCIAL INFORMATION

This financial report is compiled in compliance with general accounting principles and practices applicable in Indonesia, the Indonesian Financial Accounting Standards (PSAK) and Interpretation (ISAK) issued by DSAK-IAI.

- PSAK No. 1 (Revised 2009) "Statement of Financial Report"
- PSAK No. 7 (Revised 2010) "Related Party Disclosures"
- PSAK No. 16 (Revised 2011) "Fixed Assets"
- PSAK No. 18 (Revised 2010) "Accounting and Reporting by Retirement Benefit Plans"
- PSAK No. 24 (Revised 2010) "Employee Benefits"
- PSAK No. 26 (Revised 2011) "Borrowing Costs"
- PSAK No. 30 (Revised 2011) "Leases"
- PSAK No. 34 (Revised 2010) "Construction Contracts"
- PSAK No. 45 (Revised 2010) "Financial Reporting for Organizations"
- PSAK No. 46 (Revised 2010) "Income Taxes"
- PSAK No. 50 (Revised 2010) "Financial Instruments: Presentation"
- PSAK No. 55 (Revised 2011) "Financial Instruments: Recognition and Measurement"
- PSAK No. 56 (Revised 2010) "Earnings per Share"
- PSAK No. 57 (Revised 2009) "Provisions, Contingent Liabilities and Contingent Assets"
- PSAK No. 60 "Financial Instruments: Disclosures"
- PSAK No. 61 "Accounting for Government Grants and Disclosure of Government Assistance"
- PSAK No. 62 "Insurance Contracts"





Corporate Governance Report

The Company is committed to applying Good Corporate Governance (GCG) in its activities. GCG implementation aims to enhance performance, generate accountability and ensure clear responsibilities. Incorporating GCG principles in the organization will lead the Company to emerge as a transparent and trustworthy organization that carries out business management responsibly and accountably. GCG implementation will also boost trust and augment the Company's value for shareholders and stakeholders.

To develop GCG infrastructure and its implementation, PT MRT Jakarta has signed a Memorandum of Understanding with the BPKP.

As a regional government-owned enterprise (BUMD), owned by the DKI Jakarta provincial government, the Company ensures that governance principles are embedded in its organs and culture, referring to DKI Jakarta Gubernatorial Decree No. 96 of 2004 regarding GCG practices.

Corporate governance entails processes and structures to improve efficiency and effectiveness to achieve the Company's goals in the best way possible and to generate the highest value to the shareholders in a long term, whilst taking into account the interests of other stakeholders and with due observance to laws, regulations and ethical values.

Specifically, the objectives of GCG practices in PT MRT Jakarta are:

1. To improve the value of PT MRT Jakarta through the principles of transparency, accountability, trustworthiness, responsibility and fairness, to enhance support from shareholders and stakeholders.
2. To drive professional, effective and efficient management of PT MRT Jakarta.
3. To encourage all individuals within MRT Jakarta to make decisions based on moral values and conformity to regulations, laws and social responsibility to stakeholders and the environment.
4. To enhance PT MRT Jakarta's contribution to the regional and national economy and
5. To enhance the investment climate both regionally and nationally.

For the management of PT MRT Jakarta, our mindset, work, steps and actions are founded upon good corporate governance principles, as we aim to create an efficient and effective work system to achieve the Company's goals.

The Company's Code of Corporate Governance is proof of our commitment to GCG implementation. It guides the Company's organs such as the AGMS, Board of Commissioners (BoC) and Board of Directors (BoD) to implement GCG.

The goals of PT MRT Jakarta's Code of Corporate Governance among others are:

1. As guidance for shareholders, the BoC and the BoD in managing the Company pursuant to GCG principles.
2. As written documentation of PT MRT Jakarta's commitment to implementing GCG principles.
3. As a standard of compliance quality to laws and regulations, Articles of Association, and corporate principles.

PT MRT Jakarta's Code of Corporate Governance is founded on principles including:

- Transparency - openness in decision-making and disclosure of material and relevant information regarding the Company.
- Accountability – addresses the clarity of function, implementation and accountability of the organization that enable effective management of the Company.
- Independence – professional management of the Company without conflicts of interest or influence or pressure from other parties that contradict the principles of a healthy corporation and applicable regulations.
- Responsibility – conformity of the Company in managing the organization in accordance with healthy corporation principles and applicable regulations.
- Fairness – promotion of fair treatment of all stakeholders in compliance with existing laws and regulations.

Corporate Governance Report

To incorporate GCG in all aspects of PT MRT Jakarta, the Company has formulated organizational values as a reference for all individuals and the organization as a whole in carrying out efforts to achieve the Company's vision and mission. Our five values are :

- Professionalism ;
- Respect;
- Integrity;
- Dignity and ownership; and
- Excellence.

1. Professionalism

Every individual in PT MRT Jakarta shall consistently demonstrate his or her best efforts and deliver the best performance possible, while maintaining professionalism. This applies in individual work processes, teamwork, across the organization and in the relationship with third parties. A professional individual of the Company needs to uphold and exercise professionalism as well as the Company's ethics.

2. Respect

The Company respects and values diversity and the unique characteristics brought by each individual. The Company provides equal opportunities for professional advancement based on each individual's competence.

3. Integrity

Every individual of the Company shall observe the principles of truth, honesty and discipline in performing their duties and in any decision-making. We seek to ensure that our actions resonate with our strong belief.

4. Dignity and Ownership

To achieve the desired quality as a world-class service provider, dignity among the Company's individuals is essential. Driven by a sense of dignity, no employees will compromise service excellence and will uphold the Company's reputation. Dignity leads to a sense of ownership, keeping our efforts and thoughts focused on the Company's advancement. With this value, PT MRT Jakarta will grow to be a model of world-class service implementation for other provinces and governments in other regions.

5. Excellence

PT MRT Jakarta aims to be the best railway service provider. The Company develops the best talents in the organization in order to deliver excellence to the people and the nation.

In accordance with GCG implementation, key organizational organs support the Company. According to Law No. 40 of 2007 on Limited Liability Companies (Law on PT), which describes governance structures and mechanisms, company organs consist of the Annual General Meeting of Shareholders (AGMS), BoC and BoD. The management of a limited liability company in Indonesia follows the two-body system, comprising the BoC and BoD that each has its own authority and responsibilities. The functions of the BoC and BoD are clearly defined in the Company's Articles of Association and the law.

The Company also refers to DKI Jakarta Regional Regulation No. 3 of 2008 on the Incorporation of Regional Government-Owned Enterprise (BUMD) Limited Liability Company (Perseroan Terbatas/PT) MRT Jakarta, amended by Regional Regulation No. 7 of 2013 on the Amendment to Regional Regulation No. 3 of 2008 on the Incorporation of Regional Government-Owned Enterprise (BUMD) Limited Liability Company (Perseroan Terbatas/PT) MRT Jakarta, and Regional Regulation No. 4 of 2008 on Regional Investment in Limited Liability Company (Perseroan Terbatas/PT) MRT Jakarta. This regulation was amended by Regional Regulation No. 8 of 2013 on the Amendment to Regional Regulation No. 4 of 2008 on Regional Government Investment Limited Liability Company (Perseroan Terbatas/PT) MRT Jakarta.

The Company's capacity to apply good corporate governance has brought positive results with respect to progressive business development and increasing the trust of shareholders and stakeholders.

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders or GMS is a company organ with authority that is not provided to the BoD and BoC, to the extent defined by the law and PT MRT Jakarta's Articles of Association. All decisions in the GMS are made in the interests of the Company's long-term business continuity. GMS and/or shareholders cannot intervene in the duties, function or authority of the BoC and BoD.

The Company's' GMS consists of an annual GMS, organized once every year. The meeting addresses the Company's annual report, work plan and budget (RKAP) and/or long-term plan (RJPP). In addition to the annual GMS, the Company may also organize an extraordinary GMS (EGMS) at any time deemed necessary by the BoD and/or BoC and/or shareholders, or when deemed necessary for the Company. At a GMS, shareholders have the right to request company information be disclosed by the BoD and/or BoC, provided that the information is relevant to the meeting agenda and is not against the Company's interests.

Corporate Governance Report

The GMS has the authority to hold the BoD and BoC accountability for the Company's management. The GMS also has the authority to appoint and dismiss members of the BoC and members of the BoD, determine the value of compensation for the services rendered by commissioners and directors, assess the Company's performance during a financial year through a number of evaluations, ratify amendments to Articles of Association, approve the annual report, appoint a public accountant and determine the allocation of the Company's income.

In detail, the GMS authority comprises the following:

1. To determine and carry out appointments and dismissals of BoC and BoD members in accordance with laws and regulations.
2. To determine the composition of the BoC and BoD.
3. To establish rules regarding dual positions for members of the BoC and BoD.
4. To distribute management duties and authority between members of the BoD.
5. To determine the targets and performance of the BoC and BoD and to assess the performance achievement of the BoC and BoD.
6. To determine salary/pay, benefits, facilities and incentives for the BoC and BoD.
7. To assess potential members of the BoC and BoD.
8. To approve or reject PT MRT Jakarta's RJPP and RKAP.
9. To approve/make decisions on proposed steps from PT MRT Jakarta that require GMS approval.
10. To appoint external auditors to carry out financial audits on financial reports.
11. To approve and ratify the annual report, including the financial report and the BoC's monitoring duty.
12. To determine appropriation of net income, including appropriation for reserve (if the income balance is positive).

In 2013, PT MRT Jakarta organized two GMS:

1. On Thursday, 22 March 2013; the GMS appointed Dono Boestami as President Director of PT MRT Jakarta and successor to Tribudi Rahardjo. GMS also appointed M. Nasyir as Director of Construction and successor to Wisnu Subagyo Yusuf; Albert Tarra as Director of Operations and Maintenance and successor to Rachmado; and Tuhiyat as Director of Finance and Administration, successor to Erlan Hidayat.

The following are composition of the BoD as a result of the GMS on 22 March 2013:

- Dono Boestami, President Director
- Albert Tarra, Director of Operations and Maintenance
- Tuhiyat, Director of Finance and Administration
- M. Nasyir, Director of Construction

2. On Thursday, 25 April 2013; the GMS appointed Erry Riyana Hardjapamekas as President Commissioner of PT MRT Jakarta. Mr. Hardjapamekas is successor to Achmad Harjadi, now DKI Jakarta Deputy Governor for Spatial Planning. BoC members are head of DKI Jakarta Regional Development and Planning Agency (Bappeda) Sarwo Handayani, Advisor to DKI Jakarta Deputy Governor F. Trisbiantara and Director General of Eailways Tundjung Inderawan.

Also in the GMS, PT MRT Jakarta determined winners of the MRT project tenders. The following are contractor consortiums for the MRT Jakarta project:

JMCMC (Jakarta MRT Construction Management Consultant)

Tokyu-Wika JO

Tokyu-Wika JO

OSJ JV (Obayashi-Shimizu-Jaya Konstruksi)

SOWJ JV (Shimizu-Obayashi-Wijaya karya- Jaya Konstruksi)

SOWJ JV (Shimizu-Obayashi-Wijaya karya- Jaya Konstruksi)

SMCC-HK JO (Sumitomo Mitsui-Hutama Karya)

BOARD OF COMMISSIONERS

The Board of Commissioners (BoC) is an organ of PT MRT Jakarta whose primary duty is to carry out supervision in accordance with the Articles of Association and as advisor to the BoD. Members of the BoC may not act independently; their actions are based on BoC decision letters.

The following is the composition of the new MRT Jakarta BoC:

- Erry Riyana Hardjapamekas, President Commissioner
- Sarwo Handayani, Commissioner
- F. Trisbiantara, Commissioner
- Tundjung Inderawan, Commissioner

Rights and Authority of the BoC

- To obtain information on PT MRT Jakarta in a periodically, timely and comprehensive manner according to its authority.
- To inquire with the BoD regarding the management of PT MRT Jakarta and request for members of the BoD to attend BoC meetings, in order to acquire explanations on the condition of PT MRT Jakarta.
- To establish supporting organs for the BoC, such as the BoC secretary and committees, to assist the BoC's duty implementation.

BoC Meetings

BoC holds meeting regularly, at least once a month.

In 2013, BoC held six meetings, include 1 BoC internal meeting and 5 meetings with the BoD.

BOARD OF DIRECTORS

The Board of Directors (BoD) is a company organ with authority and full responsibility over the management of PT MRT Jakarta to safeguard the interests and goals of the company. With goodwill and responsibility, the BoD leads and manages the company. The BoD also represents the company in and outside the court in accordance with provisions in the Articles of Association.

Corporate Governance Report

BoD Meetings

BoD holds regular meetings, at least once a month.

In 2013, the BoD held 19 meetings.

AUDIT COMMITTEE

The Audit Committee was established by the BoC to assist the implementation of supervisory duties over the management of PT MRT Jakarta. The Audit Committee is responsible to the BoC and ensures the effectiveness of internal control systems as well as the work carried out by external and internal auditors.

Audit Committee Duties and Responsibilities

- To assist the BoC to ensure effectiveness of internal control and the work carried out by internal and external auditors.
- To assess audit activities and results conducted by the internal audit unit and external auditors.
- To provide recommendations to refine the control system and its implementation.
- To ensure the availability of sufficient evaluation procedures on all information issued by PT MRT Jakarta.
- To identify issues that require the attention of the BoC and other duties of the BoC.
- To assess financial reporting processes.
- To assess risk management.
- To review information technology development and utilization
- To review the Company's compliance with internal rules and laws.
- To safeguard the confidentiality of PT MRT Jakarta's documents and information.

- To organize regular meetings in accordance with annual work programs and carry out other activities assigned by the BoC in compliance with applicable regulations.
- To report the results of duty implementation to the BoC periodically and at any time required by the BoC.
- To carry out other duties assigned by the BoC as stipulated in the Audit Committee charter.

EXTERNAL AUDIT

External audit refers to independent and professional auditors who review the Company's financial report as well as conducting other audit activities, such as operational audits, special audits, quality audits, investigations and information technology audits.

Duties and Responsibilities

1. To provide objective and independent opinions on the fairness and compliance of PT MRT Jakarta's financial report with financial accounting standards.
2. To report audit results to the BoC, BoD and shareholders.
3. In conducting audits, external auditors shall observe:
 - a. Professional standards of public accountants established by the Indonesian Institute of Accountants (IAI).
 - b. The IAI code of ethics and ethics of IAI-Public Accountant Section.
 - c. Laws and regulations applicable to the services rendered.

In 2013, the GMS appointed public accounting firm (KAP) KAP Purwantono, Suherman & Surja (Ernst & Young) as external auditor, with the following audit scope:

1. To evaluate the fairness of financial reporting with unqualified opinions on all material information.
2. To audit compliance with regulations.
3. To audit compliance with internal control systems.

The auditor's opinion for years 2012 and 2013 was an unqualified opinion for all material information.

PROBITY AUDIT

To be more confident that the procurement process has complied with transparency and accountability principles, at the request of the management, BPKP has conducted and is conducting a probity audit on procurement activities related to MRT construction. Carried out by an independent party (the BPKP), the probity audit is a real-time audit conducted concurrently when the goods and services procurement process is underway, instead of after the activity is completed (post-audit).

RISK MANAGEMENT

Risk management is a systematic and sustainable process that aims to identify the level of risk. It enables the company to make informed decisions to reduce risk and/or minimize likely impacts, or take other action to ensure that PT MRT Jakarta's targets will be achieved optimally.

PT MRT Jakarta is required to apply risk management in order to adapt to the business environment and to endure in highly volatile conditions, influenced by both internal and external factors, which could bring even more complex risks to PT MRT Jakarta.

The Company exerts its best efforts to embed PT MRT Jakarta's activity management into an accurate and comprehensive risk management system. The purpose is to enable the best decision-making that will support PT MRT Jakarta in its endeavors to achieve its goals.

The BoC and BoD have established a risk management policy entailing risk management implementation, risk reporting and risk handling. The policy has been disseminated across PT MRT Jakarta.

The BoD submits regular risk management profile reports to the BoC. The BoD follows-up risk handling based on the Company's risk priorities.

The BoD implements a risk management process in PT MRT Jakarta, covering:

1. Defining risk scope and criteria
2. Risk identification
3. Risk measurement
4. Risk evaluation
5. Risk handling
6. Risk management reporting
7. Risk management monitoring and evaluation

INTERNAL CONTROL UNIT (SPI)

The Internal Control Unit (SPI) carries out the company's internal audit function. The SPI provides independent and objective assurance and consultancy to add value and improve the organization's operational activities.

An internal audit helps the company to achieve its goals through a systematic and organized approach to evaluate and enhance effectiveness of risk management, control and governance.

Corporate Governance Report

The SPI is directly responsible to the President Director to ensure its independence from the activities or auditees.

The SPI submits audit reports to the President Director/BoD with a copy to the Audit Committee.

PT MRT Jakarta's SPI's personnel are employees who have met education and certification requirements in internal audit (qualified internal auditors).

SPI Charter

The position, duties, authority and responsibilities of the SPI, and its interaction with external auditors, are stipulated in the SPI Charter signed by the president director, the head of the SPI and the President Commissioner as the head of the Audit Committee.

CORPORATE SOCIAL RESPONSIBILITY

Social responsibility is a mandate of PT MRT Jakarta. It has a dedicated budget and is recorded as company expenses. The implementation of social responsibility considers reasonability and fairness. The PT MRT Jakarta BoD ensures that corporate social responsibility (CSR) is carried out aligned with the interests of various stakeholders and in accordance with applicable laws and regulations.

PT MRT's CSR programs are designed and documented. The programs are focused on the people and environment, especially those located near the company.

In carrying out its CSR, the Company shows concern to nearby communities, while also directing its attention to environmental elements. The Company's CSR initiatives comply with applicable laws and regulations. In addition, the Company develops programs related to social responsibility.

In 2013, PT MRT Jakarta began MRT Jakarta construction. In the process, in the interests of the MRT Jakarta mega project, since 15 November 2013 we have been cutting down trees on Jl. Sisingamangaraja, Jl. Jenderal Sudirman and Jl. MH. Thamrin. In total, we will cut down 1,560 trees. However, the trees will be relocated and preserved. PT MRT Jakarta has committed to planting 10 trees for every one we cut down.

This commitment is in line with Regional Regulation No. 8 of 2007 on Public Order. The regulation stipulates that every tree with a trunk of at least 10 centimeter in diameter that is cut down must be replaced with 10 new trees. Prior to cutting down the trees, the Company planted 3,000 trees in several locations – Jl. Swadarma, Taman Bambu; Jl. Rajiman, Jl. Manunggal, Jl. Kumis Kucing, Jl. Asyafiah and Jl. Aselih.

Meanwhile, we are still coordinating with the Parks and Cemeteries Agency of DKI Jakarta to determine other planting locations in order to identify the needs of trees in respective areas. Tree varieties that we are going to plant are, among others, Big-Leaf Mahogany, Flame Tree, Crepe Myrtle and Rain Tree, and we will identify the varieties based on the characteristics of an area. After construction is completed, the green belt will be restored.

In 2014, the Company plans to focus on environmental-driven CSR programs. Tree-planting activity will be carried out consistently, prioritizing water absorption areas in Jakarta. This aims to expand water absorption areas to lower flood risks in the city.

The Company's CSR activities are carried out in collaboration with Green Radio. Our tree planting activities are also a follow-up to the DKI Jakarta governor's initiative in Sentul, Bogor, West Java, on 4 February 2013.

LEGAL CASES

In 2013, PT MRT Jakarta was not involved in any legal cases.

INFORMATION ACCESS AND COMPANY DATA

PT MRT Jakarta provides company information and data on the company's website www.jakartamrt.com. The website is accessible to the public.

Inquiries can also be made to the following contact address:

PT. MASS RAPID TRANSIT JAKARTA

Wisma Nusantara, 21st Floor,
Jl. M.H. Thamrin 59,
Jakarta 10350 - INDONESIA
T. (62)21 3103629
F. (62) 21 3155846
E. info@jakartamrt.com
Email: corsec@jakartamrt.com

CODE OF CONDUCT

PT MRT Jakarta observes a Code of Conduct in its interaction with stakeholders to maintain compliance with applicable rules and regulations – legal, norms, morals and ethics. The Code of Conduct of PT MRT Jakarta is a written document, encompassing the ethical values that apply in PT MRT Jakarta's environment. It also serves as the standard of behavior for all individuals within PT MRT Jakarta.

The following is the standard developed and upheld based on values that PT MRT Jakarta believes to resonate with the company's culture.

1. Political Activities
 - a. PT. MRT Jakarta is not involved with and is not a proponent of any political parties.
 - b. PT. MRT Jakarta does not restrict or hinder individuals within PT MRT Jakarta from exercising their right to vote in elections.
 - c. Employees of PT MRT Jakarta may not be members or leaders of political parties.
 - d. PT MRT Jakarta does not restrict any individuals in PT MRT Jakarta from carrying out any political activities as a sympathizer, under certain requirements.
 - e. Employees of PT MRT Jakarta are allowed to run for election to the legislature only as an independent candidate or candidate of the Regional Representative Council (DPD). Subsequent to his or her inauguration, he or she must resign from his or her position in PT MRT Jakarta.

Corporate Governance Report

2. Assets
 - a. PT MRT Jakarta's assets are used for the sole purpose of PT MRT Jakarta operations.
 - b. Assets associated with a position in the company must be returned to PT MRT Jakarta in a good condition, unless stipulated otherwise by the company's policy.
3. Conflicts of Interest
 - a. PT MRT Jakarta defines situations that may lead to conflicts of interest among the employees of PT MRT Jakarta.
 - b. PT MRT Jakarta determines steps and procedures that must be taken in the event that a supplier/contractor/consultant/service provider in a present or future business relationship with PT MRT Jakarta has family relations that pose a potential conflict of interest.
4. Alcohol, narcotics, smoking and gambling
 - a. PT MRT Jakarta and all employees of PT MRT Jakarta have the obligation to keep their work environment, and other activity areas of PT MRT Jakarta, free from alcohol and abuse of narcotics.
 - b. PT MRT Jakarta urges all individuals in PT MRT Jakarta to refrain from consuming tobacco for health reasons – their own and that of employees around them.
5. Gifts, receptions and donations
 - a. Individuals in PT MRT Jakarta may not receive any kind of appreciation with respect to business relations, such as gifts, donations or entertainment, in a situation that is considered inappropriate.
 - b. Under certain conditions, certain gifts can be deemed reasonable and PT MRT Jakarta may present such gifts to a third party.
6. Statement regarding compliance violations
 - a. All employees of PT MRT Jakarta shall sign a compliance statement for the implementation of the Code of Conduct, evidencing the commitment of all individuals to apply the Code of Conduct.
 - b. Violations of the Code of Conduct are punishable; sanctions shall be determined by the BoD.
7. Within reason, donations to charity can be justifiable. Charity provided for other purposes can be made in compliance with laws and regulations.
8. All kinds of bribery, from or to, third parties or individuals within PT MRT Jakarta are strongly prohibited.

WHISTLEBLOWING SYSTEM (WBS)

The whistleblowing system (WBS) prevents and identifies fraud and is part of GCG implementation. The BoD of PT MRT Jakarta is strongly committed to acting independently and free from intervention in applying the WBS. The BoC monitors the adequacy and effectiveness of the WBS.

Employees of PT MRT Jakarta provide a commitment statement to implement the WBS and to actively flag up any violations. The Company disseminates the WBS both to internal and external parties to build awareness and understanding of the WBS mechanism.

The WBS management unit is a unit independent from the operations of PT MRT Jakarta. This function can also be carried out by the IAU with assistance from the legal and human rights division. The WBS has access to the President Director. The Audit Committee, or other committees, oversee WBS implementation.

The WBS has a reporting mechanism with a dedicated channel to ensure quick, confidential and safe communication, accessible by everyone. This mechanism's reliability and safety are periodically revisited.

Whistleblower protection policy clearly and firmly asserts that PT MRT Jakarta is committed to protecting reporters of violations who act in good faith, comply with all applicable laws and regulations as well as best practices of the WBS. Each report will be further investigated based on a standard operating procedure to acquire evidence as a basis of decision-making.

The WBS internal reporting mechanism is designed in such a way that:

- a. All reported violations and verified are handled appropriately.
- b. Repeated and systematic violations are reported to officials with appropriate authority to carry out corrective action.



Board of Commissioners Profile



Erry Riyana Hardjapamekas

President Commissioner and Independent Commissioner



Sarwo Handayani

Commissioner

Serves as President Commissioner of PT Mass Rapid Transit Jakarta as of 25 April 2013. Erry Riyana obtained a Bachelor's Degree in Economics from the School of Economics of Padjadjaran University, Bandung, in 1978. At the moment, he concurrently serves as Commissioner of PT Weda Bay Nickel, Independent Commissioner of PT ABM Investama Tbk (2011-current) and Independent Commissioner of PT Hero Supermarket Tbk. (2009-current).

Erry Riyana's previous positions are President Commissioner of Bank BNI (2008-2009), Deputy / Head of the Corruption Eradication Commission (2003-2007), Independent Commissioner of PT Kaltim Prima Coal (2003), Audit Committee member and Independent Commissioner of PT Kabelindo Murni Tbk (2002-2003), Independent Commissioner and Head of the Audit Committee of PT Pembangunan Jaya Ancol (2001-2003), Advisor and member of the Audit Committee of PT Unilever Indonesia (2001-2003), Independent Commissioner of PT Semen Cibinong Tbk (2002-2003), President Commissioner of the Jakarta Stock Exchange (1998-2001), Head of the Verification and Accounting Division of PT Tambang Batubara Bukit Asam (Persero) (1982-1987), Head of the Accounting Division of Perum Perumnas (1980-1982), and Head of Financial Audit at Perum Perumnas (1979-1980).

Has served as the Commissioner of PT Mass Rapid Transit Jakarta since 25 April 2013. Sarwo Handayani earned a Bachelor's Degree in Architecture from Bandung Institute of Technology (ITB) in 1979 and a Master's degree in Administration from the University of Indonesia in 2002. At the moment, Sarwo Handayani also serves as Head of the Regional Planning and Development Agency (Bappeda) of the DKI Jakarta provincial government.



Tundjung Inderawan
Commissioner, ex-officio

Appointed as ex-officio Commissioner of PT Mass Rapid Transit Jakarta on 25 April 2013. Concurrently, he also serves as Director General of Railways at the Transportation Ministry. He has been working with the ministry since 1980. Tundjung Inderawan was educated at the School of Civil Engineering, Bandung Institute of Technology (ITB), in 1978. In 2002, he continued pursuing his education at the Bogor Institute of Agriculture (IPB).



F. Trisbiantara
Commissioner

Appointed as Commissioner of PT Mass Rapid Transit on 25 April 2013. Trisbiantara obtained a Master's Degree from Delft University of Technology, the Netherlands. He is a member of the Jakarta Regional Research Council. He has been involved in the field of Jakarta transportation since 1984 and developed the "Jakarta Metropolitan Strategy of Transportation and Urban Development". Today, he is also an active lecturer at Trisakti University.

Board of Directors Profile



Dono Boestami
President Director

Has served as President Director since 22 March 2013. He obtained a Bachelor's Degree in Civil Engineering from the University of Wisconsin, Platteville, in 1985 and a Master's Degree in Construction Project and Management from Golden Gate University in 1989. He previously served as Finance Director/CFO of PT Atlas Resources Tbk. (2011-2013), Finance Director of PT Bukit Asam (Persero) Tbk. (2006-2011), Director of PT Barclays Capital Securities Indonesia (2004-2006), President Director of PT Citigroup Securities Indonesia (2001-2004), Director of Investment Banking at PT. Danareksa (Persero) (1996-2001), Credit & Marketing Department Head at PT Niaga Factoring Corporation (1994-1996), Credit Administration Department Head at PT Inter-Pacific Bank Tbk. (1993-1994) and Assistant Manager of PT Bank Niaga (1991-1993).



M. Nasyir
Director of Construction

Appointed as Director of Construction on 22 March 2013. Nasyir was born on 17 December 1964 and completed his higher education with a Bachelor's Degree in Engineering from the National Institute of Science and Technology (ISTN) in 1993. He previously served as Vice President Region I Division North Sumatra of PT Kereta Api Indonesia (Persero).



Tuhiyat

Director of Finance and Administration

Has served as Director of Finance and Administration since 22 March 2013. Tuhiyat was born on 2 February 1966. In 1994, he earned a Bachelor's Degree in Accounting from the State School of Accounting (STAN) and in 2000 obtained a Master's Degree from Krisnadwipayana University. He previously served as Head of Treasury, Tax and Insurance Division at PT ANTAM (Persero).



Albert Tarra

Director of Operations and Maintenance

Appointed as Director of Operations and Maintenance on 22 March 2013. Albert Tarra was born on 31 October 1958. Prior to joining PT Mass Rapid Transit Jakarta, Albert Tarra served as Executive Vice President of Balai Yasa PT Kereta Api Indonesia (Persero). Albert Tarra graduated with a Bachelor's Degree in Electrical Engineering from Hasanuddi University, Makassar, in 1986.

Corporate Address



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Financial Statements 2013





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