

2017

Corporate Report



PT Sri Rejeki Isman Tbk

**EXPANSION
THROUGH
INNOVATION
IN THE YEAR OF
CHALLENGE**

This Corporate Report includes SRITEX's statements that represent Company's performance in the year of 2017.

These statements reflect Company Financial Highlights, Business Segments Overview and all the supporting activities that have been done to achieve last year's performance.

Total Sales
in 2017

USD
759.35
Million

Income for
the year in 2017

USD
68.03
Million

Total Assets
in 2017

USD
1,192.9
Million

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OUR PRODUCTS

Yarn

Yarn is a long continuous length of interlocked fiber that made by the Spinning Division.



Greige

Greige or raw fabrics are the final product of yarn that has been woven and is the main ingredient of textile products final process that made by the Weaving Division.



Finish Fabric

Finished fabrics are greige which has been bleached, colored and printed so that it can be directly used for garment production purposes.



Uniform & Apparel

The Garment Division transform finish product into Uniform & Apparel.



Military Uniform



Sritex is one of the world's prominent partner in supplying military, public authority and professional uniforms to over 30 countries. Sritex is also the official partner outside Europe to produce military uniform for The North Atlantic Treaty Organization (NATO).





Tactical & Casual

Protection Equipment



SRX epitomizes design for functionality in this cutting edge Tactical range of product developed and engineered to protect.

Efficient, durable and functional are the characteristics of innovative products at SRX. We combine Tactical and Casual techniques with highly efficient water resistant, abrasion resistant, breathable materials to provide a practical, protective, comfortable and durable collection.

SRX collection includes Body Armour, Backpacks and Carrying Equipment, Vests, Shirt and Trousers, compatible with Outdoor pursuits to maximize performance.





Corporate Uniform

»»

Sritex manufactures uniforms for domestic and international companies, as well as uniform for government agencies.



School Uniform



Sritex produce school uniforms made from various types of fabric, In assorted style according to your needs.





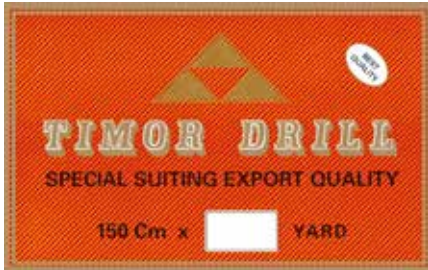
Fashion Product



Sritex Produces apparel for fashion, made from various types of fabrics in various qualities, various weaving style and size.



Textile Brand



GABARDINE DRILL SUITING



TETORON COTTON



TR DRILL SUITING



TR PLAT FOF SUITING



TR PLAT FOF SUITING



RAYON RFP



OXFORD



TR PLAT FOF SUITING



OXFORD



OXFORD

ADVANTAGES AND EXPERIENCES OF SRITEX



One of the largest vertically integrated textile producers in Southeast Asia with major competitive advantages.



Excellent product quality and strong customer satisfaction, coupled with modern production facility and strict quality control system.



Product portfolio that is backed by strong capability to create solution that tailors to customers' needs.



Large and diversified customer bases that possess high loyalty.



Strategic production facilities with skill workers supporting.



Compelling financial performance with good track records on profitable and consistent growth.



Well-experienced management team with proven track record.

COMPANY OVERVIEW



PT Sri Rejeki Isman Tbk

Indonesia's Largest Integrated Vertical – Textile
Garment Producer in South East Asia

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Sukoharjo Solo - Jawa Tengah,
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www.sritex.co.id

PT Sri Rejeki Isman Tbk (Sritex) was established from a traditional trading company that sold textile products named "Sri Redjeki", located at Klewer Market, Solo, and was founded by H. M. Lukminto in 1966. Sritex developed by producing bleached and dyed fabric at the first factory in Baturono, Solo, in 1968. In 1978, "Sri Redjeki" officially changed to PT Sri Rejeki Isman. The Company officially issued an Initial Public Offering in 2013, thus automatically changed its name to PT Sri Rejeki Isman Tbk.

Sritex has become an integrated textile garment producer with more than 16 thousand employees. The Company concentrates most of its operation at a 79 hectare of land at Sukoharjo, Central Java and four production lines consisting of spinning, weaving, dyeing, printing & finishing and garment. The Company thus becomes an integrated textile garment company with high quality control standards.

Sritex's products are distributed widely across both domestic and international markets, and reach 55 countries. Its customers include world's largest business operators of the textile manufacturing industry, which are based in India and China, as well as other large companies that own well-known brands.

Beyond this, Sritex is one of a few suppliers from outside of Europe that is certified to produce military uniforms for Germany and several other NATO countries. Since founded, the military uniforms that Sritex produced have been sold to 31 countries, including Germany, Austria, UK, Australia, the United Arab Emirates, Malaysia and Indonesia.

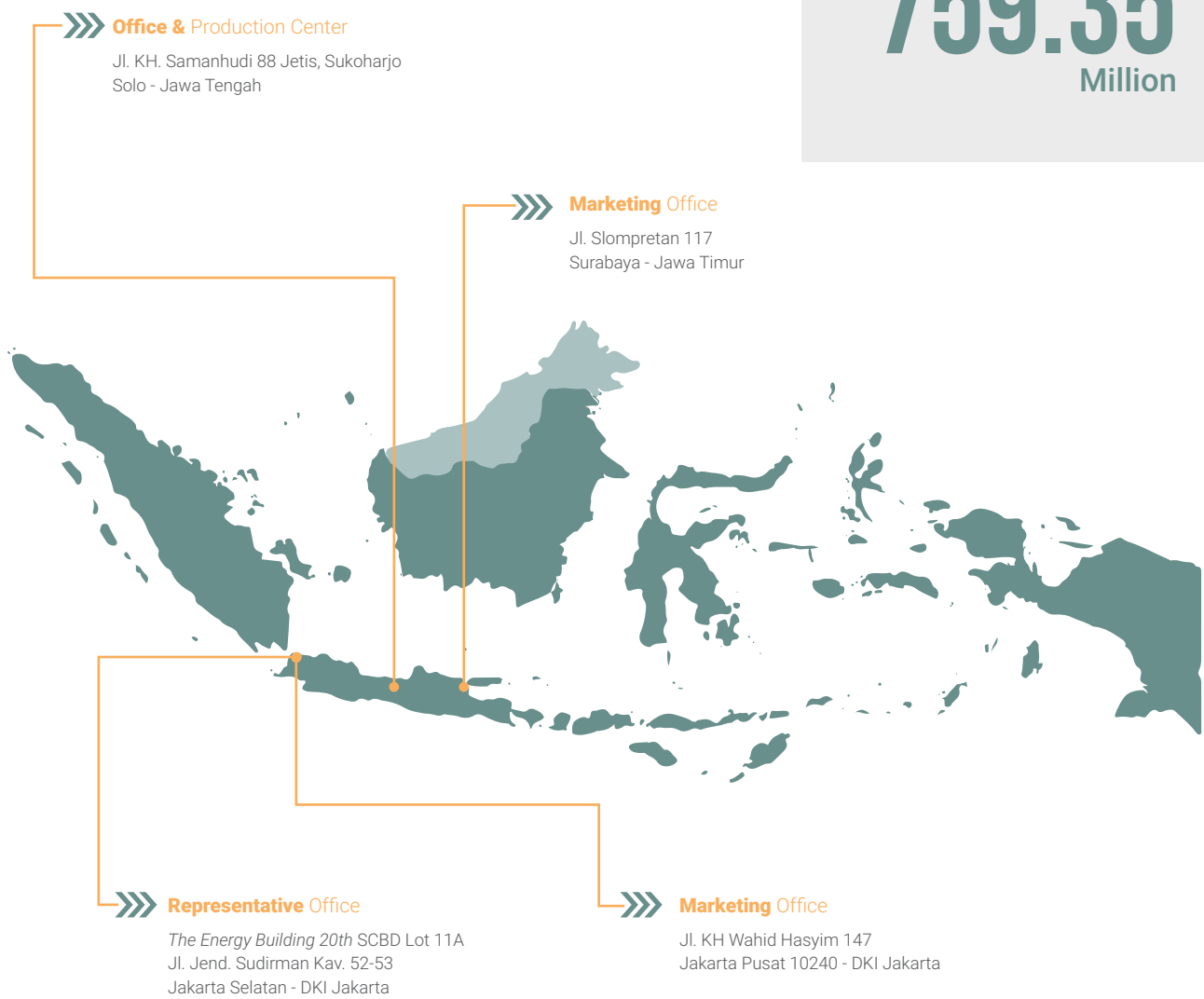
Sritex transforms into a modern company with professional staff from both inside and outside the country, such as South Korea, the Philippines, India, Germany and China. Sritex also has customers from large and modern retailers, such as H&M, Walmart, K-Mart and Jones Apparel Group.



As the leading company in Textile and Textile Product industry, Sritex strives to develop and grow by composing long-term plans. In order to realize the vision of the Company as the largest, reputed best, trusted textile and garment producer, Sritex continues to make strategic efforts in running its business. The process of realizing the big dream of the company is certainly not an easy thing to do. However, with consistency in implementing strategic measures, continuous innovation and improvement of the quality of human resources and the implementation of good corporate governance principles, Sritex can continue to increase its sustainable growth.

OPERATION AREA

Total Sales
in 2017
USD
759.35
Million



“ Sritex’s cutting edge **innovation** has enabled us in obtaining various international awards and recognitions.



CORPORATE HISTORY

1966 ⤴

Founded by H.M. Lukminto as a traditional trading company in Klewer Market, Solo.

1968 ⤴

Established the first finishing plant that produces finished fabric and whitening agents/materials (putihan) in Solo.

1992 ⤴

Expanded and housed factories with four production lines (spinning, weaving, finishing, garment) under one roof.

1994 ⤴

Became a military uniform maker for NATO and the German army.

2012 ⤴

Sritex was able to double its growth and performance compared to 2008.

2013 ⤴

PT Sri Rejeki Isman Tbk officially listed its initial shares (with ticker code SRIL) on the Indonesia Stock Exchange.



1978 ⤴

Registered at the Ministry of Industry and established as a limited liability company.

1982 ⤴

Established its first weaving mill.

2001 ⤴

Sritex survived the Asian financial crisis of 1998 and multiplied its growth 8 times compared to when it was first integrated in 1992.

2010 ⤴

Despite challenging global economic conditions, Sritex was able to overcome its challenges.

2015

- Sritex's expansion by the Coordinating Minister of Human Development and Cultural Affairs, Mrs. Puan Maharani and the Minister of Industry, Mr. Saleh Husin.
- The presentation of award from the Indonesian World Records Museum with the category of "Pioneer and Organizer of the Creation of the Largest Share Investors within a Company" to Sritex.
- The presentation of the 2015 Intellectual Property Rights Award in the category of IP Enterprise Trophy by Sritex from WIPO (World Intellectual Property Organization).
- Awarded "Top Performing Listed Companies in Textile and Garment Sector" in 2015 from Investor Magazine.

2017

- Increase of Capital by Non Pre-emptive Rights ("PMTHMETD") amounting to a maximum of 10% of the Company's total issued capital.
- Successfully issued global bond in the amount of USD150 million which will be due in 2024.

2014

Iwan S. Lukminto was awarded Businessman of the Year by Indonesian Forbes magazine and EY Entrepreneur of the Year 2014 by Ernst & Young.

2016

- Received the Best Performance Listed Companies 2016 from Investor Magazine.
- Received the Best Enterprise Achievers 2016 for Local Giants category from Obsession Media Group.
- Received award as the best issuer for miscellaneous industry on Bisnis Indonesia Awards 2016.
- Succeed in issuing global bond in the amount of USD350 million which will be due in 2021.

MESSAGE FROM DIRECTOR



Sritex produced excellent financial performance and recorded sales growth in 2017 by 11.68% or an increase of USD79.41 million that became USD759.35 million. Also recorded profit for the year growth by 14.60% or an increase of USD8.67 million to USD68.03 million in 2017.

The year of 2017 provided enough opportunities for Sritex to increase in growth. We are grateful that Sritex successfully closed the year of 2017 with a very proud numerous achievement.

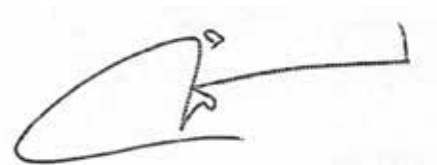
The Government continues to strive to increase equity of development and sustainable regional independence in Indonesia, through development synergies across all sectors of quality, transparency, accountability and innovation. So in turn this sustainable development will bring Indonesia into a new world economic power by 2025.

Sritex produced excellent financial performance and recorded sales growth in 2017 by 11.68% or an increase of USD79.41 million that became USD759.35 million. Also recorded profit for the year growth by 14.60% or an increase of USD8.67 million to USD68.03 million in 2017.

The achievement of growth was achieved through the implementation of various strategies implemented throughout 2017. Strategies that have been implemented throughout 2017 consist of: normalization of new production, production and operational efficiency, innovation for added value of product development, development and improvement of human resources, and also strengthening capital and equity structures.

The Company continuously conducts CSR activities through its Corporate Active Citizen (CAC) approach, which is a manifestation of the Sritex's commitment to sustainable community empowerment. Through CAC, Sritex strives for an active role, both from management and employees, to provide a broad impact for the community.

We express our deep gratitude to all stakeholders, including shareholders, customers, and the community for the trust that has been given to us. In addition, the Board of Directors expressed gratitude to the Board of Commissioners for the synergy that has been established so far. We also appreciate all employees for their hard work and dedication throughout 2017. The Board of Directors believes those support and hard work can improve company's growth in realizing the vision, mission and objectives of the company.



Iwan Setiawan

President Director

FINANCIAL HIGHLIGHTS

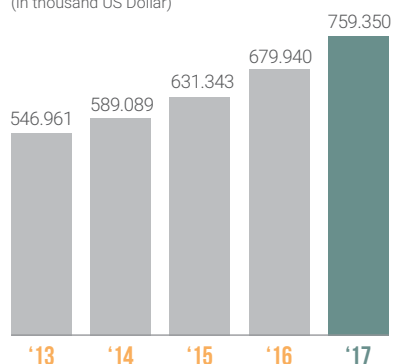
Sritex and its subsidiaries Consolidated Financial Statement for the year ended 31 December 2017

Description	2013	2014
FINANCIAL POSITION (in thousand US Dollar)		
Total Asset	458.691	698.866
Total Liabilities	268.383	465.849
Total Equity	190.303	233.017
CASH FLOWS (in thousand US Dollar)		
Cash Flows from Operating Activities	(12.973)	7.921
Cash Flows from Investing Activities	(132.567)	(137.352)
Cash Flows from Financing Activities	144.200	204.780
RESULTS OF OPERATIONS (in thousand US Dollar)		
Sales	546.961	589.089
Gross Profit	97.353	122.418
Income from Operations	63.846	94.362
Income for the Year	29.596	44.757
FINANCIAL INDICATOR		
Cash ratio (%)	88	349
Current ratio (%)	105	533
Debt to equity (%)	141	200
Debt to asset (%)	59	67
Return on Equity (%)	34	41
Operating income margin (%)	12	16
Net income margin (%)	5	8
Earning per share (USD/share)	-	-

Sales



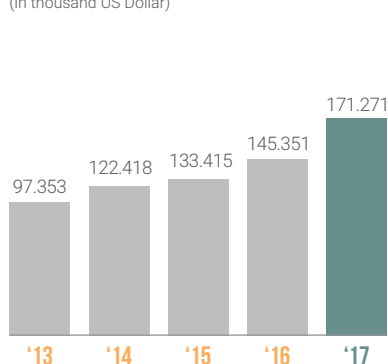
(in thousand US Dollar)



Gross Profit



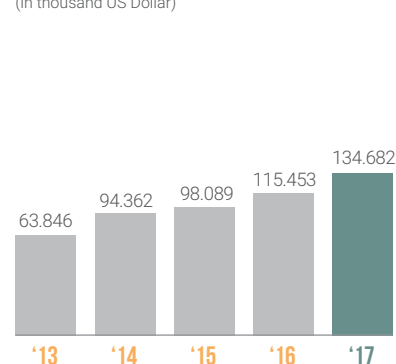
(in thousand US Dollar)



Income from Operation



(in thousand US Dollar)

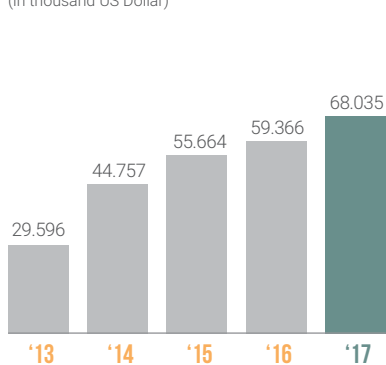


2015	2016	2017
783.347	947.170	1.192.901
506.606	616.060	750.742
276.741	331.110	442.159
68.753	5.437	(28.846)
(105.669)	(83.461)	(30.087)
32.405	62.304	126.284
631.343	679.940	759.350
133.415	145.351	171.271
98.089	115.453	134.682
55.664	59.366	68.035
267	57	73
481	354	368
183	186	170
65	65	63
35	39	34
16	17	18
9	9	9
0,0030	0,0032	0,0033

Income for The Year



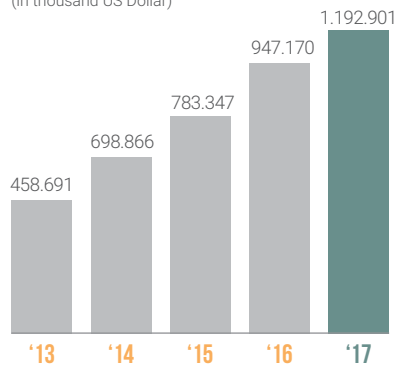
(in thousand US Dollar)



Total Assets



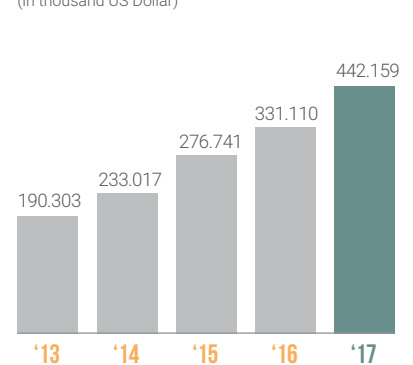
(in thousand US Dollar)



Total Equity











(in thousand US Dollar)

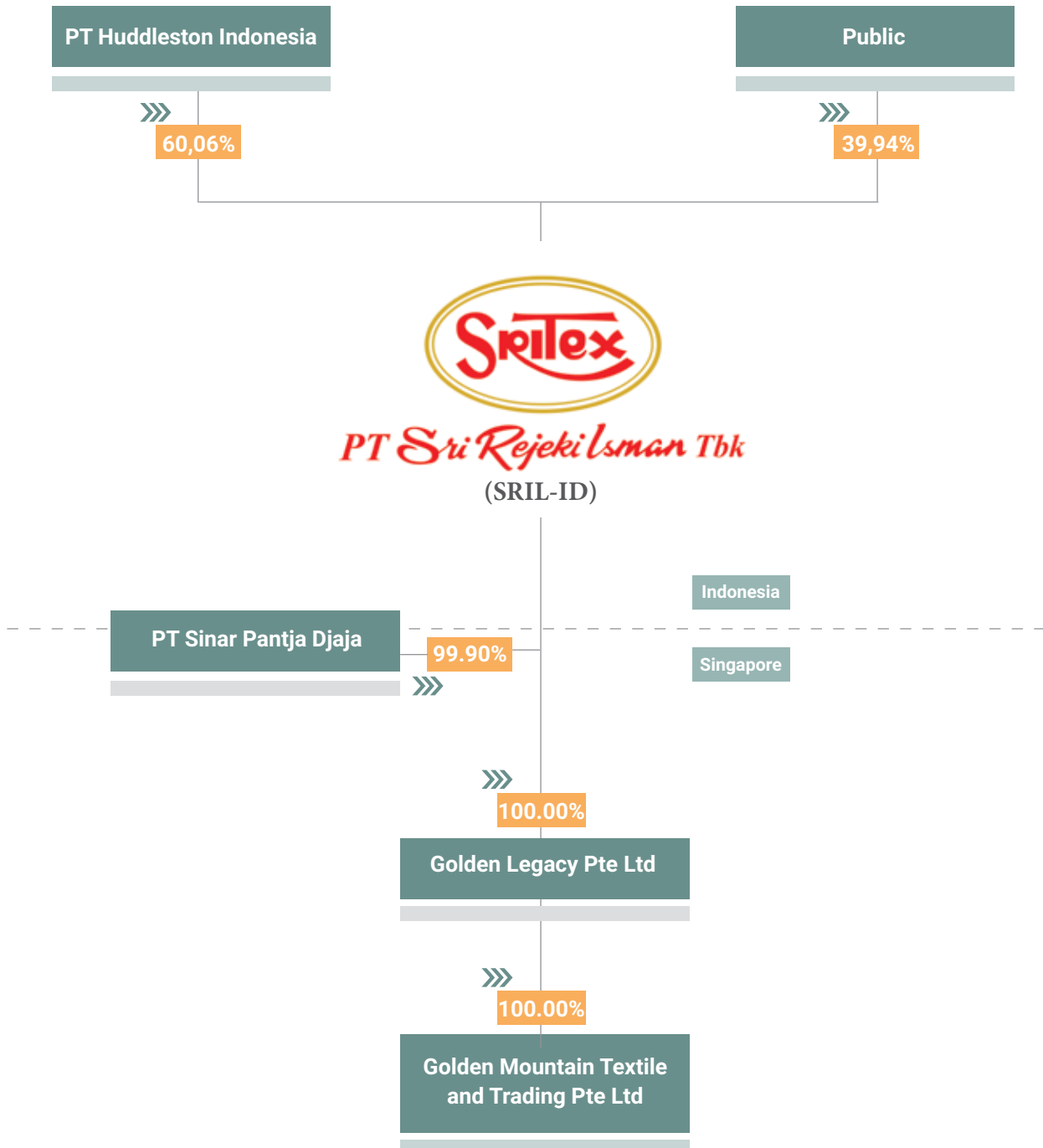


BUSINESS PILLARS

Sritex has successfully accomplished a world class one stop shopping destination by establishing its Garment unit.

SPINNING	WEAVING	DYEING, PRINTING & FINISHING	GARMENT
 	 	 	 
<ul style="list-style-type: none"> • Transform fiber into yarn • 14 spinning divisions • 2,500 spinning machines • ± 5,000 employees • 600,000 ring-spindle & modified machines • Production capacity: 654,000 bales of yarn/year 	<ul style="list-style-type: none"> • Transform yarn into greige • 3 weaving division • 3,900 machines • ± 4,000 employees • High speed looms • Production capacity: 180,000,000 meter/year 	<ul style="list-style-type: none"> • Transform greige into finished fabric • 3 dyeing, printing & finishing division • 9 rotary printing machines • 9 stenter machines • 12 jet dyeing machines • ± 1,000 employees • Production capacity 240,000,000 yard/year 	<ul style="list-style-type: none"> • Transform fabric into ready-to-wear clothing • 8 garment division • 11,000 machineries • ± 6,000 employees • Production capacity: 30,000,000 pieces of ready-to-wear garment/year
»»	»»	»»	»»

BUSINESS PORTFOLIO



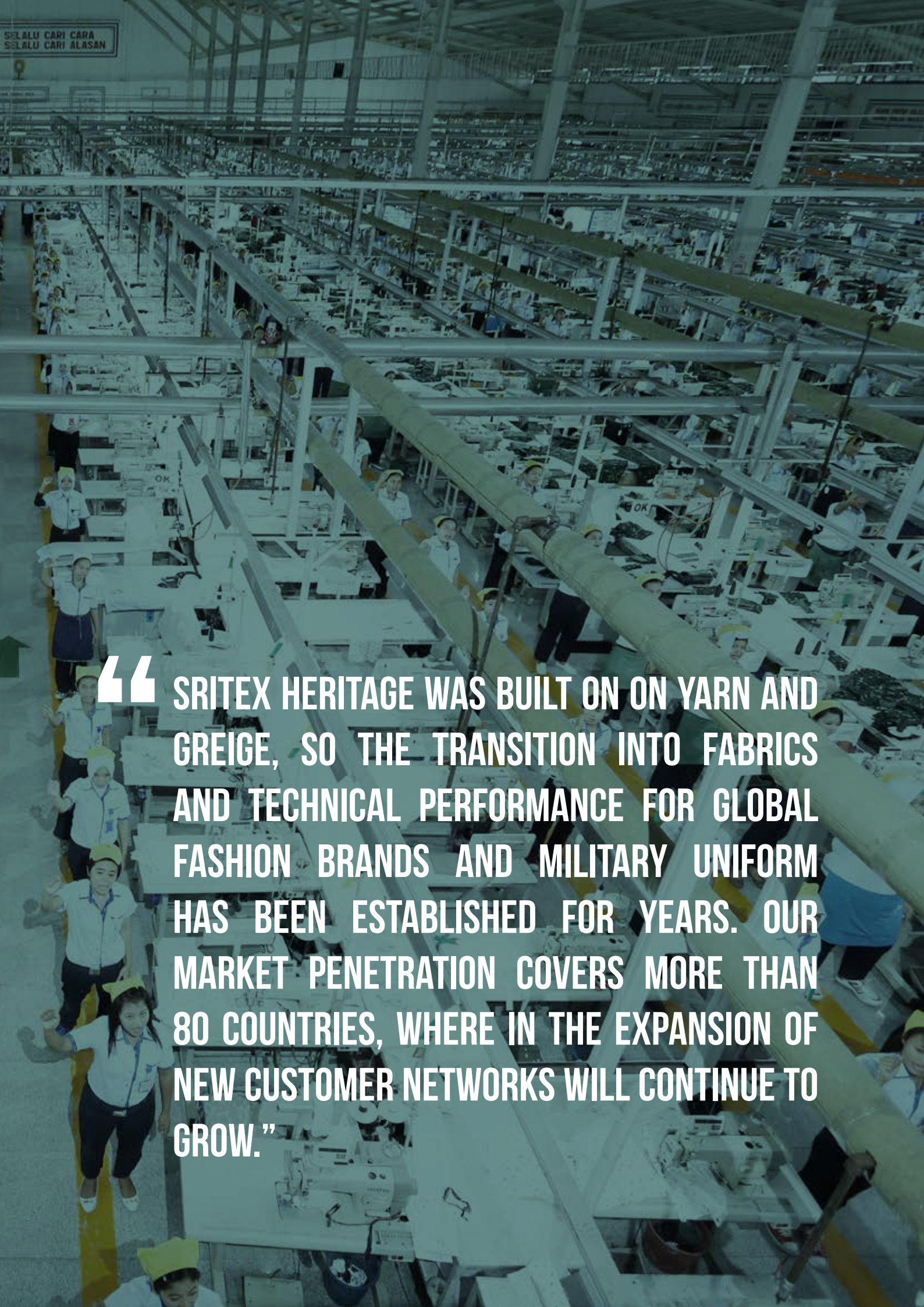
ORANG PINTAR
ORANG MALAS



LINE 1

SELALU CARI CARA
SELALU CARI ALASAN

“SRITEX HERITAGE WAS BUILT ON ON YARN AND GREIGE, SO THE TRANSITION INTO FABRICS AND TECHNICAL PERFORMANCE FOR GLOBAL FASHION BRANDS AND MILITARY UNIFORM HAS BEEN ESTABLISHED FOR YEARS. OUR MARKET PENETRATION COVERS MORE THAN 80 COUNTRIES, WHERE IN THE EXPANSION OF NEW CUSTOMER NETWORKS WILL CONTINUE TO GROW.”



SPINNING



“Gross profit of the spinning business segment reached USD39.05 million, increased by 15.22% compared to the previous year, which was USD33.89 million.”

Sritex's spinning business segment produces yarn products. Yarn is a connecting fabric of fiber, filament or material, which can be used for weaving or fabric process. Various yarn forms can be produced based on the fiber raw materials that used and also the desired yarn thickness. The production of spinning division is rayon, cotton and polyester for various sizes.

The spinning segment produces several types of yarns, namely rayon yarn, cotton yarn and polyester yarn, the resulting yarn is sold for internationally, domestically



and also used by the company to make greige or raw fabric, the amount which used by the company for internal usage was 170,804 bales.

Throughout 2017, Sritex produced 645,475 bales of yarn, increased by 9.07% from 2016 production of 591,814 bales.

Sales from the spinning segment in 2017 were USD292.4 million, increased by 12.16% from the previous year amounted to USD260.7 million. The number of yarn sales consisted of USD124.59 million exports, which decreased by 8.23% and USD167.78 million for domestic, which increased by 34.32% from 2016.

Net Sales

USD
292.37
Million

Gross Profit

USD
39.05
Million

WEAVING

“The total number of Sales from the weaving segment in 2017 was US74.14 million, increased by 7.01% from the previous year of USD69.28 million.”

Greige or raw fabrics are the final product of yarn that has been woven and is the main ingredient of textile products final process made by the weaving business segment. Greige is also often called as a rough cloth. This product still have to go through processes, such as dyeing, printing, or other finishing treatments before it can be used as a finished product.

Throughout 2017, Sritex produced 148,337,263-meter raw fabrics, increased by 2.00% from 2014's total production of 145,425,281 meters. A total production of 64.23% was used for internal needs to produce finished fabric, while the rest was sold to consumers.



The total number of sales from the weaving segment in 2017 was US\$74.14 million, increased by 7.01% from the previous year of US\$69.28 million. The total sales of greige consisted of US\$24.89 million export sales or decreased by 16.92% and US\$49.26 million for domestic sales or increasing to 25.24% from the previous year.

In 2017, the gross profit of the weaving business segment reached US\$12.71 million, increased by 1.92% or US\$241 thousand compared to the previous year, which was US\$12.47 million.

Net Sales

USD

74.14

Million

Gross Profit

USD

12.71

Million



DYEING, PRINTING & FINISHING



“Gross profit of the dyeing, printing & finishing business segment reached USD53.07 million, increased by 20.84% compared to the previous year, which was USD43.92 million.”



The dyeing, printing & finishing business segment transform greige into finished fabric which has been bleached, colored and printed so it can be directly used for garment production purposes. Sritex manufactures finished fabrics based on orders from customers and pre-approved designs. The finished fabric production has two categories, uniform or apparel retail needs.

Throughout 2017, Sritex produced 153,311,089 yard fabrics, increased by 28.78% from the previous year's production of 119,046,544 yards. Total production of 27.94% of was used for garment production of internal needs, while the rest was sold to consumers



Total sales from this segment in 2017 was USD193,72 million, increased by 10.27% from the previous year that amounted to USD175,68 million. Total sales of finished fabrics consisted of USD124.53 million exports or increasing to 27.06% and USD69.19 million for domestic sales or decreased by 10.91% from the previous year.

In 2017, the gross profit of the dyeing, printing & finishing segment reached USD53.07 million, increased by 20.84% or USD9.16 million compared to the previous year which was USD43.92 million.



GARMENT



“The total number of Sales from the garment segment in 2017 was USD199.12 million, increased by 14.23% from the previous year of USD174.30 million.”

Garment is the final product manufactured by Sritex, consisting of uniforms for military and corporate or fashion retail. As with finished fabrics, Sritex’s garments are manufactured according to custom orders provided to Sritex. Productions of the garment are also made to serve large fashion retailers.

Throughout 2017, Sritex produced 25,102,349 pieces of garments, increased by 13.96% from the previous year’s production of 22,026,992 pieces.

The total sales of garment business segment in 2017 were USD199.12 million, increased by 14.23% from the previous year of USD174.30 million. Total sales of finished fabrics consisted of USD130.86 million exports, increased by 40.29% from 2016 and USD68.25 million for domestic sales, or decreased by 15.76% from the previous year

In 2017, the gross profit of this segment reached USD66.44 million, increased by 20.64% or USD11.37 million compared to the previous year which was USD55.07 million.



HUMAN CAPITAL



“The Company encourages all its human capital to take major role in their duties and responsibilities while ensuring that they are equipped with special and tailor-made trainings based on their field.”

Sritex’s founder, the late HM Lukminto, introduced two philosophies to the Company, known as the “Trilogy” and the “Tri Dharma”

Since the beginning, both the founder and management of Sritex have always put high attention to human capital. In the Company’s environment itself, Sritex simultaneously adopts two points of view in appreciating its human capital in and out of the working environment. First, human beings are collectively social creatures, who are more powerful when united in a group. On the other hand, however, they are also individual creatures that have their own uniqueness, various talents and innovations, which will benefit the Company.

In terms of preserving collective values, Sritex’s founder, the late HM Lukminto, introduced two philosophies to the Company, known as the **“Trilogy”** and the **“Tri Dharma”**. Both heavily emphasizes on the aspect of human collectivity. **Trilogy** consists of three substances, namely: “The Company is the source of our livelihood”; “Today must be better than yesterday, and tomorrow must be better than today”; and “We are part of the large Sritex family, and we prioritize togetherness and unity”.



“Loyalty, capability, persistency and efficiency have been the key factors in motivating the employees and building trusts in Sritex. As a team, Sritex is proud to realize many achievements through perseverance and determination.”

Meanwhile, **Tri Dharma** consists of three substances, written in Javanese proverbs, which emphasizes on the contribution of human integrity towards a greater and nobler cause. These three substances are melu handarbeni (sense of belonging); melu hangrungkebi (sense of responsibility); and mulat sariro hangrosowani (constant sense of self-awareness and an awareness of their surroundings).

This philosophy or wisdom plays a significant role for the Company’s sustainability, primarily because Sritex is one of the largest textile - garment company in Southeast Asia that employs around sixteenth thousand of employees despite fluctuations in the global economy. The employees’ loyalty has been attested from time to time - some of the employees are cross generational, all of whom have and/or are still working at Sritex.

SRITEX’S CORE VALUE

- S** — Speed
- R** — Reliable
- I** — Innovative
- T** — Teamwork
- E** — Efficient
- X** — Excellent

CORPORATE ACTIVE CITIZEN

An integral part of Sritex's corporate culture, has received an award from the Indonesian Record Museum (MURI), for its unique tradition of the flag raising ceremony on the 17th every month. This activity is in line with efforts to put the Company at the forefront of building Corporate Active Citizens amongst companies at the national level, as well as having great benefits to instill the values of discipline and passion to all employees to strive to get better together.

As an appreciation to employees' loyalty and performance, Sritex has initiated the program of providing low-income housing for employees in Kenep Village, Sukoharjo. Other service programs include the establishment of a 24hr polyclinic, with medical staffs and doctors employed by the Company, provision of dormitories and hostels for employees; provision of free lunch for workers; the establishment of PT Sritex Worker Union (SPSI); and the establishment of Employee Cooperative.



HUMAN CAPITAL EDUCATION AND TRAINING DEVELOPMENT PROGRAM

Sritex has organized a wide range of HC education and training development programs. Some of the programs routinely implemented by Sritex are knowledge management and Achievement Motivation Treatment (AMT) program.

Knowledge Management is considered important by the Company to create chain effects from various training programs and unique experiences from employees and managers. The Company’s Management regularly conducts revitalization activities such as sharing with employees.

This activity started with the implementation of thematic discussion led by managers and is held every Thursday for all supervisors in the production department. Since its commencement, this activity has created solid and reliable supervisor teams that are able to strengthen the Company’s values in the eyes of all customers. The impact of the programs is that the Company has a high level of motivation, compliance, and loyalty from the employees who are participants of the program.

“Sritex has also designed various human capital training and development programs that are relevant to and in line with the needs of the Company to face and anticipate the existing as well as potential challenges in the future.”



INFORMATION TECHNOLOGY

“ **Sritex is fully committed** to supporting research and development that are conducted to create various innovations, both in technology system and products manufactured by the Company. The Company makes the most of information technology to boost the Company’s performance, which is through, among others, corporate website, in which a more comprehensive information about the Company is displayed.”



INFORMATION TECHNOLOGY DEVELOPMENT

The Company consistently and continuously improves its IT system to realize its vision “To Become a Leading Textile and Garment Producer with the Best Reputation and Credibility”. The implementation of this system is performed on both operational and functional levels by developing a work program that supports the Company’s business strategy.

HUMAN CAPITAL TRAINING AND DEVELOPMENT ON INFORMATION TECHNOLOGY

High quality human capital is a significant asset to support any business operation in the field of information technology. As such, the Company recruits information technology personnel through a strict and competitive selection to ensure that the recruited candidates have the competency level that meets the standards.

Sritex regularly holds internal and external trainings in both technical and non-technical areas to boost the competency of each individual in line with the focused system development in the Company’s environment.

In addition, the Company cooperates with one of its strategic partners to provide trainings that will equip the employees with knowledge and open up their new perspective. By understanding the integration of business process, information technology staff is expected to be able to develop a strategic planning on the implementation of information technology and to create transformation and modification of business process flow.

INFORMATION TECHNOLOGY DEVELOPMENT PLAN IN THE FUTURE

Sritex will continue to implement and develop its information technology system in the long term, among others, development of information technology integration related to the establishment of a new plant and other sustainable improvements in information technology.

OCCUPATIONAL HEALTH AND SAFETY

SRITEX'S OCCUPATIONAL HEALTH AND SAFETY POLICY

Sritex has implemented a policy on Occupational Health and Safety that is in accordance with Indonesian Government regulations, namely Law no. 13 of 2003 on Manpower and Act No.1 of 1970 on the terms of Occupational Safety. Policies that have been made cover all aspects of hazardous work and the types of hazards governed by laws and regulations. This policy is made to improve the level of occupational safety and health so that the Company's productivity is maintained.

SRITEX'S OCCUPATIONAL HEALTH AND SAFETY ACTIVITIES

Some of the activities that the Company focuses on improving occupational health and safety are improving Safety Culture, improving employee health status, improving the quality and quantity of human resources in Improved testing, technical services, and information in OHS field; Improving the quality and quantity of OHS System implementation in accordance with the Company's OHS policy; Improved analysis, assessment, and engineering of OHS technology; as well as the Internalization of OHS culture by all employees and management of the Company.



GOOD CORPORATE GOVERNANCE

SRITEX'S GCG IMPLEMENTATION COMMITMENT

The Company believes that sustainable growth can be realized through the commitment of strengthening the GCG implementation in each organ of the Company. The Company will continue to create value for its stakeholders and always be a trusted company for stakeholders.

The implementation of GCG practices conducted by the Company is always based on are transparency, accountability, responsibility, independency, and fairness & equality (fairness & equality).

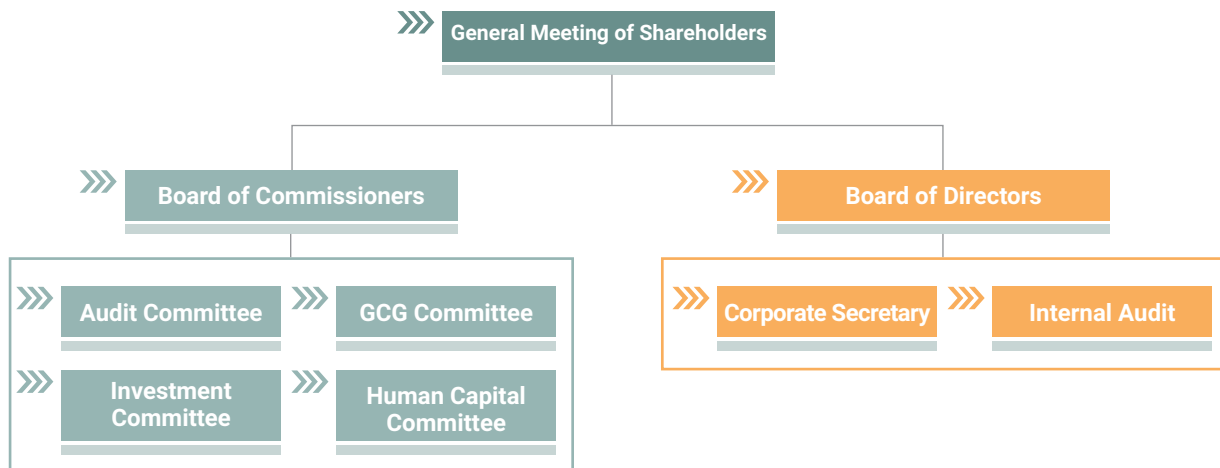
As a commitment to GCG practice, the Company has applied the basic principles of GCG as follows:

Principle	Implementation
<p>Transparency</p> <p>Covers the transparency in the process of decision making and transparency in the disclosure of information which is relevant to the Company to all the stakeholders and shareholders, in accordance with the prevailing rules.</p>	<ul style="list-style-type: none"> • Make an announcement on the quarterly financial statement to the Indonesian language newspaper at least to 1 (one) newspaper which is nationally circulated. • Deliver the annual report to Indonesia Stock Exchange and upload it to the official Company website.
<p>Accountability</p> <p>Clarity of function, its implementation, and responsibility of organ to achieve effective company management.</p>	<ul style="list-style-type: none"> • Determining clear responsibility of each department that is in line with the vision, mission, business target, and strategy of the Company. • Establishing reward and punishment system and performance standard for all job levels using the agreed parameter, which is consistent with the corporate values, business target, and corporate strategies.
<p>Responsibility</p> <p>The Company complies with the laws and regulations and fulfills its responsibility to the stakeholders. Thus, the Company can successfully maintain business continuity for the long term and obtain recognition as a good corporate citizen.</p>	<ul style="list-style-type: none"> • Upholding prudent principles and ensuring compliance with the applicable regulations. • Caring about environment and not putting aside its social community responsibility.
<p>Independency</p> <p>The Company is managed professionally without conflict of interest and influence from any other parties that are against the laws and regulations in force and the healthy corporate principles.</p>	<ul style="list-style-type: none"> • Taking maximum effort to ensure zero influence from one-sided interest. • Avoiding conflict of interest. • Making decision objectively without any pressure.
<p>Fairness and Equality</p> <p>Giving fair and equal treatment in the fulfillment of the shareholders and stakeholders' rights, which arise from the agreement made, the laws and regulations, and the Company's policy.</p>	<ul style="list-style-type: none"> • Always fulfilling the rights of the shareholders and other stakeholders in proper and fair manner to ensure zero domination from any party.

GCG STRUCTURE

The Company's GCG major organ consists of General Meeting of Shareholders (GMS), Board of Commissioner, and Board of Director. The Company's organ plays a key role in the success of GCG implementation. In addition, the Company also has established GCG supporting organs under Board of Commissioner, namely Audit Committee, GCG Committee, Investment Committee and Human Capital Committee, as well as GCG supporting organs under Board of Director consisting of Corporate Secretary and Internal Audit Unit.

Each of the Company's organ performs its duties, functions and responsibilities independently in the interest of the Company in accordance with the statutory provisions, the Articles of Association and other applicable provisions.



INTERNAL CONTROL

As the part of the implementing the accountability principles in corporate governance, the internal controlling system applied in the Company functions as the merger of actions and activities carried out either by the head of the Company or the employees to encourage their confidence in achieving the goals through effective and efficient performance, skills in financial reporting, assets protection, as well as the submission to laws and regulations.

The Company believes that an effective internal controlling system begins with the submission to the standards of ethical conducts prevailed within the Company. In consideration with the importance of internal controlling system for the sustainability of a business operation, the Company urges to have an effective internal controlling system in securing the Corporate assets and investments and test the system in gradual period. The Board of Commissioners and Board of Directors concluded that as of 31 December 2017, the internal controlling system toward the financial statement has operated effectively.

The Company implements financial and operational control in tiered manner covering all elements of the Company. The purpose of internal control within the scope of the Company is to provide assurance to the Peak Management that all systems, procedures, rules and norms should be performed by all organs and all personnel of the Company so as to achieve the effectiveness and efficiency of operations, reliability of financial reporting, and the compliance with laws and regulations applicable.

Internal controls in financial reporting are processes designed and executed by the Company's management to provide reasonable assurance on the reliability of financial reporting and the preparation of financial statements intended for external purposes in accordance with accounting principles applicable.

CORPORATE SOCIAL RESPONSIBILITY




“Through its Corporate Social Responsibility activities, SRITEX is committed to provide a positive mutual relationship between the Company and its stakeholders.”

Through its Corporate Social Responsibility activities, the Company is committed to provide a positive mutual relationship between the Company and its stakeholders. The relationship between the Company and Stakeholders is expected to maintain the Company's business continuity so that the Company can always contribute to the environment.



As one of GCG principles that should be implemented, corporate social responsibility is aimed at every stakeholder extensively, namely employees, customers, communities, and environment. Implementation of this principle becomes the foundation in building trust of stakeholders for the Company's vision to be a Good Corporate Citizen. Therefore, this responsibility is realized through constructive activities and in accordance with the needs of Sritex CSR program.



In creating sustainable, Sritex is committed to continuously integrate CSR programs with its business strategy. Grow and develop with the people of Solo and Sukoharjo, Sritex makes community involvement as a part of its success. One of concrete proofs of management's involvement in community programs is the establishment of Lukminto Foundation, refers to the founder of Sritex, in 2015. The close relationship between the community and the Company is developed continuously to maintain reputation and sustainable growth for both parties.

SCOPE OF CSR

Sritex implements corporate social responsibility, which covers four targets as its scope, among others:

1. Manpower, Occupational Health and Safety;
2. Living Environment;
3. Social and Community Development;
4. Responsibility to Customers;
5. Cost Of Activity.

BOARD OF DIRECTORS



01 Iwan Setiawan Lukminto

President Director

Citizenship	Indonesia
Age, Place & Date of Birth	42 years old as of December 31, 2017 - Surakarta, June 24, 1975
Domicile	Solo, Indonesia
Educational Background	1997 --> Bachelor's Degree in Business Administration from Suffolk University
Work Experiences	2006 - Present --> President Director of the Company 1999 - 2005 --> Vice President Director 1997 - 1998 --> Assistant Director

02 Iwan Kurniawan Lukminto

Vice President Director

Citizenship	Indonesia
Age, Place & Date of Birth	34 years old as of December 31, 2017 - Surakarta, January 22, 1983
Domicile	Solo, Indonesia
Educational Background	2005 --> Bachelor's degree of Business Administration from Johnson & Wales University 2004 --> Bachelor's Degree in Business Administration from Northeastern University 2001 --> Bachelor's Degree in Business Administration from Boston University
Work Experiences	2012 - Present --> Company's Vice President 2005 - 2012 --> Garment Division Director at the Company

03 Arief Halim

Director of Marketing

Citizenship	Indonesia
Age, Place & Date of Birth	67 years old as of December 31, 2017 - Pekalongan, January 26, 1950
Domicile	Solo, Indonesia
Work Experiences	1990 - Present --> Director of the Company 1973 - 1990 --> Marketing Manager in the Company 1970 - 1973 --> Seller and marketer of textile chemicals

04 Eddy Prasetyo Salim

Director of Operation

Citizenship	Indonesia
Age, Place & Date of Birth	50 years old as of December 31, 2017 - Surakarta, August 21, 1967
Domicile	Solo, Indonesia
Educational Background	1992 --> Bachelor's degree from Faculty of Economics, University of Brawijaya, Malang
Work Experiences	2014 - Present --> Director of the Company 2009 - 2012 --> Financial Consultant 1994 - 2009 --> Head of Loan Center, Jakarta Selatan Region, PT Bank International Indonesia (BII)

05 Karunakaran Rama Moorthy

Director of Production

Citizenship	Indonesia
Age, Place & Date of Birth	50 years old as of December 31, 2017 - Appayanaic Kenpatti, India, May 23, 1967
Domicile	Jakarta, Indonesia
Educational Background	2003 --> Master of Business Administration from West Coast University, USA 1979 --> Bachelor's degree in Textile from Kennington University, USA
Work Experiences	2017 - Present --> Director of the Company 2010 - 2017 --> Unit Head of PT Spinmill Indah Industri (Indah Jaya Group) 2008 - 2009 --> Technical Director of Thiennam Textile Company, Vietnam 1997 - 2007 --> General Manager of Sunflag Textile & Knitwear Mills Ltd, Kenya 1988 - 1997 --> Senior Service Engineer of Lakshmi Machine Work Ltd

06 Dr. M. Nasir Tamara

Independent Director

Citizenship	Indonesia
Age, Place & Date of Birth	66 years old as of December 31, 2017 - Lampung, January 4, 1951
Domicile	Solo, Indonesia
Educational Background	1981 --> Doctorate in Social Sciences from the University of Paris FHES 1979 --> Master's Degree in Politics from the University of Paris I 1977 --> Bachelor's Degree in Media from CFJ University of Paris II
Work Experiences	2012 - Present --> Director of the Company 2009 - 2012 --> Vice President Director of Dr Nasir Tamara Associates Consultants 2011 - 2012 --> President Commissioner of PT Bangun Maju Wisata 2007 - 2010 --> Senior Research Fellow of the ISEAS S NUS

07 Allan Moran Severino

Director of Finance

Citizenship	Indonesia
Age, Place & Date of Birth	61 years old as of December 31, 2017 - Philippines, March 26, 1956
Domicile	Solo, Indonesia
Educational Background	1975 --> Bachelor of Business Administration degree, majoring in Marketing and Accounting from the University of San Carlos
Work Experiences	2006 - Present --> Director of the Company 1991 - 2005 --> Corporate Trustee 1989 - 1991 --> Finance Manager of Timur Djaja Group 1988 - 1989 --> Finance Manager of Commercial Division at PT Tirtamas Majutama 1987 - 1988 --> General Manager of PT Argha Giri Perkasa 1985 - 1987 --> Finance & Accounting Manager of PT Bimoli 1982 - 1985 --> Audit Manager of Drs. Utomo & Co 1977 - 1981 --> Audit Supervisor of Drs. Utomo & Co

AWARDS & CERTIFICATIONS



Jakarta, May 18, 2017

MAJALAH INVESTOR AWARD
 "100 Best Listed Companies 2017"



Jakarta, March 13, 2017

INDONESIAN SECURITIES ANALYSTS ASSOCIATION
 Awards as one of the Listed Company of Analysts in
 Yuk Nabung Saham 2017 Program



Semarang, November 10, 2017

CENTRAL JAVA GOVERNOR
 Award As Bhakti Husada Partner for companies
 that implement productive healthy women workers
 movement in Central Java Province in 2017



Jakarta, November 10, 2017

BUSINESS NEWS INDONESIA
 Top Capital Market 2017 Top Listed Company 2017 -
 Garment and Textile Sector"



Jakarta, November 7, 2017

INDONESIA REPUBLIC'S MINISTER OF HEALTH
Award for institutions that implementing Healthy Productive Women Workers Movement (GP2SP)



Jakarta, October 27, 2017

WARTA EKONOMI
Indonesia Most Powerful Company Award 2017
Textile and Garment Category



ISO 14001:2015 Certification

SGS UNITED KINGDOM Ltd
Manufacture of Garment (Spinning, Weaving, Finishing, Garment) Valid from March 5 2018 until February 10, 2021

As Market Leader
in South East Asia, Sritex is committed to consistently deliver leading edge products with World class quality and advance the latest innovations within the Company."

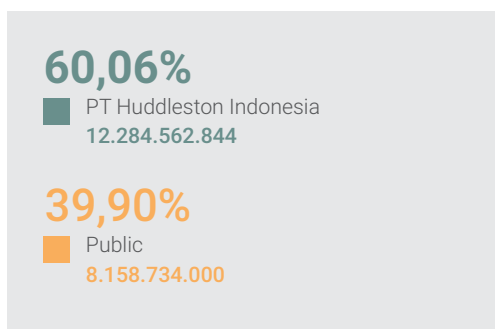
STOCK INFORMATION

BASIC INFORMATION

Stock Exchange Listing	: Indonesia Stock Exchange
Industry	: Textile & Garment
Stock Code (Reuters)	: SRIL.JK
Trading Unit	: Share
Total Outstanding Shares	: 20,452,176,844
Market Capital	: IDR7.77 trillion

(as of 31 December 2017)

SHAREHOLDERS COMPOSITION



Pursuant to the Financial Services Authority Letter No. S-159/D.04/2013 dated June 7, 2013, the Statement of the Company Listing for the Initial Public Offering was deemed effective. The Company listed its share on Indonesia Stock Exchange under SRIL ticker code and received proceeds of Rp1.29 trillion.

DIVIDEND POLICY

Sritex has a policy to pay dividends in cash to all shareholders at least once a year. The Company determines the amount of dividends paid through the Annual General Meeting of Shareholders. The determination of the amount and payment of dividends shall be made by considering several factors related to the performance and the company capital adequacy. With keep to pay attention the company financial position or soundness and without prejudice to the rights of the General Meeting of Shareholders of the Company, Referring to The Company's Articles of Association, the amount of dividends were distributed with maximum of 40% from the total amount of comprehensive income or as high as USD15 million. Unless determined by the General Meeting of Shareholders.

In the Annual General Meeting of Shareholders Fiscal Year 2017 and the Annual General Meeting of Shareholders Fiscal Year 2016, the shareholders approved the dividend amounting distribution to Rp55,778,664,120 (equal to USD4,127,621).



2017

Corporate Report



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