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YOU'RE
HERE



ANNUAL REPORT 2017

Lifestyle Trend Drives
Business Transformation

PT. RAMAYANA LESTARI SENTOSA TBK

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LIFESTYLE TREND DRIVES BUSINESS TRANSFORMATION

Another Adventurous Year for Ramayana

We send out greetings and salutations with this, our Annual Report for 2017. It has been a wild ride for the retail sector in Indonesia, and Ramayana has not been able to escape the currents of competition and an uncertain economic environment. As a mature enterprise we have been confronted with realities - sometimes unpleasant ones - revealing the eternal verity of the somber warning 'Change or Disappear'.

As we move toward the third decade of the Millennium we strive to deal with accelerated social and technological change, with a retail scene that continues to unfold in an unpredictable manner. Who would have guessed twenty years ago that a nationwide eruption of mini-markets would so severely drain business away from traditional

'big-box' supermarkets and retail outlets? The spread of cheap credit has also had undesirable effects on Indonesian retailers: the day a Ramayana customer purchases a new motorcycle on time payments he becomes too poor to shop with us as before.

As if these formidable challenges were not stiff enough, retailers in Indonesia face the rising specter of on-line shopping, a phenomenon which has practically devastated malls and department stores in the USA, as Amazon and its competitors sweep up business with convenience, speed and a fair price. It has only begun to take hold across the Indonesian archipelago, but the rapid growth of Go-Jek is certainly a harbinger for the future – and a wakeup call for a business like that of Ramayana.

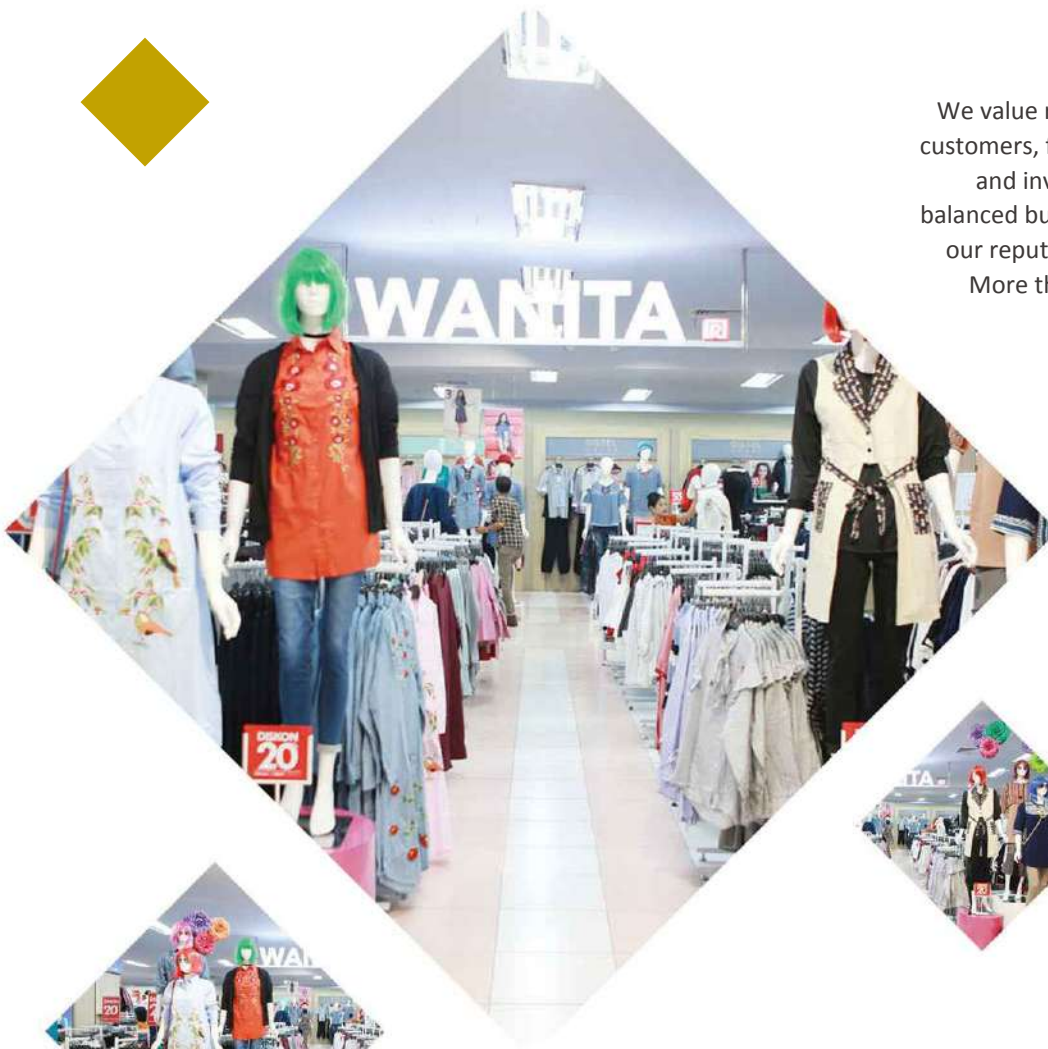
We have a solid history and a steady track of profitability, even though that has been subdued in the past several years (for the above reasons, as well as persistent shortfalls in disposable income among the lower-middle class segment we sell to). With a fresh innovative spirit, certified by numerous awards for our new approach to retailing, Ramayana moves forward. We welcome your participation and feedback in this quest.



MOVING WITH THE MILLENNIALS

Principles, Vision & Mission that Move Us

We value relevance to the market, loyalty to customers, fairness with suppliers, employees and investors. We are known for fair and balanced business practices, for four decades; our reputation and good name reflects this. More than ceaselessly augmenting profit, Ramayana nurtures relationships.



Our Vision

To be seen as the

'Unique Fashion Solution'

for the mass-market in Indonesia

Our Mission

To present an appealing & entertaining lifestyle shopping experience



HIGHLIGHTS OF THE YEAR

Positive results

from the transformation starting in 2016 yielded good results for that year, and encouraged Management to Pursue a similar strategy in 2017

First six months of 2017 were characterized by good turnover;

second half of the year inexplicably turned downward, with consistently negative cash flow

Persistently down around 1%

competitors said

“we were lucky not to have lost more revenue”

Six new outlets

opened over the year, all in the Greater Jakarta region.

Of these, the mall-based Jatinegara, East Jakarta store became a ‘flagship experiment’, known as ‘Ramayana Prime’.

Management backed and encouraged the basic change in retail philosophy and presentation from a traditional

‘cheap but good’ to ‘lifestyle experience’.



Continued and expanded performance events with

young Indonesian musical and cine idols, including Ayu Ting Ting and Aliando

In order to encourage fans to ‘stick around and shop’ after a ‘Meet & Greet’ performance, each of our ‘stars’ was encouraged and mentored to start their own-brand of garments

particularly jeans and women’s Islamic garb



Stars promoting their own brands are not paid

for 'Meet & Greet' performances



Other stars are hired on a flat-rate 'package' of performances in various cities

Indecisive and fluctuating conditions in commodity export markets affect consumer confidence, particularly in the outer islands, where Ramayana income derives largely from palm oil and coal

Growing tendency on the part of consumers to save disposable income instead of spending it, possibly an effect of worrying global economic conditions

16 supermarkets shut down in 2017, thus allowing 20% more retailing space.



FINANCIAL HIGHLIGHTS OF 2017

2017 has frankly been a puzzling and somewhat discouraging year of enterprise as well, in spite of the fundamental optimism with which we proceed forward. The persistent flat growth of the past several years endures, and while 2017 was reasonably profitable, once we entered Q2 our 2017 sales revenues plummeted. The reasons, or at least our interpretation of them, will be outlined further on in this Annual Report.

The Indonesian Rupiah continued to hold its value, never topping Rp 14,000 / USD; this is always good news for a company like ours, as we import many of the materials necessary for the production of garments and other products.

The share price also tends to remain stable when there is less currency fluctuation, so foreign investors become more confident about business prospects in Indonesia. As a result of various factors, including political stability, the Indonesian Rupiah has hovered around a small band, while the global economy still fails to realize a much-vaunted 'recovery'.

As 2018 and 2019 are 'political years', there is some degree of concern among the business community about continued stability; some investors and institutions are also assuming a 'wait-and-see' stance before proceeding forward with new construction or investment.

The urgent expansion of infrastructure development also exerts an effect on the economy, as both state and private companies are awarded contracts for projects

around the archipelago – even though the infrastructure development is not accompanied by that much additional job creation.

Bank Indonesia continues to exercise firm direction over lending rates as it bolsters its foreign reserves and controls. Benchmark interest rates (BI Rates) were reset nearly half a dozen times in 2017, to fine-tune loan activity without stimulating inflation.

Wall Street Continues to Soar, as China Promotes its 'Silk Road'

While the American stock market hit new highs there was growing nervousness about over-valuation and a sharp correction (which did not occur until 2018, as a matter of fact). While there had been some fears that the Chinese economy, the 'locomotive' for world growth, would start to stall, in fact it performed spectacularly, with around a 6% growth rate. Nevertheless, tight control of information and statistics by the government of the People's Republic of China (PRC) means there is still concern about bad debt, particularly in the 'shadow economy'. The absence of objective reporting results in China's business partners often operating in the dark. It is still next to impossible to put a figure on bad debt at Chinese banks, but it is gigantic. China's ultra-ambitious 'silk road' project is proceeding apace, with massive investments in partner countries.

The American 'petrodollar' continued to hold its power as the world's reserve currency, against various challenges from nations, including the plan of China, Russia and several other nations to put together an alternative reserve currency. Saudi Arabia agreed to trade its oil for the 'petro-Yuan', which went unnoticed in the popular press but could well portend a major shift in global economic realities: if major crude oil buyers begin to seriously entertain alternatives to the petrodollar, the invariably debt-driven American economy is in for hard times.

Indonesian banks continued to be generally profitable but still cautious in approving corporate loans, as they attempted to deal with high company NPL and poor-quality assets. More and more the banking system depends on a consumer-driven economy.

Still, consumers seemed to lack the discretionary income necessary to afford to shop at Ramayana, as the wave of easy credit and time payments seems to have impoverished many people, in terms of discretionary spending on a day-to-day basis.



Sales sank in the second half of 2017, with its revenue stream several points below similar months the previous year. Operating income for 2017 stood at 4.6% YoY, marking Rp 376.8 billion. Net income was 5.0% YoY, at Rp 406.6 billion.

Same-Store Sales Growth (SSSG) was disappointing, at -1.2% vs. 6.3% for the previous year. Ramayana continued to suffer from the overlap of Idul Fitri and back-to-school shopping in 2017.

Ramayana is looking to an increase in both gross margin and operating margin, to 28.0% and 6.0%, respectively, in the near future, based on corporate efficiency and supermarket segment transformation, still ongoing, with SPAR Supermarkets.

As before, the fundamental financial position of PT Ramayana Lestari Sentosa Tbk. is secure, with major cash reserves, no outstanding debt and secure, long-standing lines of credit with major banks. We maintain a posture of prudence, still looking to expand when conditions are right.

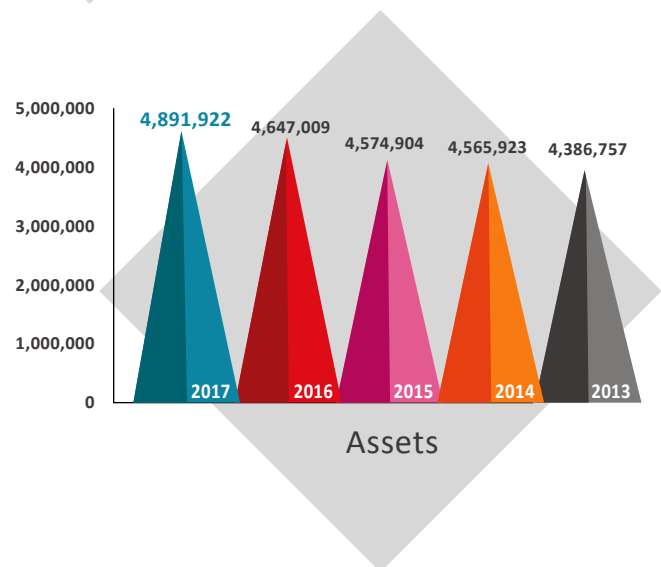
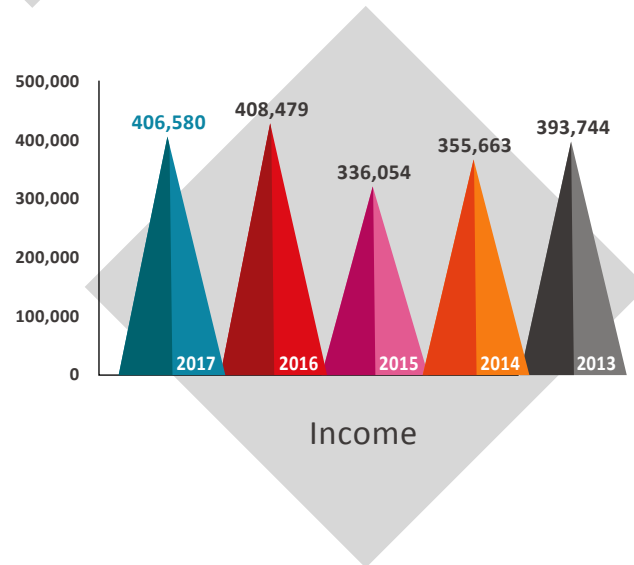
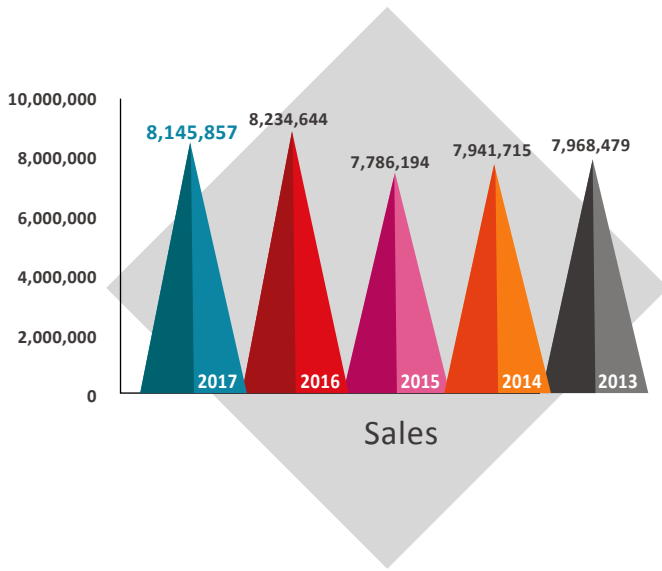


Expressed in Millions of Rupiah, Unless Otherwise Stated

	2017	2016	2015	2014	2013
Statement of Comprehensive Income					
Outright Sales	4,786,508	5,092,752	4,788,667	5,131,375	5,223,962
Consignment Sales	3,359,349	3,141,892	2,997,527	2,810,340	2,744,517
Cost of Consignment Sales	2,523,129	2,377,607	2,253,190	2,080,367	1,967,661
Cost of Outright Sales	3,410,434	3,654,539	3,537,000	3,813,511	3,860,568
Gross Profit	2,212,294	2,202,498	1,996,004	2,047,837	2,140,250
Selling Expenses	379,456	408,190	385,212	399,364	403,265
General & Administrative Expenses	1,476,485	1,436,917	1,377,266	1,354,182	1,333,972
Other Income	20,432	15,345	19,420	4,939	47,610
Other Expenses	1	4,582	2,252	33	43,333
Income from Operation	376,784	368,154	250,694	299,197	407,290
Finance Income - Net	89,808	96,911	113,926	89,712	54,686
Income Before Income Tax	466,592	465,065	364,620	388,909	461,976
Income Tax Expense - Net	60,012	56,586	28,566	33,246	68,232
Income for the Year	406,580	408,479	336,054	355,663	393,744
Earnings per Share (Rp)	60.48	60.02	47.64	50.12	55.49

Statement of Financial Position					
Cash & Cash Equivalents	751,901	603,750	844,253	625,373	869,000
Time Deposits	1,279,068	1,156,855	984,004	1,026,105	403,089
Accounts Receivable	57,122	51,726	33,612	23,306	20,264
Short-term Investments	127,509	68,148	483	36,387	1,097
Inventories	740,993	834,400	823,909	808,569	872,064
Prepaid Expenses	6,323	7,149	6,155	1,215	940
Other Current Assets	130,580	108,787	138,756	173,989	208,130
Total Current Assets	3,093,496	2,830,815	2,831,172	2,694,944	2,374,584
Fixed Assets - Net	1,235,256	1,279,282	1,333,227	1,375,402	1,445,497
Long-term Prepaid Rent	452,372	454,652	342,432	428,862	503,377
Security Deposits	30,602	29,241	28,369	30,116	31,857
Other Non-Current Assets	80,196	53,019	39,704	36,599	31,442
Total Non-Current Assets	1,798,426	1,816,194	1,743,732	1,870,979	2,012,173
Total Assets	4,891,922	4,647,009	4,574,904	4,565,923	4,386,757
Total Current Liabilities	1,048,640	1,008,981	960,890	967,544	963,367
Total Non-Current Liabilities	348,937	300,629	280,210	272,699	230,823
Total Liabilities	1,397,577	1,309,610	1,241,100	1,240,243	1,194,190
Total Equity	3,494,345	3,337,399	3,333,804	3,325,680	3,192,567
Total Liabilities & Equity	4,891,922	4,647,009	4,574,904	4,565,923	4,386,757

Financial Ratios					
Current Year Profit on Assets (%)	8.3%	8.8%	7.3%	7.8%	9.0%
Current Year Profit to Equity (%)	11.6%	12.2%	10.1%	10.7%	12.3%
Current Ratio (x)	3.0	2.8	2.9	2.8	2.5
Liabilities to equity (x)	0.4	0.4	0.4	0.4	0.4
Liabilities to Total Assets (x)	0.3	0.3	0.3	0.3	0.3
Sales to Total Assets (x)	1.7	1.8	1.7	1.7	1.8
Net Cash Position to Equity (%)	61.8%	54.8%	54.9%	50.8%	39.9%



A portrait of Paulus Tumewu, President Commissioner, wearing a dark suit, white shirt, and dark tie, sitting in a black office chair. The background is a blurred office setting with large windows. The portrait is framed by a large, light blue diamond shape. There are several smaller, colorful diamond shapes (red, teal, yellow) scattered around the main portrait.

PAULUS TUMEWU
PRESIDENT COMMISSIONER

We staunched our losses from Rp 70 billion to just Rp 25 billion, closing 16 supermarkets and re-assigning the space to potentially more profitable divisions.

THE BOARD OF COMMISSIONERS REPORTS

On behalf of the Board of Commissioners of PT Ramayana Lestosa Tbk. I would like to send warm wishes and heartfelt greetings to all Ramayana associates, including shareholders, bankers, suppliers, employees and of course our faithful body of customers, four generations of whom have patronized Ramayana happily over recent years.

The Indonesian economy is gradually maturing, moving from a third-world 'developing' stage into a form more familiar in western countries or Japan. The banking system here, once a sad joke of crony pillage, corruption and incompetence, has quickly grown and solidified, as a younger generation of foreign-trained and internationally-experienced bankers assumes positions of responsibility.

There is a sense of stability and continuity in political governance as well, and this contributes positively to the judgment of foreign investors, whose participation in our economic acceleration and maturity continues to be critical. Just as with its ASEAN neighbors Indonesia has seen its living standards and national wealth enjoy a 'spurt of growth' thanks to the trust of global players in manufacturing, oil & gas, banking and other major fields of endeavor: they see Indonesians as reliably hard workers, serious and skillful.

Starting with the latter stages of the Suharto-era 'New Order' there has been a move toward granting regional autonomy, decentralizing political control and encouraging domestic and foreign manufacturers, planters and other investors to seriously consider setting up their new enterprises away from the Java-Bali axis.

Meanwhile, major social inadequacies remain, principally in areas like the national educational system, one which continues to fail to turn out graduates with sufficient mathematical, logical, scientific and language skills to successfully operate in the world of business. Well-educated citizens also tend to be better consumers, understanding the tradeoff between quality and price – while simple village folk often look for the cheapest version of any product, regardless of how durable it is. In an internet age we at Ramayana are discovering that consumers are vastly more concerned with health, style, fashion and features than their parents; we have had to adjust our own approach to business accordingly.

The Nation Benefits from Infrastructure Upgrading

We acknowledge and applaud the efforts of the Government of Indonesia to upgrade woefully inadequate infrastructure, particularly as regards toll road and marine transport networks. At the same time we urge prudence when it comes to taking on huge offshore debt burdens, in spite of the attraction of such 'easy money'; the Board of Commissioners is composed of veterans who have not forgotten the financial catastrophes of the late 1990s, when Indonesia, having gone heavily into dollar debt for industrial expansion, was faced with two hundred billion dollars of unpayable foreign obligations; when the national currency soared from 2,500/USD to nearly 17,000 there was nearly a structural and social collapse. Today's national debt of USD 365 billion and rising, much of which is directed to 'showcase

projects' like the 'high-speed train to Bandung', inspires us to urge caution and prudence on the Administration.



We would like to express our appreciation for the diligent efforts of our staff to reset our direction, in view of an evolving society. In particular we wish to commend the action team of our General Merchandise and Marketing Manager, Jane Melinda Tumewu.

Starting with the Annual General Meeting in 2016 Melinda put forward a bold new plan for a dramatic shift of strategy for our four-decades-old business. In 2017 our CEO, Agus Makmur, showered praise on the efforts of Melinda and the success of her and her team in reconnecting with our market.

Jatinegara City Plaza & Cilegon: Icons of Transformation

Continuing with determination on the path adopted in 2015 to move from 'cheap and cheerful' to 'lifestyle transformation', a bold decision at the time, the Company has invested a great deal of effort, time and money in resetting our direction to attune more closely to a very different generation, using 'lifestyle'

tenants and social media to rebuild a base of faithful shoppers. We are still 'price-sensitive' but look to attract a more affluent level foot traffic: 'B' Class shoppers looking for exciting bargains.

In the effort to work with SPAR International of the Netherlands, we staunched our losses from Rp 70 billion to just Rp 25 billion, closing 16 supermarkets and re-assigning the space to potentially more profitable divisions.

In other SPAR outlets we no longer offer fresh and refrigerated foods, as it is simply impossible to compete in this with a broadening network of mini-markets.

Offering a whole array of other attractions, including modern four-screen cinemas and play areas for kids, we look to recoup losses and heighten the attractiveness of the shopping experience.

We defend gross margin at 27.2%, looking for performance to pick up across all segments, with revived consumer interest.

Our Success Linked to Commodity Movement

The price of coal is once again high, after years of danger for commodities, and a guaranteed market with PLN apparently committed to fulfilling very optimistic power generation projections across the archipelago with coal-fired power plants. Without sufficient electricity business and industry simply cannot expand, as with sufficient roads and ports.

The money being invested by the Government of Indonesia will ideally be spent by workers' families in our outlets, as Ramayana also benefits from cheaper and more efficient infrastructure.

Whether or not the Government of Indonesia is able to hit its target of 35,000MW of electrical power within the next several years, money is being spent, and there is more disposable income for families in the outer islands to use in our refurbished malls. The economic vitality of many 'one-business towns' across the archipelago exerts a particularly acute effect on a retail enterprise like Ramayana, dependent as we are on both remittances from Indonesians working overseas (around USD 12 billion a year) and purchases from those working in mines, plantations and factories.

The new network of toll roads is being built, after many stops and starts over recent decades, and will hopefully alleviate traffic jams and allow more convenient road access to our stores. Toll road construction is also highly labour-intensive and we will thus see more money in circulation, particularly in Java, from this work.

Consumer Spending Revival in 2018

As a nation dependent on exports, Indonesia has been drawn down somewhat in the past few years by persistent economic torpor in Europe, the U.S.A. and Japan, all major export targets for our shoes, garments, computer printers and foodstuffs. The relatively high level of GDP over the past several years can be attributed to the enduring optimism of the Indonesian people, who must be among the best consumers in the world. The huge success of the motorcycle and telecommunications industries in the past two decades stands as proof of this: they are both aiming at the retail consumers, offering easy financing for 'big ticket' goods as well.

We trust that Bank Indonesia and relevant Government of Indonesia financial authorities, will be able to continue their steady guidance of the economy, and, with God's grace, we will continue to see recovery of confidence and spending.

The Board of Commissioners consults with the Board of Directors in appraising costs and dealing effectively with under-performing assets, in maintaining a stance of prudence in line with ongoing economic trends, both domestic and global. These and other factors are studied together in collaboration with the BoD, to ascertain how they will affect Ramayana's future business prospects.

A Satisfactory Year for Shareholders

Ramayana compares its results against those of other companies, and the results have also been notable in 2017.

Company consolidated comprehensive net income in 2017 amounted to Rp 406.6 billion, moving backward from Rp 408.5 billion for the same period in 2016. Based on their record of successful achievement, the Board of Commissioners advised the Board of Directors to maintain proper control of all costs in pursuit of a campaign of transformation.

The Board of Commissioners looks forward with anticipation to the expansion and modernization of supermarket facilities in all stores, as part of our arrangement with SPAR International. We ask for their understanding and patience as well.

During 2017 we continued to refine and expand distribution, promptly fulfilling demand in both established and greenfield areas, without burdening warehouses with excessive stock. We note that customers in areas depending on commodities are still more likely to save than to spend; we also point to the drain on household finances arising from motorcycle and white-goods purchases (facilitated by 'easy credit' from the many multifinance companies that have popped up in recent years), cell phone expenses (even the poor have at least one cell phone to support) and severe competition from the 30,000+ mini-marts that have sprung up across the archipelago. They offer the convenience of location, something a large retail outlet finds difficult to compete with, when traffic is often frozen in place. They have excellent computer-controlled inventory and distribution systems in place as well, meaning retailers are rarely frustrated by shortages of merchandise.

We would like to acknowledge and send thanks to the Company's Audit Committee, which has reviewed and accepted PT Ramayana Lestari Sentosa's consolidated financial statements for the year ending

December 31, 2017, as presented by its Board of Directors.

The Board of Commissioners therefore feels it right and proper to recommend to all shareholders that these Consolidated Financial Statements be approved as presented.

It has been a rewarding year for both Indonesian retailers and consumers, while new efforts expended on internet commerce threaten traditional 'bricks-and-mortar' stores.

I would like to assure all shareholders and Government of Indonesia authorities that our Company remains committed to practices of Good Corporate Governance, emphasizing values of transparency, independence, accountability, responsibility and fairness. We continue to foster goodwill in communities around our operations, through sponsorship of various meaningful social activities and group events, complemented with regular donations to deserving charities.

Efficiency and cost control efforts will govern decisions by the Board of Directors, in 2018 and onwards. We look toward a more stable and active future.

We wish to report that there has been no change in the composition of the Board of Commissioners for the year, a requirement as stipulated by Otoritas Jasa Keuangan.

We would also like to recognize the achievements of the Board of Directors, and thank them for their continued counsel and for their implementation of policy as determined by the Board of Commissioners. The Directors have performed exceptionally, under untried conditions, adapting to changing tastes and market patterns.

At this point I would like to turn over the forum to the President Director for his report, while sending hearty thanks and very best wishes to our valued shareholders, suppliers, bankers, workers and many neighbors in communities across Indonesia. Let us work together to make 2018 yet another fruitful year for PT Ramayana Lestari Sentosa Tbk.

PAULUS TUMEWU

President Commissioner

A portrait of Agus Makmur, the President Director, wearing a dark blue suit, white shirt, and patterned tie. The portrait is set against a background of light-colored curtains and is framed by a large, light-colored diamond shape. Several smaller, colorful diamond shapes (red, teal, yellow) are scattered around the main portrait.

AGUS MAKMUR
PRESIDENT DIRECTOR

Starting in early 2017, Ramayana revised its relationship with the shopping public, based on a classical principle of retailing: the magic of a customer experience.

THE BOARD OF DIRECTORS REPORTS

Welcome to our 2017 Annual Report, a periodical document in which we convey to shareholders, relevant Government of Indonesia officials, all stakeholders and the general public the strategies, moves and results of last year.

Retailing is never easy and predictable. Public taste, style and spending moods will suddenly shift, often for no evident, and retailers – all competing meanwhile against one another – must scramble to catch up. This month's hot item is next month's 50% discount in the 'bargain bin' and nobody wants it.

Compare this to industry, where change is gradual, logical and predictable – and all a supplier must do is get the right item at the right time and at an agreed price. In retailing there always seems to be a new factor popping up. Ramayana was comfortable for many years as a reliable, trustworthy, cost-conscious source of durable, inexpensive garments and other daily needs. Then, around three years ago, sales flattened dramatically, and we were suddenly confronted with the reality of a new mood among consumers: even the humblest working-class man or woman wanted more than a garment or an accessory. They wanted an experience.

This happened in the west and Indonesia often follows western fashion and thinking. In both cases it was probably the result of the pervasiveness of the internet, television and pop media. In 1990 practically no one had a cell phone; they cost thousands of dollars and were huge and unwieldy. Often when you got a call in your office you had to dash outdoors to keep the signal.

By 2000 the great majority of middle-class professionals had at least one mobile unit: doctors, policemen, sales representatives. It was still a pricey item and not for the masses.

Today the www.katadata website informs us that cell phones number 142% of the Indonesian population. That's well

over three hundred million units. The humblest vegetable seller in the 'wet market' has at least one if not two 'handphones' (as they are known here) – and she's probably talking on them as you try to buy a kilo of tomatoes.

Everybody today yearns for a more stylish existence, even when they don't have the cash to support it. It is an impossible dream quest, but part and parcel of the consumerism which has swept the Indonesian archipelago.

The duty of Management is to discern that yearning and respond to it with even better merchandise, friendlier and more sensitive service and an atmosphere that embodies 'lifestyle' more than 'clothing store'.

Shopping as an Exciting 'Lifestyle Experience'

Toward that end the new rebranding team, led by Ms. Jane Melinda Tumewu, has intentionally repositioned a stand-alone Ramayana into a more inclusive shopping environment. Whereas traditionally we would attract patrons intent on purchasing clothing or groceries, today Ramayana is set among a number of attractive lifestyle businesses. The best

example of this new model is the 'Ramayana Prime' outlet in City Plaza Jatinegara, East Jakarta. This 'fresh face' of Ramayana features a new logo, SPG and SPB stylish uniforms and a much more appealing store layout. Those interested can peruse the bright new mall in a YouTube video produced at the December 2017 opening session. This is the face of the future for Ramayana.

Local Stars Heighten the Retail Experience

Starting in early 2017, Ramayana revised its relationship with the shopping public, based on a classical principle of retailing: the magic of a customer experience.

Anyone visiting the store should get that little extra – and with popular stars in attendance (and their branded merchandise on sale) the attraction is strong. Ideally they stay longer and do some shopping as well.

Consider that fact that nearly 50% of our selling space is in outlets sited on the Outer Islands – where not much in the way of entertainment is happening. By inviting in talent, featuring musical and performance events, shopping becomes a major experience for local people. We also enliven our display by ensuring that older merchandise does not greet the casual shopper: he or she should be surprised by bright new colors, styles and fashions, as a customer who returns to Ramayana and sees the same old stuff on sale soon loses interest in visiting. This is our strategy: pull the crowds in with events, and sell them with refreshed displays and merchandise.

Public events include solidly-popular Indonesian celebrities including Ayu Ting-Ting, Raffi Ahmad, Nagita Slavina and Zaskia Mecca. Prilly Latuconsina continues to work as a Ramayana 'brand ambassador', looking to attract a younger customer base.

Since we embarked on this strategy, encouraging these young performers to establish their 'own brand' of fashion-oriented garments, we have no need to contract or pay performers, as they make money from merchandise sold under their name, and this is also picking up speed at the moment.

Is 'Online Shopping' the Next Big Thing?

We have not been unaware of the potential – and the potential danger – of online retailing either, and toward that have set up a collaborative effort with Tokopedia, Lazada, and (starting in 2018) Shopee, a major online retailer. In fact, for an archipelago of some 17,000 islands, scattered across three time

zones, online retailing makes eminently more sense than it does in a country like Japan, the Netherlands or the USA, where distribution and road networks are already set up and operating efficiently. It would certainly make no sense for us to plan to open bricks-and-mortar outlets in tiny outposts of the Moluccas, Papua or East Nusa Tenggara, but those areas are already served by robust telecommunications networks, which means searching for products, ordering and payment is fast, secure and reasonably simple. An online catalog will also allow us to access changing customer taste and popular styles more accurately and quickly. We look forward to great results in coming years.

Media Projections and Reality

40% of Ramayana business in the outer islands derives from workers employed in the palm oil industry, or indirectly from those benefiting in communities near plantations. While prices are currently good, planters are not raising wages or hiring workers – they're keener on paying down debt. We thus do not benefit from the mild boom in commodities.

The Government of Indonesia announces 5%+ growth in GDP for the year, the print and electronic media tell us the economy is recovering but we are not seeing such a phenomenon in our business. In fact, all retailers are to a greater or lesser extent in trouble. When we complain to our counterparts about weak sales they tell us 'You should be thankful with Spar: you are only minus 1. Others are minus 3 or 4. You are grumbling but this is a trend. Look at the figures.'

We were apparently unrealistic, as we projected +7.5% for the year.

Convenience and Inconvenience in Access to Outlets

Access to Ramayana physical outlets becomes more difficult because of

relentless traffic congestion; Jakarta is known abroad as 'the world's worst city for traffic jams'; shoppers are thus concerned more than ever before with location; they are reluctant to go casual shopping, because of traffic and parking challenges.

Neighborhood 'mini-markets' like Alfamart and Indomaret continue to grow in number, offering a wide variety of daily necessities, allow consumers to purchase immediate needs without traveling far. These 'convenience stores' thus continue to draw off income that would otherwise go to major retailers with bricks-and-mortar investments – like Ramayana. Impulse buying in mini-markets also means less disposable income for 'big-box' stores.

The considerable disbursement of moneys from the Government of Indonesia into the economy for much-needed infrastructure continued in 2017, with Light Rapid Transit (Jakarta and Palembang), toll roads, ports and bridges being built. The additional number of workers hired for construction has been somewhat disappointing, however.

We also continue to be a beneficiary of the government educational stimulus effort known as 'Kartu Jakarta Pintar', or 'KJP', where DKI disburses around Rp 500,000 / semester directly to school students, through a debit card issued by Bank DKI, to be used exclusively for school supplies like uniforms, bags, pens, shoes, etc.

Remittances Continue to Support Revenue

We continue to benefit from the approximately USD 12 billion in remittances sent back to Indonesia by our international work force of some 6 million TKI overseas workers. This should have resulted in a healthy boost in Ramayana sales, but outside of Greater Jakarta they stayed more or less flat. Remittances were still good but this failed to stimulate our business. We interpret this as seeing the extra money received

as being used for the higher cost of living, even though inflation is claimed to be under control. As school fees, transport and food prices crept up, discretionary income of our targeted consumers continued to be squeezed.

A moderate level of Foreign Direct Investment (FDI) continued to enter Indonesia and a number of new factories opened around Jakarta DKI. Workers were therefore able in theory to spend more of their income at Ramayana. In practice much of their income is drained away by debt: easy credit for TVs, refrigerators, motorcycles: 'When one of our Ramayana customers purchases a motorcycle on credit, he immediately becomes a poor man.'

The Calendar Continues to Conspire Against Us

The two 'crests' of sales every year for Ramayana are Lebaran, the climax of the Islamic fasting month of Ramadan, an important aspect of which is the purchase of new clothing, and the 'back to school' season.

We were again compromised in 2017 by the nearness of these two calendar events, so that two seasons of high purchases were condensed into one. This occurred because the Lebaran celebration is fixed according to the lunar calendar, shifting nearly two weeks every year, while school sessions are set by the Gregorian calendar commonly used around the world.

Same-Store Sales Growth for the year set an unattractive figure of -1.2%, in spite of low inflation and an allegedly healthy economy. This is also an effect of the new wave of interest aroused by our repositioning and projection of talent.

Consignment vs. Outright shifted slightly, as our Outright brands picked up with more attractive styling and choice of sizes; Consignment trailed, in terms of the latest fashions. Note that while Outright sales secure us a larger margin they come along with full operational

costs (payroll / capital costs / carrying / pilferage etc.) In terms of net margin Consignment is superior: 35-36% vs. 25-26%. Net is thus only 5-6%.

For operations, Ramayana is responsible for a 10% payroll vs. just 2% for Consignment, for whom there is no carrying cost as it is their own merchandise they are selling - up to 5 months inventory for some merchandise. Fixturing costs are also borne by the Consignment operator.

Savings in Operating Income

I wish to report to shareholders that operating income for 2017 stood at Rp 376.8 billion, against Rp 368.2 billion for 2016. Cost-control measures work to ameliorate the effect of higher utility rates (electricity in particular); overhead tends to cut into sales revenue and operating income.

The BoD would like to report to the BoC that it has been able to perform all assigned corporate and departmental strategies, as well as monitoring execution of directives, ensuring that the company is fully compliant with good corporate governance regulations.

It would be impossible to fulfill demand from our customer base across the archipelago without the logistic support of an efficient and accurate distribution system, and I wish to commend our distributors and stores for their faithful efforts, particularly in areas where sales fell off. Communication is a key to success, and we maintain close relationships with these business partners on a day-to-day basis.

The company expects that all employees and relevant stakeholders to have

studied and inculcated Company Rules and Regulations. Expanded training and improved benefits packages have also made us an attractive employer.

Corporate Social Responsibility at the Forefront

We are known and respected in the vicinity of our operations for our Corporate Social Responsibility programs.

We continue to work and share with local people, particularly those living in areas around our outlets, to demonstrate how we are a socially-conscious and valuable member of the Indonesian business community.

The Loyalty Program already counts five million card-carrying members, all over Indonesia. Of these 3.3 million are categorized as "active members" (defined as those who make purchases at Ramayana outlets on a monthly basis). Card member purchases actually contribute some 45% of total sales, up from 32% in 2016.

The two styles of Member Card are customized for the part of the nation where they are issued: the tiger for Sumatra, the orangutan for Kalimantan, etc. Another member card is issued in collaboration with Bank BRI, as a 'Brizzi Card', a personalized 'plastic money' type of debit card issued to members. Our customer base has embraced this new program enthusiastically. A brand-new Ramayana application, effective 1 May 2018, will coordinate on-line and off-line purchase facilities for members.

We look forward in 2018 to the implementation of a 'New System

Integration' which will help optimize logistics, data, merchandising, supermarket operations and others.

With a superior system and data management we expect we can further optimize both sales and margins in 2018.

In summary, and on behalf of the Board of Directors, I would like to emphasize that PT Ramayana Lestari Sentosa, Tbk. did its best in a difficult environment, looking to better results in 2018. This is especially noteworthy as more than 40% of our stores are in the provinces, where a sluggish economy, dependent on the vicissitudes of commodity prices, persists.

We would like to express our appreciation to all stakeholders for their continued patience and faithful support during the year; we continue our quest for success into 2018 with optimism.

From the Board of Directors we send thanks to all management, employees and business partners, and our appreciation to valued shareholders, for their continued trust and support.

We wish to extend our appreciation particularly to our esteemed Board of Commissioners for its wise guidance throughout the year, and thank them one and all for their guidance and supervision.

Finally, we want to thank our millions of customers, who must confirm that they have received full value for their money. We welcome them to a 'Reconnecting Ramayana', and look forward to their sustained participation.

AGUS MAKMUR

President Director

MACRO-OVERVIEW OF BUSINESS, DOMESTIC & GLOBAL



As major retailers we are 'on the ground' and can thus sense the popular mood and living situation immediately in terms of customer visits, selection and sales. We are thus somewhat puzzled at a certain 'disconnect' between what the authorities report and our own experience, which over the last twelve months has been stressful and challenging.

In spite of relentless assurances about economic growth and stable consumer prices our customers seem considerably less confident and easy about spending their hard-earned moneys than previously – although in fact the lower-middle segment which we traditionally serve really does not have much disposable income at the beginning of each month: it is that disposable income that we are looking to attract. Will the parents decide to send their children to camp or will they take that money and buy new clothes for everyone? Should the family consider the purchase of a residence, entailing several decades of monthly debt, when the property market seems to be already over-extended?

A credible case can be made for the assertion that the world never really recovered from the 'Crash of 2008', at least for the majority of businesses and consumers, who continue to find their salaries and bonuses insufficient to cover more than basic daily needs. All the efforts of governments in

Europe, North America and Japan to stimulate economic growth are failing to yield meaningful results. Overproduction of many products (such as automobiles and electronics) is a sign that consumers in many countries simply cannot afford products that they purchased without difficulty just a decade or so ago. Consumer credit, as manifested in the profusion of 'multifinance' companies which have sprung up in recent years, has taken hold in Indonesia, allowing cash-strapped consumers to make major purchases, such as cars and apartments, that they do not have the cash to pay for in full. The danger of course is that consumers quickly get over-extended with credit purchases, particularly when they are paying 30%+ interest on the unsecured loans for motorbikes or televisions. Families here are thus following down the dangerous debt spiral seen in the west. That the Indonesian economy has for the past several years pinned its hopes and expectations on consumers

purchases (as opposed to industrial or agricultural growth) is a sign of the fundamental uncertainty that pervades society today. While a track of industrial expansion must be planned, financed and executed over a number of years, ensuring a smooth disbursement of cash to all concerned, consumer behavior can shift suddenly, as pocketbooks snap shut and people squirrel away their savings in preparation for unforeseen catastrophes. This is a death spiral for business – particularly retailing – as the worse sales get the fewer people are employed or have money to spend. Deflation sets in and the economy moves in an ominous direction.

Against such a trend, Bank Indonesia has been exercising steady guidance, adjusting interest rates incrementally to gently stimulate banks to loan money.

No one seems to be sure where the world network of finance and trade is moving, and looking to China to work as the ‘locomotive’ of economic growth appears a rather desperate move when all else fails. It is particularly worrisome because the Communist government of China holds onto financial information tightly, and while it is generally known there is a huge debt bubble looming (especially



in the unregulated ‘shadow economy’) even the experts are unsure of how China can or will react to external economic influences. Indonesia has been overly eager to take on debt from Chinese banks, in spite of the compromised position Djibouti, Sri Lanka, Pakistan and the Maldives have found themselves when they fail to repay big loans for showcase projects which, like the ‘high-speed train to Bandung’, may or may not be directly beneficial to national development.

The specter of a trade war and protectionist stance on the part of the United States, a major importer of Indonesian goods (and much less prominent exporter to this country) seems to have subsided somewhat as the Donald Trump administration faces the reality of vested interests (which would suffer mightily in the event of a tit-for-tat trade or tariff confrontation). Indonesia is paying more attention to trade with its ASEAN bloc neighbors and there are renewed efforts to expand the volume of trade with Latin America, a ‘good fit’ for many of Indonesia’s export products.

At home we face the rise of internet-based online trading as a potential threat, but one most likely affecting our sales volume not sooner than two or three years from now, as the level of online purchases (as determined by revenue streams) has thus far failed

to matched the spectacular promotional and financial buzz of this new area of enterprise.

As mentioned in previous annual reports a worrying source of competition for our Spar Supermarket segment comes from the wave of mini-markets that continues to expand, and flourish, across Indonesia. Two great successes, Indomaret and Alfamart, have in excess of 20,000 outlets operating as of this writing, and in the major urban centers like Jakarta, Jogjakarta, Medan and Surabaya, their ubiquity and proximity have diverted away much trade that would otherwise have come to ‘big-box’ stores like Ramayana. They offer a convenient location, which we cannot, and a reasonably complete inventory of daily necessities. Now they are expanding into the cyber-realm, enabling purchase and payment services online: telephone credits, bus & train tickets, water and electrical utility payments and others. This poses a real challenge to traditional big-box stores – not just to Ramayana.

ACCOMMODATING CONTEMPORARY LIFESTYLES: THE RETAILING EXPERIENCE

The above-mentioned profusion of mini-markets, offering millions of consumers a brightly-lit, hygienic, air conditioned shopping experience for the first time, stands as an example of the rapidly transforming retail landscape. That these mini-markets have devastated the traditional small mom-and-pop warung (corner stores) and even affected trade at traditional large wet markets has not gone unnoticed. Government has put rules in place to limit how close a mini-market can be established from a traditional market but the effect is minimal, as shoppers get used to the convenience of modern retailing, with refrigeration, air conditioning and the above-mentioned services (some mini-markets sited distant from ATMs even allow patrons to take cash on their debit cards, in addition to their purchases!)

A younger generation that has grown up with multiple television channel access, the internet and the associated freedom of expression is more difficult to please. Millennials are the source of confusion and concern for 'big-ticket' purchases like automobiles (Astra and Indomobil are alarmed about such a trend). In many cases they are simply not interested – even if they have a salaried position (increasingly rare in these tough times, when more and more employers are hiring on a 'project' basis: three- or six-month contract, base salary without benefits).

The delirious success of Go-Jek, Lazada, Bukalapak and similar online merchandising portals certainly points the way to the future. The 'tipping point' is reportedly the broad availability of mobile devices for a critical price point below Rp 1 million





(USD 73.00). From 2015, when 25% of the Indonesian population possessed ‘smartphones’ with internet access, this figure already jumped to nearly 30% (75 million citizens) by end-2017 and is projected to rise to over 40% (100 million) by 2022. Go-Jek claims they have ‘ten million weekly active users’ and that figure is rising exponentially as the ‘motorcycle taxi’ proves to be the only viable alternative in the mammoth traffic jams of big Indonesian cities.

Twenty years ago there was no Facebook, Twitter or Instagram; today, one of our ‘Ramayana stars’, Ayu Ting Ting, reportedly has over 27 million followers on Instagram. Our objective is thus to translate this phenomenon into sales, renewing interest in Ramayana and its merchandise among members of a younger generation. We have not abandoned our focus on family shopping; rather, we have amplified its scope to include younger consumers who might have otherwise ignored Ramayana as ‘old-fashioned’. Among the notable differences in the younger generation is a heightened interest in modern Islamic fashion; Ramayana has in response broadened its lines of Muslim women’s styles considerably.

By encouraging ‘lifestyle-oriented’ tenants such as Starbucks, Kentucky Fried Chicken and Ace Hardware to assume prime ground-floor space in our malls we attract casual shoppers; with more attractive displays, uniforms and staff training we turn shopping into a true ‘lifestyle experience’. We point to our ‘major philosophical reset’ as exemplified by Jatinegara City Mall and Cilegon Mall. We have clearly embarked on a calculated gamble, based on research and experience, and the attempt to reconfigure our retailing approach for a very different clientele: wiser, more worldly, somewhat more affluent and also more upmarket.

BIG-TIME TALENT & EVENTS: RETURN ON INVESTMENT

In former years shopping was a major experience for Indonesians, particularly before important holidays like Lebaran and Christmas. Our sales would triple or quadruple in some stores. This tendency gradually looks to be modulating somewhat, with a younger generation keener on social media than anything else.

It was thus decided from 2015 to pursue a major modernization program, acknowledging it would not be cheap and would entail lengthy closure of some outlets (six in Surabaya alone, while renovations took place). In new malls performance spaces were designed – another phenomenon not common in former years.

To connect to a young generation with more disposable cash Ramayana commenced negotiations with top-rated Indonesian musical talent. In several cases straight deals were concluded by which a musician or group would hold a series of performances – say, a dozen at outlets across the eastern islands of Indonesia – for a rate considerably lower than it would receive for its usual shows.

Ramayana would draw in more foot traffic, something we had been trying to do for some time with the supermarkets, and the performers would in turn gain exposure and potentially sell more of their music.

We were attempting to convey the notion that even a low-class, relatively cheap goods can still be fashionable.

One of the performers central to the ‘reconnection’ was 21-year-old Muhammad Ali Syarief, also known as Aliando or Aliando Syarief, an Indonesian actor, singer and songwriter. Already active for ten years, Aliando started off in show business as a child star. He has performed in a dozen ‘cinetron’ (local movies) and secured many awards as a top Indonesian performer.

The stroke of genius was to encourage stars such as Aliando to sell their own ‘branded’ items; now Ramayana sells blue jeans with his name on them.

Considering that he has around 10.5 million followers on Instagram, the branding exercise is a natural effort to turn his popularity into profit.

We lost Raffi Ahmad to a competitor, but his wife, Nagita Slavina, his wife, continues to perform with Ramayana. Her ‘Chapter 9’ fashion line is gaining momentum with consumers.

Formerly, for store openings, stars like Aliando and Ayu Ting Ting would show up to draw crowds, to mark the event. Today they perform and plug their own products. Aliando is building a fan base that we expect to translate to devoted followers – and hopefully shoppers as well.

Ayu Ting Ting declaiming to a huge crowd at Ramayana in Makassar: ‘Let us hear the voice of Makassar. Let’s not forget to go shopping, especially today: 20 percent discount’.

Ayu is busy with her fashion business, promoting her ‘A2T’ brand, marketed at Ramayana.

She begins with a theme of ‘Beauty Products Exclusively Made For You’, offering an original collection of shirts and blouses.

Aliando & Prilly, notorious for their ‘Crazy Dare Challenge’, have expanded their lines of merchandise to include accessories.

2017 DYNAMICS OF OWN BRANDS VS. CONSIGNMENT



The nature of social media, and the advertising which supports it, is that being electronic it is remarkably easy to change or update text and visuals. Thus a new style of fashion can be introduced a gain tremendous popularity through the internet in a matter of days, whereas traditional print media might take weeks or even months to generate interest in such changes.

New design, planning and manufacturing cannot be started up overnight; this takes time and budgeting. So the most nimble and sensitive of the sellers are the ones able to profit from leading-edge fashions, and this has traditionally meant our consignment partners, as they are smaller and more in tune with popular taste; they have to be or no one would purchase their merchandise.

Now Ramayana has exerted great efforts to speed up and dial in changes, so that we become more competitive and appealing to a 'social media generation'. Performers and their agents do not have to deal with traditional media outlets (or buy advertising on them) when they can bypass such sources to connect directly with potential customers, through YouTube, Instagram, Facebook, Twitter and similar media. Consignment does not have the budget or scale to enable such design and manufacturing efforts to take place, so consignees are perpetually playing 'catch-up'.

Consignment vs. Outright percentage for 2017 continued approximately as previously. There is a certain cross-breeding and collaboration, as each side borrows from the other: Outright brands pick up styling hints from Consignment, and vice versa. Note that while Outright sales secure us a larger margin they come along with full operational costs (payroll / capital costs / carrying / pilferage etc.) In terms of net margin Consignment is superior: 35-36% vs. 25-26%. Net is thus only 5-6%.

In terms of operational expenses, Ramayana is burdened with a 10% payroll vs. just 2% for Consignment. Nor are they responsible for carrying costs (as it is not our own merchandise they are selling). And they are able to choose their own fixturing.

Ramayana revives interest in its own lines, as part of the effort to reconnect. As tastes and trends quickly change, we find that Indonesians today are more inclined to purchase Islamic garb, as well as being considerably more brand-conscious. We must also offer women's fashion in a wider variety of sizes.

We now attempt to work with suppliers and ensure fair distribution and display, more than before. We pursue this on the quest for more sales and more revenue, up from Rp 750,000~850,000 per square meter to around Rp 1.0 million.

As referred to above, we have begun to carry modern Islamic fashion, which we never did previously. Walt Disney products were traditionally associated with 'up-market' retailers, as they were necessarily expensive. Now that





Speed the inbound - outbound process by Reduce receiving time and increase delivery speed

- Rebalance shipping mix portfolio of third parties-in-house vehicles in order visibility to shipments, while reducing owned vehicles
- Daily distribution planning driven by transport routing.
- Secure supply chain cost on WH and distribution by increasing the volume output, will reduce logistic cost in DC

- DC Tanah Abang (11.465 m2) Fashion
- DC Pulo Gadung (3.900 m2) Frozen
- DC Tambun (5.800 m2) Supermarket
- DC Bekasi (2.300 m2) Fashion
- DC Sidoarjo (1.452 m2) Supermarket

- Pengiriman Darat
- Pengiriman Laut via Tj. Priuk
- Pengiriman Laut via Tj. Perak

Ramayana has concluded a contract with Disney to sell branded products in our stores, we can use their brand to gather interest in other merchandise.

It all started in 2015, when Outright sagged by 5% and Consignment surged by +8.5%; this trend continues. We thus need to work together more closely with our valued tenants, to learn from their success. During 2017 Outright grew by 0.4% while Consignment was up 7.0%.

We have striven to overcome the image that Ramayana-branded products are out-of-date and dowdy – simply cheap. We previously manufactured merchandise that was fashionable but low-priced, but pressure from China means the differential in price has narrowed; consumers today are more brand-conscious, and are willing to pay a bit more for a name-brand item.

We have been working closely with our Consignment tenants, to see what we can profitably learn from and share

with them, to revive interest in our own lines, as a younger generation has unique tastes and trends.

In our investigations we have uncovered certain cases of favoritism where a brand was promoted and given special treatment in spite of not selling well, while another, popular, brand was virtually ignored. We now attempt to work with suppliers and ensure fair distribution and display, more than before. We pursue this on the quest for more sales and more revenue, up from Rp 750,000~850,000 per square meter to around Rp 1.0 million.

One aspect of this is to share transport facilities, which pays off for the consignment operator in terms of more accurate time control, lower transport costs and the advantage of their incorporation into our distribution data base. They pay less for transport; we profit from their transport fees, filling up containers which would otherwise not be full. Both our own brand and consignment benefit from

this new and more efficient arrangement, which has been in place over the past two years.

We now have around 70 stores that have Sports Station kiosks, whereas previously we only sold local-brand shoes. Today Sports Station sells name brands like Nike or Converse as a consignment counter.

In addition to re-connecting our stores with artists, giving them their own brand and working through our suppliers, we have begun to carry modern Islamic fashion, which we never did previously. Walt Disney products were traditionally 'up-market', as they were rather expensive. Today Ramayana sells Disney-branded products, as the brand goes 'mass-market'.

All of the above will revive interest in shopping at our outlets to appreciate fresh styles of merchandise.

REVIEW OF OPERATIONS: PAYING A VISIT TO RAMAYANA PRIME



Evidence of the major transformation in its retailing philosophy can be observed in the ‘pilot project’ of the new ‘lifestyle approach’, exemplified by ‘Ramayana Prime’, the major outlet located in ‘Cityplaza Jatinegara’.

Forging ahead to create its own distinctive trend, Ramayana took over a defunct six-story mall in East Jakarta, near the intersection of several urban arterial roads, and a major train station. The structure was gutted and completely renovated, according to the specifics of Ramayana’s new approach, with the Ground Floor dedicated to well-known tenants like Starbucks, Ace Hardware and Kentucky Fried Chicken. There is a playground for small children and the top of the building has been leased to Cinema XXI, who run a four-screen moving picture business, each room seating around a hundred audience members.

Five showings of first-line Indonesian and foreign films are scheduled every day, starting at around noon.

Ramayana itself is on the second and third floors, and has partitioned its display space flexibly so that both own brands and consignment can rearrange or expand easily.

Among the retailers are brands not traditionally associated with Ramayana, such as Sports Station, a higher-end marque that was frankly reluctant at first to come on board. Today there are a half-dozen Sports Station outlets in various Ramayana-operated malls, mostly on Java, and the brand is doing well.

The ‘total experience’ possible with a mall visit includes eating, window-shopping, strolling through various environments (such as Ace Hardware, always interesting in its display approach), and buying entertainment.

People in the area around Jatinegara do not have many alternatives, so they naturally stream through Cityplaza, perhaps enjoying an economical snack on the ‘Food Floor’ even if no shopping is planned. Shigeru offers various Japanese dishes, including sushi; Bakmitopia has reasonably-priced noodle dishes. Starbucks competes with Indonesian brand J.Co with coffee and pastries, and fun brands like D’Crepes, Monster Mango Thai, Dum Dum Thai Drinks and Mango Boss offer the younger set – Ramayana’s new target market – something exciting to try.

It is important to bear in mind that the effort at a ‘business transformation’ is a long-term strategy, and, given the scale of Ramayana operations at 116 stores, will take some time to implement in full.

PERFORMANCE INDICES & HUMAN RESOURCES

There has in recent years been an inexorable trend for wages to rise, and not just in major urban centers. Across the nation, in an attempt to stimulate movement of moneys, minimum wage standards are being applied (although in truth millions of Indonesians still work far below the minimum, in small operations kept out of sight of regulators).

When wages go up it is both good and deleterious for Ramayana. Higher wages means more disposable income for consumers to spend in our stores. But on the other hand it means our own operational costs shoot up, as retailing is largely labor-intensive.

We hire students as interns during the sharp 'bump' of Lebaran, when foot traffic and sales both soar 300-400%. If certain interns show particular promise they may later be offered sales positions.

We hope that there will be a 'ripple effect' on local hiring, as people we hire, and their families, buy at Ramayana.

Staff training and skills upgrading continues to be important at Ramayana.

Training Sessions

A three-day training course is provided for all new employees hired by the Company, as well as for the high school apprenticeship trainees (PKL) whom we hire, particularly during the Lebaran season, when foot traffic skyrockets, and Christmas / New Year's as well. This year our intake was a total of 17,800 high school students, from 228 schools across Indonesia. Some of the apprenticed students hired as PKL are from the Hotel Division of SMK (vocational schools).

For school holidays (mid-June to mid-July) and other minor festive seasons, an additional 5000 temporary employees are customarily hired; that figure doubles for the Lebaran / Idul Fitri season.

The new training system implemented in 2014 continued to evolve and gain sophistication, and was implemented in outlets across the archipelago. Project-based leadership training was stressed, and close performance evaluation on middle management enabled senior management to appraise the quality of its human resources. Specialized three-month

technical and business training sessions are offered in the field to selected groups of employees during the year, for efficient upgrading.

In order to maintain confidence and loyalty among its valued work force, efforts are made to retain employees even during periods of downturn or other interruptions. Superfluous workers are not fired; rather, the Company does not hire replacements, once they retire. Thus the total number of employees has a natural attrition, from 20,856 in 2010 to 10,171 in 2017, ideally with no effect on productivity. In some cases productivity was enhanced by reassigning duties, where possible, without damaging service standards or affecting staff morale.





ANNUAL MANAGEMENT DISCUSSION & ANALYSIS

It has been a year of less-than-ideal results for the Company, in part because of the decision to 'go-for-broke' with renovations, reconnecting and promotions. All this raises capex, as we are shooting for long-term expansion, growth and revitalization. Early signs are that this effort is paying off, Ramayana's public image has been burnished and refurbished, and a healthy symbiotic relationship with important tenants projects mutual benefits over the long term.

Revenues

The Company managed to achieve the following results in 2017: total revenues amounted to at Rp 5,623 billion, down from the Rp 5,857 billion of 2016. We are looking toward long-term results of the reconnecting initiatives within the Company, directly related to increased sales of both Consignment and Outright: Outright sales in 2017 marked Rp 4,786 billion, down 6.0% from 2016's Rp 5,093 billion. Consignment grew 6.9% for the year.

Gross Profit

Growth implies building sales while controlling costs; the Company booked a 0.4% increase in gross profit, at Rp 2,212 billion, compared to the 2016 figure of Rp 2,202 billion. Profits picked up more in consignment than direct

purchase, and there is a degree of cross-pollination between the two areas of enterprise: we support one another. Direct purchase does however always reap a higher gross margin.

Operating Expenses

This category covers Marketing Expenses, General & Administrative Expenses, and Depreciation & Amortization Expenses. Total 2017 operating expenses were up 0.6%, from Rp 1,845 billion in 2016 to Rp 1,856 billion. Steady rises in the minimum wage across the archipelago, along with rentals, are factors in this rise. The basic electricity tariff is continuously adjusted upward (especially for businesses), and management expenses rise in line with the revenue growth of the Company.

Operating Profit

The Company's operating profit for 2017 increased by 2.3% to Rp 376.8 billion from Rp 368.1 billion in 2016, as ultimate evidence of commitment to transformation, efficiency in operation and good service, in implementing a correct strategy, optimizing opportunities in investment.

Net Profit

In 2017, the Company recorded Rp 406.6 billion in net income, against Rp 408.5 billion in 2016, for a decrease of 0.5%, while operating expenses rose by Rp 8.6 billion.

Statement Of Financial Position

Assets

As of December 31, 2017, total assets stood at Rp 4,892 billion, against Rp 4,647 billion for the previous year. This includes new along with existing outlets.

Liabilities

The Company's total liabilities for 2017 increased by 6.7%, from Rp 1,310 billion in 2016.

Equity

We wish to report the achievement of a net profit of Rp 406.6 billion for 2017, and retained earnings of Rp 3,412 billion, against Rp 3,247 billion in 2016. The Company's equity rose by 4.7% from Rp 3,337 billion in 2016 to Rp 3,494 billion in 2017.

Dividends

At the Annual General Shareholders' Meeting on 16 May 2017, the Company disbursed a cash dividend of Rp 36 per share, equivalent to 60.0% of 2016 net income.

CONTINUOUS GOOD CORPORATE GOVERNANCE

Company Governance

Implementation of Governance in the Company is based on four basic principles, rules which have thus far guided Company management and employees in their way forward:

1. Transparency

Transparency has been our commitment to ensure the availability of critical information, made accessible to any authorized party in need of it. This information can be in the form of a financial statement, company management or company ownership, among others. All such information should be accurate, clear, and punctual.

Ramayana upholds the principle of openness, as manifested in the implementation of transparency, in providing relevant information to stakeholders. Implementation of this principle is signified by the consistent updating of its corporate website www.ramayana.co.id, which functions as a platform of information for communities, investors and shareholders.

The adherence of Ramayana to transparency is also demonstrated through its Quarterly and Annual Financial Reports, Annual Report, Disclosure of Information and Public Expose conducted yearly, to convey information on the ongoing development at Ramayana as well as its future projections.

2. Accountability

Accountability is defined by the presence of reliable mechanisms, roles and responsibilities in professional management, governing any decision

or policy which might have a significant impact on Company operations.

Ramayana puts priority on the rights, obligations, authority and responsibilities of the Board of Directors, Board of Commissioners and Stakeholders. Meetings to conclude strategic decisions take place on a regular between members of the Board of Directors, the Board of Commissioners and Management.

3. Responsibility

Responsibility refers to a clear elaboration of the role of each person in achieving a common goal. It also ensures compliance with all prevailing regulations and social norms. As a public company, and one which prioritizes the principles of Good Corporate Governance, compliance with laws, regulations of the Financial Services Authority (OJK) and the Indonesia Stock Exchange (IDX), government regulations and taxation laws must be complied with, for the long-term benefit of Shareholders.

Meanwhile, as part of its responsibility towards society and the environment, Ramayana and its subsidiaries periodically take part in various corporate social responsibility programs.

4. Feasibility

All decisions and policies made by the Company should be in harmony with the interests of different stakeholders, including customers, suppliers, shareholders, investors and the public. Inasmuch as Good Corporate Governance (GCG) is a key factor in a company's success, Ramayana has, over the years, implemented principles and practice of Good Corporate Governance in the management of its

business, effectively protecting the interests of its stakeholders.

Independence

The Management of Ramayana consists of professionals responsible for ensuring that operations have been executed by anticipating needs and expectations of the market, as well as by observing principles of Corporate Governance.

Decisions are made independently and objectively, in the best interest of Ramayana and its Stakeholders.

Fairness

In performing its duties, all employees and management are required to manifest professionalism and demonstrate integrity. Every action must be in accordance with the systems and procedures effective in Ramayana Group.

An operative GCG structure ensures implementation of Good Corporate Governance in all operational and strategic activities of the Company.





General Meeting of Shareholders (GMS)

The GMS is a pinnacle authority in the structure of Good Corporate Governance (GCG). In the GMS, strategic decisions include, among others, changes in the Articles of Association, appointment or dismissal of members of the Board of Commissioners (BOC) or Board of Directors (BOD), approval of the Annual Report, Audited Financial Statements, the supervisory report of the Board of Commissioners and the use of profits, material investment or divestment decisions and capital structure of the Company.

Ramayana conducted its Annual GMS and Extraordinary GMS in 2017. In the Annual GMS, the Annual Report, Audit Report, the absence of dividend payment and the total fees for the Board of Commissioners were approved.

Board Of Commissioners (BOC)

The BOC plays an important role in GCG implementation. The duties and responsibilities of the BOC include supervising the Company's management policy, ensuring appropriate implementation of the Company's Articles of Association, enacting the resolutions of the Shareholders General Meetings within prevailing laws and regulations, and

advising the Board of Directors in accordance with the objectives of the Company. In order to perform its duties effectively and to fulfill the requirements of GCG implementation, the BOC has established an Audit Committee, headed by an Independent Commissioner. The Audit Committee reserves the right to access all information available in the Company, provide independent analysis, monitor the examination process of financial reports by both internal and external auditors and provide access to the internal audit function and audit findings.

Meetings of the BOC and joint meetings with the BOD take place regularly. The total amount of remuneration received by the 5 members of the BOC for 2017 was Rp 5,532,000,000.

In 2017, the Board of Commissioners has held regular meetings every two months, which was attended by 90.0% of the Board.

Every four months in 2017, the Board of Commissioners conducted regular meetings with Board of Directors, which was attended by 80.0% of the Board.

Board Of Directors (BOD)

The BOD is authorized and is entirely responsible for managing the Company, in accordance with its purposes and objectives, as well as for

representing the Company in accordance with the Articles of Association. The duties and responsibilities of the BOD include managing the daily activities of the Company, implementing the policies, principles, values, strategies, objectives and performance targets that have been evaluated and approved by the BOC, maintaining the Company's long-term business continuity, achieving performance targets, while adhering to the principle of prudence.

In accordance with the decision of the Extraordinary GMS of May 16, 2017, related to the duties and authority of the BOD, the following were appointed or confirmed:

President Director
Agus Makmur
Director
Suryanto
Halomoan Hutabarat
Muhamad Yani
Gantang Nitipranatio

Remuneration received by the members of BOD for the year 2017 was Rp 5,126,000,000.

In 2017, the Board of Directors conducted regular monthly meetings, which was attended by 93.3% of the Board.

Audit Committee

The Audit Committee is tasked with providing an independent professional opinion on the report to the Board of Directors, identifying issues that require attention of the Board of Commissioners, conducting a review of financial information as issued by the Company, reviewing the work plan and implementation of inspection by internal auditors, reviewing independence and objectivity of external auditors through a review of the adequacy of audit, along with an examination to ensure that all important factors have been considered in the inspection program by external auditors, as well as performing a review.

To ensure its independence, the Audit Committee reports directly to the Board through the Independent Commissioner who serves as Chairman of the Audit Committee. In turn, the Board will propose to the Board of Directors various duties which need to be executed in the Audit Committee report.

In performing its duties and carrying out its responsibilities, the Audit Committee has the authority to obtain information and reviews needed directly from the Department of Internal Audit and Accounting, through communications, speech or by means of meetings with internal and external auditors on the audit, with a letter dispatched to the external auditor on critical items which should be of concern during the inspection by external auditors.

The Committee also stresses the importance of internal control as the responsibility of the Company, as studied and reported by external and internal auditors.

During 2017, the Audit Committee conducted 4 meetings with the Board, providing the Board its independent opinions and suggestions. Audit

Committee members have also attended meetings with internal auditors and the Board of Directors to discuss the findings and recommendations from internal auditors to the Board.

Composition of the Audit Committee As of December 31, 2017:

Chairman
Selamat (Independent Commissioner)
Member
Ruddy Hermawan Wongso Tonang Sendjaja

Executive Committee

The Executive Committee is composed of the Directors of the Company and its subsidiaries, as well as the general managers of departments and business units. The Executive Committee meets regularly to discuss various aspects in managing the Company and its subsidiaries, which entail marketing, project development, financial reporting and continuous management performance improvement.

Corporate Secretary

The Corporate Secretary facilitates the relationship between the Company and its Stakeholders. The Corporate Secretary is responsible for adherence to the laws and regulations of the capital market, without exception, thus ensuring that the Company has met and complied with all rules, regulations and laws of the capital market in a timely manner, maintaining all Company documents related to the capital market and its status as a public company, ensuring the availability of information to all Stakeholders, managing investor relations activities, maintaining relationships between the Company and capital market participants, and creating a positive image of the Company, in accordance with its vision, mission, culture and values.

The position of Corporate Secretary is currently held by Setyadi Surya.





Internal Audit Unit

The Internal Audit Unit performs its duties and carries out its responsibilities based on GCG principles, which consist of transparency, accountability, responsibility, independency and fairness.

The implementation of these principles is manifested in the duties and responsibilities of the Internal Audit Unit as stipulated in the Internal Audit Charter, as follows:

- To prepare and implement an Annual Internal Audit Plan.
- To examine and evaluate the implementation of internal control and risk management, in accordance with Company policy.
- To examine and assess the efficiency and effectiveness of finance, accounting, operation, human resources, marketing, information technology and other functions.
- To provide advice for improvement and objective information on all audited activities, at all management levels.

- To prepare a report on audit findings and submit it to the President Director and the BOC.
- To monitor, analyze and report the implementation of recommended actions.
- To collaborate with the Audit Committee.

The authority of the Internal Audit Unit includes but is not limited to the following:

- To access all relevant information regarding the Company.
- To communicate directly with the BOD, BOC, and/or Audit Committee.
- To hold meetings in regular and incidental meetings with the BOD, BOC, and/or Audit Committee.
- To coordinate its activities with the external auditor.

Compliance Audit

The Internal Audit Unit has implemented a SOP compliance audit on all units of the Company during January 2017 - December 2017, covering: the handling of cash,

promotions and Human Resources, and loans.

Non Facility Management, covering compliance audit in the implementation of Finance & Accounting SOP and Human Resources Department (HRD) SOP in all of Ramayana Group's business units, covers:

(1) Finance & Accounting SOP:

- Procedure for petty cash management.
- Procedure for advance payment.

(2) Human Resources Department SOP:

- Procedure for medical reimbursement.
- Procedure for operational vehicles.

The summary of the audit was to confirm that all of the business units had followed standard operating procedures.

Risk Management

Management realizes that the Company faces a number of risks, which need to be managed with prudence in order to ensure healthy and sustainable business growth. Some of the business risks faced by the Company are:

1. Economic Risk

Economic risk includes a number of factors, such as fluctuations in the Rupiah exchange rate, interest rates and inflation. These factors have a significant impact on the Company's performance, specifically affecting the Company's outstanding loan position and purchasing power of target consumers. In turn, this exerts an effect on consumers' ability to purchase the products and services offered by the Company.

In order to minimize economic risk, Ramayana intensively monitors the economic condition and seeks professional opinions from competent sources. The Company is also naturally hedged against currency fluctuations, through the US-Dollar denominated revenues from its businesses. Furthermore, the Company consistently matches the currency of the loans for project financing with that for project revenues.

2. Security Risks

Security is one of the key issues in any business. In the past, a number of security issues, particularly that of terrorism, have proved to be detrimental to Indonesia and to Ramayana's business activities.

As a preventive action, Ramayana has put in place a set of Standard Operating Procedures (SOP) to address safety and security issues as well as strict security standards on all premises.

3. Business and Property Risks

As a company which owns various highly-valuable assets, Ramayana is also vulnerable to natural disasters and other adverse events, such as fires, earthquakes, floods and other business interruptions. In order to minimize these risks, the Company has ensured that all of its properties are insured with coverage commensurate with the properties' market value. Ensuring accuracy, all insurance policies were underwritten by the most trusted and reliable insurance brokers. The Company also implements a set of SOP to handle emergency events.

4. Competition Risks

In recent years, the retail sector has witnessed increasingly aggressive business competition from small sellers, malls, kiosks and itinerant clothing merchants, targeting our market segments.

Today retailers across the archipelago are faced with the same new threat as in western countries, as internet-based on-line shopping gathers momentum. Ramayana has attempted to ride this wave through cooperation with Lazada, a major on-line retailing website.

Competition thus emerges in three forms – first from competitors within the industry, second from an over-supply of retail space and lastly from

a rapidly-growing 'on-line' internet shopping protocol. Suppliers attract customers by cutting prices and offering special promotions. On-line offers matchless convenience, particularly when combined with home delivery via 'Go-Jek' or another motorcycle carrier.

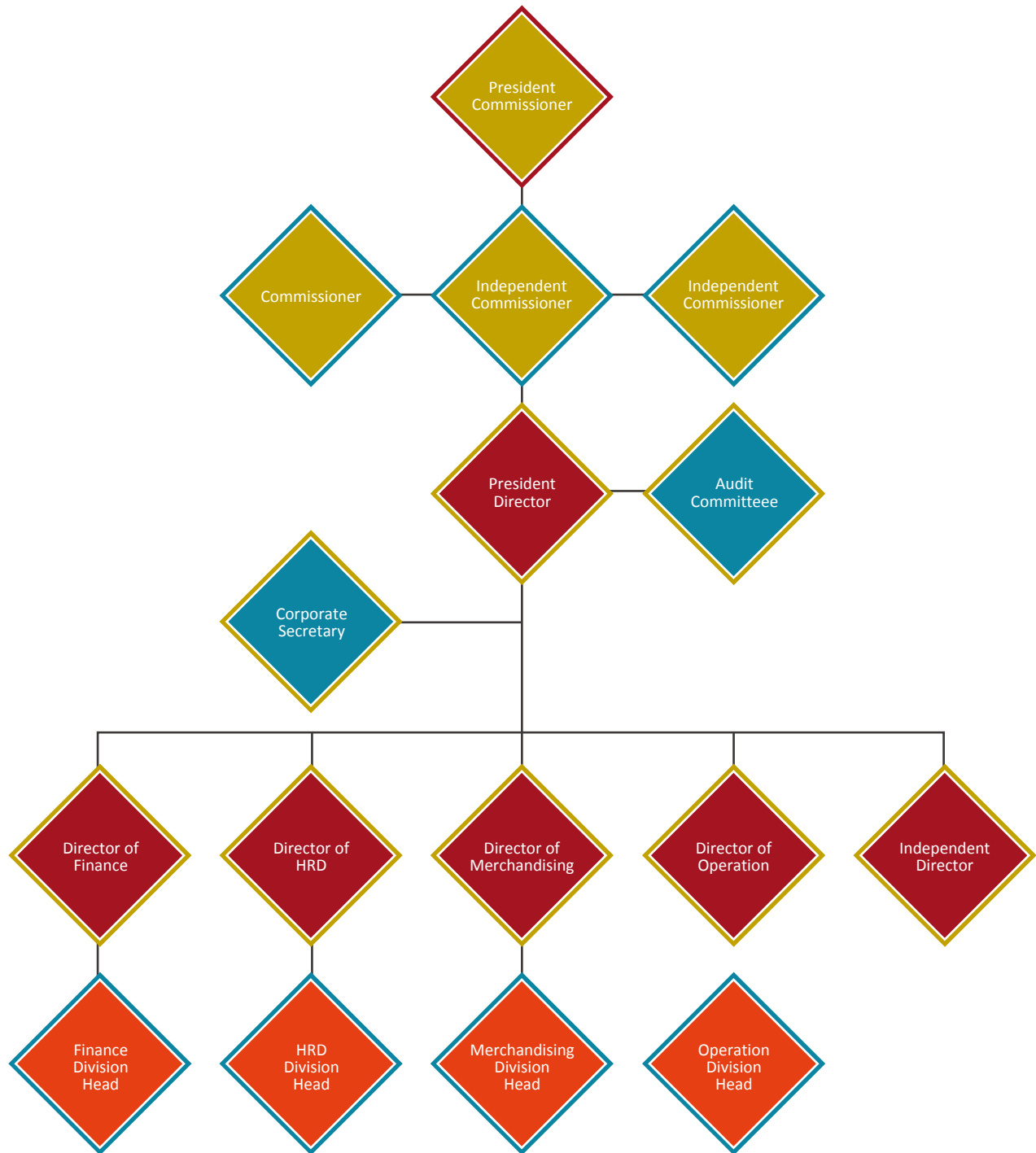
Competitive product innovation remains a key option in the Company's business development activities, by featuring originality, uniqueness, and products of highest quality, as well as excellent service and complete supporting facilities in accordance with customer needs. The exciting novelty of on-line shopping will prove acutely disappointing for many consumers when they discover a) they do not get what they thought they were buying, b) the quality varies dramatically, and complaints / refunds are slow and cumbersome, and c) the ostensible savings in time and expense evaporates, when slow delivery disappoints.

5. Legal Risks

To establish or open a supermarket or department store, the company must obtain a permit from the relevant agency, taking into account the government's role as a regulator of policy covering various social sectors, economic and cultural communities in the area. Therefore, the Company is always working with relevant local agencies and consistently meeting the legal requirements imposed by the Government.



Organizational Structure



Share Highlights

Shareholder Composition

Share Capital	As of December 2017
Authorized Capital	28,000,000,000
Issued and Fully Paid Capital	7,096,000,000

Composition of the Shareholders	2017	I P O
PT Ramayana Makmur Sentosa	58,98%	61,10%
DB Spore DCS A/C Ntasian DIscovery Master Fund	6,44%	0,00%
Agus Makmur (President Director)	4,50%	0,00%
Paulus Tumewu (President Commissioner)	3,87%	16,00%
Public (below 5% ownership each)	26,21%	22,90%

Ramayana Share Price on the IDX

	Quarter	Highest	Lowest	Closing	Volume
2016	1	815	555	710	12,456,200
	2	1,070	665	1,070	30,639,500
	3	1,315	1,010	1,100	6,021,000
	4	1,370	1,095	1,195	2,419,400
2017	1	1,465	1,075	1,115	12,434,500
	2	1,420	1,075	1,225	6,392,400
	3	1,230	835	900	9,023,400
	4	1,200	865	1,200	12,368,800

The History of Our Share Listings

Information	Listing Date on Stock Exchange	Number of Shares
Initial Public Offering	26 June 1996	80,000,000
Bonus Shares	15 September 1997	700,000,000
Stock Split	8 June 2000	1,400,000,000
Stock Split	18 June 2004	7,000,000,000
ESOP	4 July 2005	7,032,000,000
ESOP	2 October 2006	7,064,000,000
ESOP	28 July 2010	7,096,000,000

Our Array of Stores Across the Archipelago

No.	Store	Address	City
1	C001	Jl. Taman Mini Raya	East Jakarta
2	R02	Pulo Gadung Trade Center, Jl. Raya Bekasi km 21	Bekasi
3	R06	Jl. Pahlawan No.1000	Serpong
4	R08	Jl. H. Agus Salim No. 34-38	Central Jakarta
5	R10	Jl. Pasar Palmerah Lt. 2	West Jakarta
6	R11	Jl. Raya Ragunan No. 113, Pasar Minggu	South Jakarta
7	R12	Jl. Pasar Baru No. 69	Central Jakarta
8	R13	Jl. Raya Bogor, Pasar Kramat Jati, Lt. 1	East Jakarta
9	R14	Jl. Tanjung Duren Barat, Pasar Kopro Lt. 2-3	West Jakarta
10	R15	Jl. Dewi Sartika No. 1	Bogor
11	R20	Jl. Ciputat Raya, Plaza Ciputat Raya	Tangerang
12	R21	Jl. Ir. H. Juanda, Pratama Plaza	Bekasi
13	R22	Jl. Ragunan, ex Terminal Pasar Minggu	South Jakarta
14	R24	Jl. Raya Pondok Gede, samping Terminal	Bekasi
15	R25	Jl. Surya Kencana No. 3	Bogor
16	R26	Jl. Merdeka, dekat Terminal Cimone	Tangerang
17	R29	Jl. Kramat Jaya, Tugu Koja, Tanjung Priok	North Jakarta
18	R30	Jl. Antasari no.1, Plaza Mitra	Banjarmasin
19	R31	Jl. Daan Mogot Raya, Kodim	Tangerang
20	R32	Jl. Tebet Raya Dalam, Pasar Tebet	South Jakarta
21	R33	Jl. Yos Sudarso, Koja Plaza, Tanjung Priok	North Jakarta
22	R34	Jl. Margonda Raya, Plaza Depok	Bogor
23	R35	Jl. Raya Serang, Mal Cilegon	Cilegon
24	R36	Jl. Jend. A. Yani, Jambu Dua	Bogor
25	R37	Jl. Raya Cibitung	Bekasi
26	R38	Jl. I Gusti Ngurah Rai, Klender	East Jakarta
27	R39	Jl. Veteran	Purwakarta
28	R40	Jl. Lingkar Luar Barat, Cengkareng Timur	West Jakarta
29	R41	Jl. Pattimura, Sutomo, Pantuan	P. Siantar
30	R42	Jl. Raya Bogor, Graha Cijantung	East Jakarta
31	R43	Jl. Raya Jakarta-Bogor, Cibinong	Bogor
32	R44	Jl. Pondok Raya, Plaza Bintaro, Bintaro	Tangerang
33	R45	Jl. Sultan Toha	Jambi
34	R46	Jl. Dr. Muwardi II, Pasar Muka	Cianjur
35	R47	Jl. Lapangan Tembak, Cibubur	Bogor
36	R48	Jl. R. Intan, Pasar Bawah, Tanjung Karang	Lampung
37	R49	Jl. HOS Cokroaminoto, Ciledug	Tangerang
38	R50	Jl. Andi Pettarani; Panakukang Mas	Ujung Pandang
39	R51	Jl. Sukarno, Plaza Muara Rapak	Balikpapan
40	R52	Jl. Pasar Pangkal Pinang, Bangka	Pangkal Pinang
41	R54	Jl. Letkol Iskandar, Kompleks Ilir Barat Permai	Palembang
42	R55	Jl. Pulau Irian	Samarinda
43	R57	Jl. Tanjung Pura	Pontianak
44	R58	Jl. Sisingamangaraja	Medan
45	R60	Jl. Gajah Mada, Pasar Simpang 3	Tarakan
46	R61	Jl. Lalamentik, Floabamora Mal	Kupang
47	R62	Jl. Iskandar Muda, Plasa Medan Baru	Medan
48	R63	Jl. P. Antasari, Pasar Sentra Antasari	Banjarmasin
49	R66	Jl. Pemuda	Padang
50	R67	Jl. Tuparev	Karawang
51	R68	Jl. Alternatif, Cileungsi	Bogor
52	R70	Jl. Pengayoman	Makassar
53	R71	Jl. Juanda	Bogor
54	R73	Jl. Emmy Saelan	Palu
55	R74	Jl. R.E Martadinata, Cikarang	Bekasi
56	R75	Jl. Veteran, Kel Kota Baru	Serang
57	R77	Jl. A.Yani. No. 1, Kel Benteng Pasar Atas	Bukit Tinggi
58	R78	Jl. Jend. A Yani	Baturaja

No.	Store	Address	City
59	R79	Jl. Perintis Kemerdekaan	Makassar
60	R80	Jl. Jend. Sudirman	Dumai, Kep. Riau
61	R81	Jl. Mulawarman	Bontang, Kaltim
62	R82	Jl. Raya Sesetan	Bali
63	R83	Jl. Adi Sucipto	Banyuwangi
64	R85	Jl. Jenderal Sudirman	Duri
65	R86	Jl. Lintas Timur	Kerinci
66	R88	Jl. Jend. Sudirman	Paya Kumbuh
67	R89	Jl. Jend. Sudirman	Tebing Tinggi
68	R90	Jl. Jend. Sudirman	Kotabumi
69	R91	Jl Raya Abepura, Kec Jayapura Selatan	Abepura
70	R93	Jl. Latumenten No 33	West Jakarta
71	R94	Jl. M. Yamin	Samarinda
72	R96	Jl. HR. Subrantas	Panam
73	R97	Jl. Raya Padalarang, Kab. Bandung Barat	Padalarang
74	R98	Jl. Panglima Sudirman	Kediri
75	R99	Jl. Guntur, Kel Pakuwon	Garut
76	R100	Jl. Raya Plered	Cirebon
77	R101	Jl. Z.A. Pagar Alam	Lampung
78	R102	Jl. Pasar Kebayoran Lama	South Jakarta
79	R103	Jl. Jend Ahmad Yani, Kel Klademak	Sorong
80	R105	Jl. Raya Parung Bogor, Kab. Bogor	Bogor
81	R106	Jl. Siliwangi/ Kamp. Sekarwangi, Cibadak	Sukabumi
82	R107	Jl.H.R Lukman, Link. Kayu Manis	Bogor
83	R109	Jl. Raya Teratai Putih, Duren Sawit	Jakarta
84	R110	Jl. DR. Sutomo, Kel Noyontaan Pekalongan	Pekalongan
85	R111	Maluku Mall City, Jl Sultan Hassanudin	Ambon
86	R114	Jl.Bogor Baru Kel Kedaung Jaya	Bogor
87	R119	Mall Dinoyo City Square JL. MT Haryono	Malang
88	R120	Jl. Slamet Riyadi, Laweyan, Solo	Solo
89	R121	Jl. Raya Tajur RT 02/02, Sindangsari, Bogor Timur	Tajur
90	R122	Jl. Raya Pondok Aren, Pondok Betung, Tangerang	Tangerang
91	R123	Jl. Boulevard kav. 9, Medan Satria, Bekasi	Bekasi
92	R124	Jl. Raya Serang no. 19 RT001/RW01, Cikupa	Tangerang
93	R125	Jl. Matraman Raya No.173-175, Jakarta Timur	Jakarta
94	R126	Jl. Ir.H. Juanda No.115, Bekasi	Bekasi
95	R127	Jl. BSD Raya Utama, Tangerang (Q Big Mall)	Tangerang
96	RB03	Jl. Pemuda; Jl. Jend Sudirman	Salatiga
97	RB05	Jl. Tipar Gede No. 17	Sukabumi
98	RB07	Jl. Pasuketan, Mal Cirebon, Lt. 1	Cirebon
99	RB09	Jl. Malioboro No. 124	Jogyakarta
100	RB10	Jl. Kusuma Bangsa, THR Mal Surabaya	Surabaya
101	RB11	Jl. Simpang Lima, Mal Citraland, Lt. 1	Semarang
102	RB12	Jl. Rio No. 1, Cimahi Mekar	Bandung
103	RB13	Jl. Merdeka Timur, Plaza Mataraman	Malang
104	RB14	Jl. Taman Jayeng Romo, Jembatan Merah	Surabaya
105	RB16	Jl. Gubernur Suryo, Plaza Multi Sarana	Gresik
106	RB17	Jl. Jend. A. Yani 66-74	Jogyakarta
107	RB20	Jl. Diponegoro No. 103-AI	Denpasar
108	RB21	Jl. Komplek Jodoh, Marina	Batam
109	RB22	Jl. Bungur Asih	Surabaya
110	RB23	Jl. Raya Krian, Kompleks Pasar Krian	Sidoarjo
111	RB26	Jl. Wiratno	Tanjung Pinang
112	RB27	Jl. Diponegoro	Sidoarjo
113	RB28	Jl. Simpang Tujuh	Kudus
114	RB29	Jl. Jend. Sudirman	Denpasar
115	RB30	Jl. Kawasan Komersil Muka Kuning	Batam
116	RB31	Jl. Bubutan no 1-7	Surabaya

CORPORATE SOCIAL RESPONSIBILITY & A NEW GENERATION

The lengthy history of the Company in major and secondary cities across the Indonesian archipelago is characterized by respectful and friendly understanding with those living in the communities where we do business. Our neighbors provide us with sincere, hard-working employees; they take care of our interests in times of confrontation.

Ramayana responds in kind, in recognition of its responsibility to the community, by sharing its bounty. In past years we have undertaken sponsorship of scholarships, through a 'program praktek kerja lapangan' (PKL - 'apprenticeships program') where over 10,000 high school and vocational school students acquired practical skills, related closely to academic courses they had been pursuing. From January to December 2017 a total of 17,800 students, representing 228 public schools, were awarded internships in Ramayana outlets.

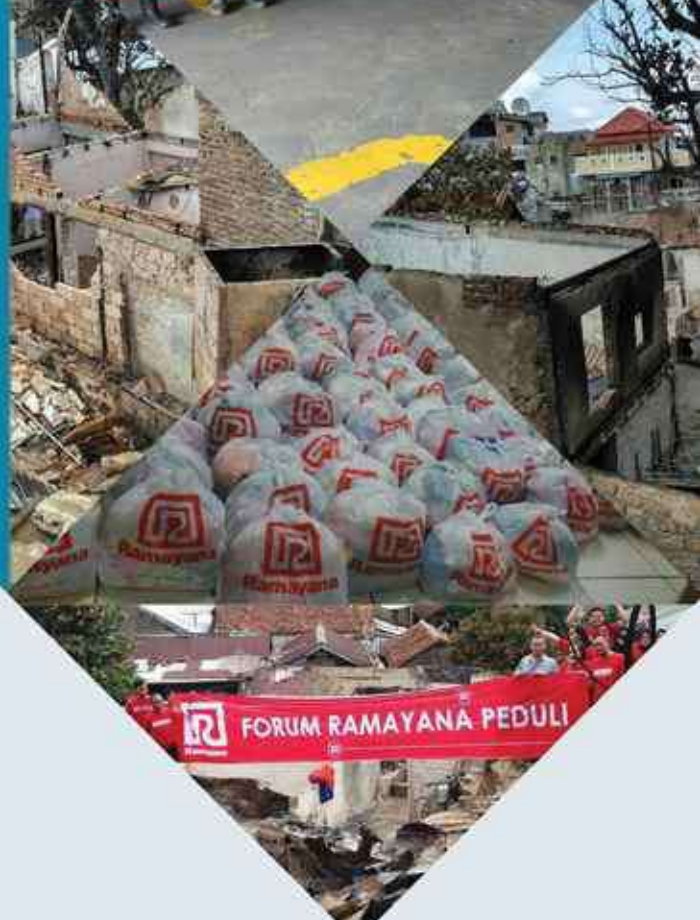
Regarding impoverished family needs, 1,100 primary school students entered the Gerakan Nasional Orang Tua (GNOTA) program, defined as 'The National Movement of Foster Parents', a non-profit, independent and transparent social organization established on 29 May 1996. It is an initiative movement of the community to support Indonesian children who would otherwise not be able to get a basic education. This assistance was implemented in April-May 2017 with a total of Rp 482 million distributed to 1,100 students.

The Company also responds to natural disasters, such as the destructive flooding which periodically causes damage in Java and Sumatra. In 2017 there was a major fire in the city of Bogor, West Java, leaving many citizens homeless. On 27 December Ramayana contributed Rp 50 million toward a fund to provide basic necessities for those displaced by the fire.

The eruption of Mt. Gunung Agung, a prominent volcano in Bali, forced many villagers to flee from their homes and take refuge in community centers. From 4-6 December 2017 Ramayana donated Rp 200 million to provide sustenance in the form of 2,000 'Sembako' packages of foodstuffs.

Ramayana faithfully surveys and plan emergency and social support, in its efforts to share prosperity with needy families. We continue to work and share with local people in areas around our outlets, to demonstrate how we are a socially-conscious, caring and valuable member of the Indonesian business community.





BIODATA: THE BOARD OF COMMISSIONERS



Paulus Tumewu, President Commissioner

Founder of the Company, Mr. Tumewu, an Indonesian citizen, was born in Ujung Pandang, Sulawesi in 1952. From an early age he took part in retail activities, helping out in his parents' shop in Ujung Pandang (today known as Makassar). It was in 1978 that he first established what would become Indonesia's second largest retail chain, under the name of 'Ramayana', with the opening of the first store on Jl. Sabang, Central Jakarta. In 1983 this store was incorporated into a Public Company, known as PT Ramayana Lestari Sentosa, Tbk. Calling upon his more than thirty years of experience, Mr. Tumewu has been the driving force behind Ramayana's growth and sustained success.

M. Iqbal, Commissioner

Muhammad Iqbal was born in Serang, West Java in 1962, and is an Indonesian national. He was awarded a Bachelor's Degree in Law from the University of Indonesia in 1987, and joined the Company in 1989, first working as a Store Supervisor. He was promoted to the post of Store Manager, where he served three years, and then became Store Operations Manager in 1994. From 1995 to 2001, Mr. Iqbal was a Commissioner of the Company, and has once again joined the Board of Commissioners.



Koh Boon Kim, Independent Commissioner

A Singaporean national born in 1947, Mr. Koh attended the University of Chicago Graduate School of Business. He has over thirty years of experience in the Asian retail industry and has served as Senior Advisor to the Company since 1988.



Selamat, Independent Commissioner

An Indonesian national. Born in Pematang Siantar in 1963. Awarded a Degree from Trisakti University. Has over 20 years' experience in Accounting and Finance in several public companies. Appointed as an Independent Commissioner based on General Meeting of Shareholders resolutions on 23 May 2014.



Kismanto, Commissioner

Mr. Kismanto is an Indonesian national, 57 years old. He was born in Majenang, Central Java and joined the Company as a Senior Counter Head in 1980; three years later he was promoted to Cashier Head and later worked as a Store Manager. He played a central role in the Company's robust growth. Mr. Kismanto was appointed Regional Manager in 1989 and became Merchandise Controller in 1993, in which position he was responsible for the entire Company network of stores. In 1995 he was asked to join the Board as Director of Marketing and Merchandising. In 2016, he joined the Board of Commissioners.



BIODATA: THE BOARD OF DIRECTORS

Agus Makmur, President Director

An Indonesian national, he is 59 years old, and was born in Makassar (Ujung Pandang), Sulawesi, where he graduated from the Catholic University of Ujung Pandang. He later joined Mr. Paulus Tumewu in a joint effort managing his growing retail business. Mr. Agus Makmur has 36 years of experience in the retail industry and currently supervises the daily operations of the Company.



Suryanto, Director

An Indonesian national born in Pangkal Pinang, This 54-year-old executive holds a Degree in Accounting from Trisakti University, where he graduated in 1987. He is also an Honors Graduate of the Professional Accounting Education Program at the University of Indonesia. He began his career at the respected firm of Prasetio, Utomo & Partner. He also held a senior management position with another retail firm for some ten years, worked two years as a Group Controller and four years as Director of an electronics manufacturing company before joining Ramayana.



Gantang Nitipranatio, Director

Mr. Gantang Nitipranatio, an Indonesian citizen, was born in Magelang in 1956. He graduated from Atma Jaya University, Yogyakarta in 1981, being awarded a BA Degree in Economics. Mr. Gantang is married and has three children, and has worked at Matahari Dept. Store (1984-2004), as well as starting up and developing a specialty store (2004-2006) before entering Ramayana as Head of Merchandising in 2007.



Halomoan Hutabarat, Director

An Indonesian national, born in North Sumatra on 22 April 1966; awarded a Bachelor's Degree in Law from Universitas Kristen Indonesia. Mr. Halomoan joined PT. Ramayana Lestari Sentosa as Senior Operations Manager in 1992; in 2011 he began to manage a retail business independently before rejoining the company as an Independent Director on 23 May 2014.



Muhammad Yani, Director

Mr. Muhammad Yani, an Indonesian citizen, was born in Bima on 1968. He graduated with a Bachelor of Law at Hasanuddin University in 1990, and first joined Ramayana in 1995 as Human Resources Supervisor. In 2007, Mr. Yani was appointed as Head of Human Resources Division, and finally officially served as Director in 2016.



CORPORATE DATA

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Share Registrar:

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Fax : + 62 21 3923003
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AUDIT COMMITTEE'S REPORT

In order to establish the principles of Good Corporate Governance, the Company has established an Audit Committee, whose mandate it is to assist the Board in carrying out its duties and responsibilities with respect to business risk management and to the Company's internal control system.

In accordance with the regulations of the Financial Service Authority (OJK - previously known as Capital Market Supervisory Agency and Financial Institution - BAPEPAM & LK) and the Indonesia Stock Exchange, the Audit Committee has conducted several meetings, among others being those on March 13, 2017 to review the Company's financial statements ended December 31, 2016, May 12, 2017, August 4, 2017, and November 2, 2017 to review the Company's interim report. These meetings discussed the findings of and recommendations by the External Auditor, the Board of Directors, the Internal Auditor and the Corporate Secretary. Disclosure obligations on the review by the Audit Committee of the Company's Annual Report - the following are our submissions:

- a. Selection of Certified Public Accountants for 2017, recommended by the Board of Directors, taking into account aspects of independence and competence, and approved by the Board of Commissioners, having received authority from the shareholders in a General Meeting of Shareholders held on May 16, 2017.
- b. The Company is run by an effective internal control system, which is being continually upgraded, in accordance with policies outlined by the Board of Directors and supervised by the Board of Commissioners.
- c. Financial statements have been prepared and well presented to meet general accounting principles as practiced in the Republic of Indonesia.
- d. The Company always adheres to the regulations of capital markets and to other laws relating to the activities of the Company.
- e. There has been no known potential for abuse or diversion which would require attention or the consideration of the Board of Commissioners.

Similarly, this Audit Committee report was presented. We thank the Board of Commissioners for their attention.

Jakarta, March 28, 2018
Audit Committee PT Ramayana Lestari Sentosa Tbk

SELAMAT
Chairman

RUDDY HERMAWAN WONGSO
Member

TONANG SENDAJA
Member

ANNUAL REPORT APPROVAL

STATEMENT OF RESPONSIBILITY FROM BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS STATEMENT OF RESPONSIBILITY FOR
THE 2017 ANNUAL REPORT OF PT RAMAYANA LESTARI SENTOSA TBK.

We, the undersigned hereby declare that all the information contained the 2017 Annual Report of
PT Ramayana Lestari Sentosa Tbk. has been presented completely in all material aspects and
we fully responsible for the trustworthiness of the contents of this Annual Report.

We acknowledged accordingly.

BOARD OF COMMISSIONERS

PAULUS TUMEWU
President Commissioner

M. IQBAL
Commissioner

KOH BOON KIM
Independent Commissioner

SELAMAT
Independent Commissioner

KISMANTO
Commissioner

BOARD OF DIRECTORS

AGUS MAKMUR
President Director

SURYANTO
Director

GANTANG NITIPRANATIO
Director

HALOMOAN HUTABARAT
Director

MUHAMMAD YANI
Director

FINANCIAL STATEMENTS

Independent Auditor's report
for the year Ended

December 31, 2017 and 2016