PT. PAKUWON JATI Tbk.
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2011 (UNAUDITED) AND DECEMBER 31, 2010 (AUDITED) AND

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

(UNAUDITED)

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PT. PAKUWON JATI Tbk. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2011 (UNAUDITED) AND DECEMBER 31, 2010 (AUDITED)

	Notes	September 30, 2011	December 31, 2010	January 1, 2010
		Rp'000	Rp'000	Rp'000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	3g,3j,5	496,356,544	312,956,339	200,607,293
Restricted time deposits	3g,6	43,482,377	29,914,478	36,785,808
Fund for replacement of hotel's furniture, fixtures and equipment	3l,5	5,692,565	3,847,041	2,670,901
Trade accounts receivable from third parties - net of allowance for doubtful accounts of Rp 19,987 thousand in 2011 and Rp 41.982 thousand in 2010	3g,7	107,502,189	117,158,203	42,326,754
Other accounts receivable from third parties		3,736,402	6,655,853	2,637,976
Inventories	3m	3,457,023	2,927,075	2,486,435
Prepaid taxes	3y,15	42,341,106	42,539,356	39,772,141
Advances and prepaid expenses	3n	11,798,319	8,378,148	2,649,329
Total Current Assets		714,366,525	524,376,493	329,936,637
NONCURRENT ASSETS				
Investment in associated company	3k	1,767,990	-	-
Advance for purchase of land and property and equipment	9	27,493,443	12,189,522	-
Other accounts receivable from related parties	3f,3g	48,893	21,277	88,523
Real estate assets	3o,10			
Real estate inventories		347,143,983	431,308,358	734,363,880
Land not yet developed		257,466,782	232,458,235	220,020,964
Investment properties - net of accumulated depreciation of Rp 324.213.693 thousand in 2011 and Rp 260.040.177 thousand in 2010	3p,3r,11	2,057,949,839	1,996,240,123	626,927,138
Property and equipment - net of accumulated depreciation of Rp 292.307.799 thousand in 2011 and Rp 273.295.727 thousand in 2010	3q,3r,12	657,704,635	736,173,082	1,559,359,538
Property and equipment under build, operate and transfer (BOT) scheme - net of accumulated amortization of Rp 56.825.013 thousand in 2011 and Rp 55.649.493 thousand in 2010	3s,13	1,837,645	3,013,165	4,972,249
Deferred charges - landrights	3u	1,477,685	1,545,369	1,200,775
Total Noncurrent Assets		3,352,890,896	3,412,949,131	3,146,933,067
TOTAL ASSETS		4,067,257,421	3,937,325,624	3,476,869,704

See accompanying notes to consolidated financial statements
which are an integral part of the consolidated financial statements.

	Notes	September 30, 2011 Rp'000	December 31, 2010 Rp'000	January 1, 2010 Rp'000
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade accounts payable				
Related party		-	-	649,123
Third parties	3h,14	17,292,215	13,615,459	77,307,074
Other accounts payable - third parties	3h	36,390,214	13,975,264	11,017,022
Taxes payable	3y,15	25,713,362	29,603,454	12,207,182
Current portion of accrued expenses		42,266,243	32,550,215	29,698,400
Reserve for replacement of hotel's furniture, fixtures and equipment	3h,16	5,692,565	3,847,041	2,670,901
Current portion of unearned income	3v,17	139,011,073	128,748,245	125,034,622
Current maturities of long-term liabilities	3h			
Bank loans	19	127,776,625	88,010,100	18,523,050
Other accounts payable				2,791,975
Bonds payable	20	118,827,457	191,108,683	68,568,300
Total Current Liabilities		512,969,754	501,458,461	348,467,649
NONCURRENT LIABILITIES				
Long-term accrued expenses - net of current portion	3h,16	-	77,137,096	87,981,270
Long-term unearned income - net of current portion	3v,17	173,633,375	159,863,501	45,121,292
Advances from customers	3x,18	320,183,136	317,512,778	275,848,424
Deferred tax liabilities - net	3y	19,064,099	18,271,896	16,422,297
Long-term liabilities - net of current maturities				
Bank loans	19	396,845,750	447,041,850	440,587,950
Other accounts payable		3,160,569	3,160,569	5,479,434
Bonds payable	20	328,148,584	313,626,313	484,562,065
Tenants' deposits		70,280,213	63,768,734	56,781,930
Post-employment benefits obligation	3w,31	33,236,188	30,844,014	27,859,904
Mandatory convertible notes payable	21	438,182,314	436,051,646	441,848,340
Total Noncurrent Liabilities		1,782,734,229	1,867,278,397	1,882,492,906
EQUITY				
Capital stock - Rp 100 par value per per share				
Authorized - 30,000,000,000 shares				
Subscribed and paid-up - 10,033,250,500 shares	23	1,003,325,050	1,003,325,050	1,003,325,050
Retained earnings		633,634,295	425,732,487	147,222,056
Equity attributable to Pakuwon Jati shareholders		1,636,959,345	1,429,057,537	1,150,547,106
Non-controlling interest	22	134,594,093	139,531,229	95,362,043
Total Equity		1,771,553,438	1,568,588,766	1,245,909,149
TOTAL LIABILITIES AND EQUITY		4,067,257,421	3,937,325,624	3,476,869,704

See accompanying notes to consolidated financial statements
which are an integral part of the consolidated financial statements.

PT. PAKUWON JATI Tbk. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010 (UNAUDITED)

	Notes	2011 (Nine months) Rp'000	2010 (Nine months) Rp'000
REVENUES	3x,24	942,591,153	795,065,391
COST OF REVENUES	3x,25	485,332,614	472,024,686
GROSS PROFIT		457,258,539	323,040,705
Finance cost	3x,26	(132,806,723)	(61,336,479)
General and administrative	3x,27	(41,183,957)	(29,442,414)
Marketing	3x,28	(26,605,068)	(27,462,536)
Interest income		19,637,592	21,213,677
Gain on foreign exchange - net		16,994,315	24,386,863
Others - net		560,562	1,348,684
INCOME BEFORE TAX		293,855,260	251,748,500
TAX EXPENSE	3y,29	(58,890,589)	(46,219,433)
INCOME FOR THE PERIOD		234,964,672	205,529,066
INCOME ATTRIBUTABLE TO :			
Pakuwon Jati shareholders		207,901,808	182,222,699
Non-controlling interest		27,062,864	23,306,368
		234,964,672	205,529,066
EARNINGS (LOSS) PER SHARE	3z,30		
(In full Rupiah)			
Basic		20.72	18.16
Diluted		14.37	12.46

See accompanying notes to consolidated financial statements
which are an integral part of the consolidated financial statements.

PT. PAKUWON JATI Tbk. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010 (UNAUDITED)

	Paid-up capital stock Rp'000	Retained earning Rp'000	Total Rp'000	Non-controlling interest Rp'000	Total Equity Rp'000
Balance as of January 1, 2010	1,003,325,050	147,222,056	1,150,547,106	95,362,043	1,245,909,149
Effect of the application of PPSAK No. 3, withdrawal of PSAK No. 54, Accounting for Troubled Debt Restructuring	-	4,949,903	4,949,903		4,949,903
Net income for the period	-	273,560,528	273,560,528	44,169,186	317,729,714
Balance as of December 31, 2010	1,003,325,050	425,732,487	1,429,057,537	139,531,229	1,568,588,766
Balance as of January 1, 2010	1,003,325,050	147,222,056	1,150,547,106	95,362,043	1,245,909,149
Effect of the application of PPSAK No. 3, withdrawal of PSAK No. 54, Accounting for Troubled Debt Restructuring	-	4,949,903	4,949,903	-	4,949,903
Net income for the period	-	182,222,699	182,222,699	23,306,368	205,529,066
Balance as of September 30, 2010	1,003,325,050	334,394,657	1,337,719,707	118,668,411	1,456,388,118
Balance as of January 1, 2011	1,003,325,050	425,732,487	1,429,057,537	139,531,229	1,568,588,766
Dividend				(32,000,000)	(32,000,000)
Net income for the period	-	207,901,808	207,901,808	27,062,864	234,964,672
Balance as of September 30, 2011	1,003,325,050	633,634,295	1,636,959,345	134,594,093	1,771,553,438

See accompanying notes to consolidated financial statements
which are an integral part of the consolidated financial statements.

PT. PAKUWON JATI Tbk. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010 (UNAUDITED)

	2011 (Nine months) Rp'000	2010 (Nine months) Rp'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	1,008,203,956	999,075,099
Cash paid to contractors of the subsidiary's project for the construction of real estate assets	(89,812,728)	(248,366,727)
Cash paid to suppliers, employees and others	(394,700,892)	(358,323,440)
Cash generated from operations	523,690,336	392,384,932
Interest received	15,563,729	6,347,129
Interest and bank charges paid	(147,607,564)	(65,205,243)
Income tax paid	(44,479,573)	(57,012,740)
Net Cash Provided by Operating Activities	347,166,928	276,514,078
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawal (placement) in time deposits	(13,567,899)	8,019,599
Increase in fund for replacement of hotel's furniture, fixture and equipment	1,845,524	(254,221)
Investment in shares of stock	(375,000)	-
Sales property and equipment	112,500	-
Acquisitions of investment properties and property and equipment	(78,977,718)	(300,118,144)
Net Cash Used in Investing Activities	(90,962,593)	(292,352,766)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of bonds payable	(71,368,265)	(34,571,832)
Payments of bank loan	(43,014,575)	(9,261,525)
Payment of dividend	(13,300,000)	-
Proceeds of bank loan	36,850,000	94,464,000
Net Cash Used in Financing Activities	(90,832,840)	50,630,643
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	165,371,495	34,791,955
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	316,803,380	203,278,194
Effect of foreign exchange rate changes	19,874,234	2,183,747
CASH AND CASH EQUIVALENTS AT END OF PERIOD	502,049,109	240,253,896

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

1. GENERAL

a. Establishment and General Information

PT. Pakuwon Jati Tbk. (the "Company") was established based on Notarial Deed No. 281 dated September 20, 1982 of Kartini Muljadi, SH notary in Jakarta. The Deed of Establishment was approved by the Minister of Justice in his Decision Letter No. C2-308.HT.01.TH.83, dated January 17, 1983, and was published in the State Gazette No. 28, dated April 8, 1983 Supplement No. 420. The Company's Articles of Association have been amended several times, most recently by Notarial Deed No. 39 dated June 24, 2011, of Esther Mercia Sulaiman, SH., notary in Jakarta, regarding the changes of the Company's Articles of Association. The amendment was received and approved by Minister of Law and Human Rights of Republic of Indonesia through Letter No AHU-0060500.AH.01.09 dated July 25, 2011.

The Company is domiciled in Surabaya with its office located at Menara Mandiri 15th Floor, Jl. Basuki Rahmat No. 8 – 12, Surabaya, Indonesia.

According to Article 3 of the Company's Articles of Association, the scope of its activities is to engage in the operations of (1) shopping center named as Tunjungan Plaza, (2) business center named as Menara Mandiri, (3) five-star hotel named as Sheraton Surabaya Hotel and Towers (the Hotel), and (4) real estate business Pakuwon City (formerly Laguna Indah Housing) and industrial estate (which is not yet operating and will change to residential estate), which are all situated in Surabaya. The Company started commercial operations in May 1986. The Company had average total number of employees of 1,175 as of August 31, 2011, 1,242 as of December 31, 2010

The Company's management at September 30, 2011 and December 31, 2010 consisted of the following:

President Commissioner	Alexander Tedja
Independent Commissioner	Dr. Dyah Pradnyaparamita Duarsa
	Drs. Agus Soesanto
President Director	Ir. Richard Adisastra
Directors	Alexander Stefanus Ridwan Suhendra
	Omar Ishananto, S.H.
	Drs. Minarto
	Wong Boon Siew Ivy
	Irene Tedja

Based on Audit Committee's Appointment Letter, the Company's Audit Committee at September 30, 2011 and December 31, 2010 consisted of the following:

Chairman	Drs. Agus Soesanto
Members	Drs. Antonius Susanto
	Lisawati S.E., Ak.

Total remuneration of the Company's Boards of Commissioners and Directors amounted to Rp 3,018,191 thousand in 2011 and Rp 4,483,180 thousand in 2010.

b. Consolidated Subsidiaries

The Company has a direct ownership interest of more than 50% in the following subsidiaries:

Subsidiaries	Domicile	Nature of Business and Status of Operations	Percentage of Ownership	Total Assets as of September 30, 2011 (before elimination)
				Rp'000
PT Artisan Wahyu (AW)	Jakarta	Property development Gandaria City	83.33%	1,767,857,092
PT Pakuwon Sentra Wisata (PSW)	Surabaya	Dormant	99.99%	3,698,370
PT Regency Laguna Jasamedika (RLJM)	Surabaya	Dormant	99.99%	15,384,716
Pakuwon Jati Finance, B.V. (PJBV)	The Netherlands	Financial services	100.00%	516,101,372

c. Public Offering of Shares and Bonds of the Company and Its Subsidiary

Shares

On August 22, 1989, the Company obtained the Notice of Effectivity from the Chairman of Bapepam (currently Bapepam-LK) in his Letter No. SI-044/SHM/MK.10/1989 for its public offering of 3,000,000 shares. These shares were listed on the Jakarta Stock Exchange on October 9, 1989.

On July 24, 1991, the Company obtained the Notice of Effectivity from the Chairman of Bapepam (currently Bapepam-LK) in his Letter No. S-1115/PM/1991 for its limited public offering of 50,000,000 shares through Rights Issue I to stockholders. The shares were listed on the Jakarta Stock Exchange and Surabaya Stock Exchange (currently Indonesia Stock Exchange) on October 1, 1991.

On June 29, 1994, the Company obtained the Notice of Effectivity from the Chairman of Bapepam in his Letter No. S-1163/PM/1994 for its limited public offering of 105,000,000 shares through Rights Issue II to stockholders. The shares were listed on the Surabaya Stock Exchange and Jakarta Stock Exchange (currently Indonesia Stock Exchange) on June 29, 1994 and July 15, 1994, respectively.

At the Extraordinary General Meeting of Stockholders dated October 17, 2005, the stockholders decided to increase the subscribed and paid-up capital stock by 247,000,000 shares without preemptive right to existing stockholders in accordance with Bapepam Regulation No. IX.D.4.

In 2007, the Company completed a stock split.

In 2008, the Company issued bonus shares arising from additional paid in capital and a part of the revaluation increment in property and equipment.

At September 30, 2011, all of the Company's shares totaling 10,033,250,500 shares have been listed on the Indonesia Stock Exchange.

Bonds

On June 11, 1996, the Company obtained the Notice of Effectivity from the Chairman of Bapepam in his Letter No. S-946/PM/1996 for its public offering of Bonds I in 1996 with a nominal value of Rp 150,000,000 thousand and a fixed coupon rate of 19.125% per annum. The bonds were listed in the Surabaya Stock Exchange (currently Indonesia Stock Exchange) on July 2, 1996.

In 2006, PJBV (a subsidiary) issued bonds amounting to US$ 110,000,000 which are listed at the Singapore Stock Exchange, with Bank of New York London Branch as Trustee.

In 2009, PJBV carried out an exchange offer for its existing bonds by issuing US Dollar - denominated Step-Up Cash Coupon and Paid in Kind (PIK) Interest Senior Notes due 2015 of up to US$ 46,200,000 agregate principal amount, and a cash payment (the "2015 Notes") (Note 16).

2. ADOPTION OF NEW AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (PSAK) AND INTERPRETATION OF FINANCIAL ACCOUNTING STANDARDS (ISAK)

a. Standards effective in the current period

In the current period, the Company and its subsidiaries have adopted all the standards, new interpretations and revision which are issued by the Financial Accounting Standards Board (DSAK) of the Indonesian Institute of Accountant that are relevant to their operations and effective for accounting period beginning on January 1, 2011. The adoption of these standards, interpretations and revision has resulted the changes to the accounting policies in the following areas that have affected the consolidated financial statement presentation and disclosures for the current and prior periods.

PSAK 1 (revised 2009), Presentation of Financial Statements

The revised standard has introduced changes in the format and content of the consolidated financial statements, including revised title of the consolidated financial statements.

As a result of adopting this revised standard, the Company and its subsidiaries present all owner changes in equity in the statement of changes in equity. All non-owner changes in equity (i.e. comprehensive income) are presented in one statement of comprehensive income. Further, additional disclosures were made with respect to capital management, critical accounting judgment and key sources of estimation uncertainty.

PSAK 1 applied efective retrospectively January 1, 2011, as required by transition period standard. Hence reclassification comparative information in 2010 were applied regarding the standard implementation..

PSAK 3 (revised 2010), Interim Financial Reporting

The revised standard prescribes, among other things, the minimum content and the period for which the interim financial statements are required to be presented, as well as the recognition and measurement principles in a complete or condensed interim consolidated financial statements.

In preparing these interim consolidated financial statements, the Company and its subsidiaries follow the same accounting policies that have been applied in the preparation of the annual financial statements for the year ended December 31, 2010, and presented the prescribed periods for which interim consolidated financial statements are required to be presented.

PSAK 5 (revised 2009), Operating Segments

PSAK 5 (revised 2009) defines an operating segment as a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions.

PSAK 7 (revised 2010), Related Party Disclosures

This standard has expanded the definition of related party and its disclosure requirement, transaction and balance including any commitments between them. The standard also requires disclosure of the relationship between a parent and its subsidiaries irrespective of whether there have been transactions between them. Further, the members of key management are related parties, therefore the disclosure of the compensation for each category are required. The Company and its subsidiaries have evaluated the relationship between related parties and disclosed it according to this revised standard.

b. Standards and Interpretations in issued, but not yet adopted

i. Effective for periods beginning on or after January 1, 2012:

- PSAK 10 (revised 2010), The Effects of Changes in Foreign Exchange Rates
- PSAK 18 (revised 2010), Accounting and Reporting by Retirement Benefit Plans
- PSAK 24 (revised 2010), Employee Benefits
- PSAK 28 (revised 2010), Accounting for Casualty Insurance
- PSAK 33 (revised 2010), Stripping Cost Activity and Environmental Management in the Public Mining
- PSAK 34 (revised 2010), Construction Contracts
- PSAK 36 (revised 2010), Accounting for Life Insurance
- PSAK 45 (revised 2010), Financial Reporting for Non-profit Organizations
- PSAK 46 (revised 2010), Income Taxes
- PSAK 50 (revised 2010), Financial Instruments: Presentation

- PSAK 53 (revised 2010), Share-based Payments
- PSAK 56 (revised 2010), Earnings per Share
- PSAK 60, Financial Instruments: Disclosures
- PSAK 61, Accounting for Government Grants and Disclosure of Government Assistance
- PSAK 62, Insurance Contracts
- PSAK 63, Financial Reporting in Hyperinflationary Economies
- PSAK 64, Mining Exploration Activity and Mineral Resources Mining Evaluation
- ISAK 13, Hedges of Net Investments in Foreign Operations
- ISAK 15, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- ISAK 16, Service Concession Arrangements
- ISAK 18, Government Assistance – No Specific Relation to Operating Activities
- ISAK 19, Applying the Restatement Approach Under PSAK 63
- ISAK 20, Income Taxes – Change in Tax Status of an Entity or its Shareholders
- ISAK 22, Service Concession Arrangements: Disclosures
- ISAK 23, Operating Lease – Incentives
- ISAK 24, Evaluating the Substance of Transaction Involving the Legal form of a Lease

ii. Effective for period beginning on or after January 1, 2013 is ISAK 21, Agreement for the Construction of Real Estate

As of the issuance date of this interim consolidated financial statements, management is evaluating the effect of these standards and interpretations on the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

Management responsible for the preparation and presentation on the interim consolidated financial statements and have been prepared in accordance with the Indonesian Financial Accounting Standards (PSAK) No. 3 (revised 2010), Interim Financial Reporting and Bapepam's Rule No. VIII.G.7 regarding Guidance for Presentation of Financial Statements which is an appendix from the Chairman of Bapepam-LK No. KEP-06/PM/2000 dated March 13, 2000 and KEP-554/BL/2010 dated December 30, 2010.

b. Consolidated Financial Statement Presentation

The consolidated financial statements have been prepared using accounting principles and reporting practices generally accepted in Indonesia. These financial statements are not intended to present the financial position, results of operations, and cash flows in accordance with accounting principles and reporting practices generally accepted in other countries and jurisdictions.

The consolidated financial statements, except for the statements of cash flows, are prepared under the accrual basis of accounting. The reporting currency used in the preparation of the consolidated financial statements is the Indonesian Rupiah, while the measurement basis is the historical cost, except for certain accounts which are measured on the bases described in the related accounting policies.

The consolidated statements of cash flows are prepared using the direct method with classifications of cash flows into operating, investing and financing activities.

c. Principles of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries (including special purposes entities). Control is achieved where the Company has the power to govern the financial and operating policies of the investee entity so as to obtain benefits from its activities.

Changes in the ownership of the parent company in the subsidiary that not result the loss of control was resorded as equity transaction. The carrying value of the parent company interest and the non controlling interest adjusted to reflect changes in the ownership of subsidiary. Any diferrent between the number of non controlling interest adjusted and the fair value of compensation given was recognized directly in equity and attributable to the parent company in its capacity as owner.

If the parent company loses control of the subsidiary, the gain or loss on disposal was the diferrent between (i) the fair value of payment received and the fair value of remaining investment in subsidiary and (ii) carrying amount of asset (including any goodwill) and liabilities of subsidiary as well as non-controlling interest. If the parent company loses control of the subsidiary the parent company record all amounts recognized in other comprehensive income related to the subsidiary (eg reclassification to profit or loss or directly transfer to retained earnings) on the same basis as required if the parent company releasing the assets and liabilities directly associated.

The fair value of each remaining investment in the former subsidiary on the date og loss of control is considered as fair value upon initial recognition of financial assets in accordance with PSAK 55 (Revised 2006), Financial Instrument, Recognition and Measurement, or (if applicable) the cost upon initial recognition in associated or jointly controlled entity.

The minority interest consists of the amount of those interest at the date of original business combination and minority's share of movements in equity since the date of the business combination. Any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring the accounting policies used in line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

d. Business Combinations

Before January 1, 2011, business combination was recorded with purchase method. Acquisition cost is the cost that directly attributable to acquisition. On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill and amortized straight line during five years. When the cost of acquisition is less than the interest in the fair values of the identifiable assets and liabilities acquired as at the date of acquisition (i.e. discount on acquisition), the fair values of the acquired non-monetary assets are reduced proportionately until all the excess is eliminated. The excess remaining after reducing the fair values of non-monetary assets acquired is recognized as negative goodwill, treated as deferred revenue and recognized as revenue on a straight-line method over twenty years. The interest of the minority shareholders is stated at the minority's proportion of the historical cost of the net assets.

Since January 1, 2001, business combination record with acquisition method. Acquisition cost is the aggregate value from return that transfer that are measured at their fair values at the date of acquisition and total non-controlling interest on acquired company. On business combination, acquisitor measurer non-controlling interest over the fair value or proportion of non-controlling interest of identified net asset from acquired. Cost related acquisition recognized as expense for the period. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill.

When the cost of acquisition is less than the interest in the fair values of the identifiable assets and liabilities acquired as at the date of acquisition (i.e. discount on acquisition), the fair values of the acquired non-monetary assets are reduced proportionately until all the excess is eliminated. The excess remaining after reducing the fair values of non-monetary assets acquired is recognized as negative goodwill, record directly in income or loss.

e. Foreign Currency Transactions and Translation

The books of accounts of the Company and its subsidiaries, except PJBV, are maintained in Indonesian Rupiah. Transactions during the year involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At balance sheet date, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the rates of exchange prevailing at that date. The resulting gains or losses are credited or charged to current operations.

PJBV's operating activities, which is domiciled in Amsterdam, is an integral part of the Company's activities. Hence, the books of accounts of PJBV which is maintained in United States (U.S.) Dollar is translated into Rupiah using the same procedures as the Company.

f. Transactions With Related Parties

A related party is a person or entity that is related to the Company and its subsidiaries.

a. A person or a close member of that person's family is related to the Company and its subsidiaries if that person:

   1) has control or joint control over the Company and its subsidiaries;

   2) has significant influence over the Company and its subsidiaries; or

   3) is a member of the key management personnel of the Company and its subsidiaries or of a parent of the Company and its subsidiaries.

b. An entity is related to the Company and its subsidiaries if any of the following conditions applies:

   1) The entity, the Company and its subsidiaries are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   2) The Company and its subsidiaries are associates or joint venture of the other entity or vice versa (or an associate or joint venture of a member of a group of which the Company and its subsidiaries and the other entity is a member).

   3) The Company and its subsidiaries and the entity are joint ventures of the same third party.

   4) The Company and its subsidiaries are joint ventures of a third entity and the other entity is an associate of the third entity or vice versa.

   5) The entity is a post-employment defined benefit plan for the benefit of employees of either the Company and its subsidiaries or an entity related to the Company and its subsidiaries. If the Company and its subsidiaries is itself such a plan, the sponsoring entity is also related to the Company and its subsidiaries.

   6) The entity is controlled or jointly controlled by a person identified in a).

   7) A person identified in a) 1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

All transactions with related parties, whether or not made at similar terms and conditions as those done with third parties, are disclosed in the interim consolidated financial statements.

g. Financial Assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract which terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The Company and its subsidiaries’ financial assets are only classified as loans and receivables.

<u>Loans and receivables</u>

Receivables from customers and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as “loans and receivables”. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Impairment of financial assets

Loans and receivables are assessed for indicators of impairment at each balance sheet date, and are considered impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the customer will enter bankruptcy or financial re-organisation.

Loans and receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of loans and receivable is reduced by the impairment loss through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in statements of income.

Derecognition of financial assets

The Company and its subsidiaries derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company and its subsidiaries neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company and its subsidiaries recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company and its subsidiaries retain substantially all the risks and rewards of ownership of a transferred financial asset, the Company and its subsidiaries continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received

h. Financial Liabilities and Equity Instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company and its subsidiaries are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables, bonds payable and bank and other borrowings are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings.

Derecognition of financial liabilities

The Company and its subsidiaries derecognise financial liabilities when, and only when, the Company's and its subsidiaries' obligations are discharged, cancelled or they expire.

i. Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in Indonesia requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could be different from these estimates.

j. Cash and Cash Equivalents

For cash flow presentation purposes, cash and cash equivalents consist of cash on hand and in banks and all unrestricted investments with maturities of three months or less from the date of placement.

k. Investment in Associates

An associate is an entity over which the Company or its subsidiaries is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results of operations and assets and liabilities of associates are incorporated in this interim consolidated financial statements using the equity method of accounting. Investments in associates are carried in the consolidated statements of financial position at cost as adjusted by post-acquisition changes in the Company's or the subsidiaries' share of the net assets of the associate, less any impairment in the value of the individual investments. Losses of the associates in excess of the Company or the subsidiaries' interest in those associates are not recognized except if the Company or the subsidiaries have incurred obligations or made payments on behalf of the associates to satisfy obligations of the associates that the Company or the subsidiaries have guaranteed, in which case, additional losses are recognized to the extent of such obligations or payments.

l. Fund/Reserve for Replacement of Hotel's Furniture, Fixtures and Equipment

Reserve for replacement of and addition to the hotel's furniture, fixtures and equipment is provided at 3.5% of the Hotel's preceding year's total revenues.

A fund is specifically set aside to cover the reserve and is maintained in a bank account. Interest earned on such bank account represents a component of the reserve and the fund.

The cost of replacements of and additions to the hotel's furniture, fixtures and equipment represents reduction in the balance of the fund reserve.

m. Inventories

Hotel inventories representing food and beverages, fuel, office supplies and building maintenance materials, are stated at cost or net realizable value, whichever is lower. Cost of inventories is determined using the weighted average method.

n. Prepaid Expenses

Prepaid expenses are amortized over their beneficial periods using the straight-line method.

o. Real Estate Assets

Real Estate Inventories

Real estate inventories consisting of land lot already developed, land and buildings (houses and condominium units) ready for sale, buildings (houses) under construction, and land under development, are stated at cost or net realizable value, whichever is lower.

The cost of land under development consists of cost of land not yet developed, direct and indirect costs related to the development of real estate assets and borrowing costs. The cost of land under development is transferred to the buildings (houses) under construction account when the development is completed or is transferred to the land account when it is ready for sale, based on the area of saleable lots.

The cost of buildings under construction consists of the cost of developed land, construction costs and borrowing costs, and is transferred to the land and buildings ready for sale account when the development of the land and construction of buildings are completed. Cost is determined using the specific identification method.

Land Not Yet Developed

Land not yet developed consists of land that has not been developed yet, and is stated at cost or net realizable value, whichever is lower.

The cost of land not yet developed consists of pre-development costs and land acquisition cost. The cost of land not yet developed is transferred to the land under development account when the development of the land has started or is transferred to the buildings (houses) under construction account when the land is ready for development.

p. Investment Properties

Investment properties are properties (land or buildings – or part of a building – or both) held to earn rentals or for capital appreciation or both. Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed using the straight-line method based on the estimated useful lives of the investment properties as follows:

	Years
Buildings and facilities	5 - 30
Machinery and equipment	5 - 20

Land is stated at cost and is not depreciated.

q. Property and Equipment – Direct Acquisitions

Property and equipment held for supply of goods or services, or for administrative purposes, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	Years
Buildings and facilities	20 - 30
Machinery and equipment	10 - 20
Motor vehicles	4 - 5
Office equipment	4 - 5
Interior design	5 - 10

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Land is stated at cost and is not depreciated.

The cost of maintenance and repairs is charged to operations as incurred. Other costs incurred subsequently to add to, replace part of or service an item of property and equipment, are recognized as asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation and any impairment loss are removed from the accounts and any resulting gain or loss is reflected in the current operations.

Construction in progress is stated at cost which includes borrowing costs during construction on debts incurred to finance the construction. Construction in progress is transferred to the respective property and equipment account when completed and ready for use.

r. Impairment of an Asset

At balance sheet dates, the Company and its subsidiaries review the carrying amount of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company and its subsidiaries estimate the recoverable amount of the cash generating unit to which the asset belongs.

Estimated recoverable amount is the higher of net selling price or value in use. If the recoverable amount of a non-financial asset (cash generating unit) is less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount and an impairment loss is recognized immediately against earnings.

Accounting policy for impairment of financial assets is discussed in Note 3g.

s. Property and Equipment under Build, Operate and Transfer (BOT) Scheme

Property and equipment constructed under BOT scheme, including fixtures and facilities on them are presented at cost less accumulated depreciation. Depreciation is computed based on the estimated useful lives of the related property and equipment under build, operate and transfer scheme following the term of the agreement using the straight-line method over 20 years.

t. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As Lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

As Lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

u. Deferred Charges – Landrights

Expenses related to the legal processing of landrights are deferred and amortized using the straight-line method over the legal term of the landright since the legal term of the right is shorter than its economic life.

v. Unearned Income

Unearned income represents receipt of advance payment of rent and service charges which are recognized proportionally over the earning period.

w. Post-Employment Benefits

The Company and its subsidiary provide defined post-employment benefits to their employees in accordance with Labor Law No. 13/2003. No funding has been made to this defined benefit plan.

The cost of providing post-employment benefits is determined using the Projected Unit Credit Method. The accumulated unrecognized actuarial gains or losses that exceed 10% of the present value of defined benefit obligations are recognized on a straight-line basis over the expected average remaining working lives of the participating employees. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation, as adjusted for unrecognized actuarial gains or losses and unrecognized past service cost.

Aside from providing post-employment benefits in accordance with Labor Law No. 13/2003, the Hotel has established a defined contribution plan covering all its local permanent employees. The Hotel's contribution to the plan is charged to current operations.

x. Revenue and Expense Recognition

Space Rental Revenue and Service Charges

Revenue from space rental is recognized in accordance with the policy described in Note 3t, while revenue from service charges are recognized based on the terms of the contract. Revenues from parking and hotel operations are recognized when the services are rendered.

Revenue from Real Estate

Revenues from the sale of residential houses, office buildings, and condominiums are recognized using the full accrual method, when all of the following criteria are met:

- The deed of sale has been signed;
- The balance is deemed collectible;
- Receivables from sale are free from subordination; and
- All rights, risks and benefits have been transferred substantially to the buyer (a memorandum of transfer agreement has been released).

If any of the above criteria are not met, the transactions are accounted for using the deposit method and all payments received from the customers are recorded as advances from customer.

Proceeds from the sale of land lot, wherein the construction of the building is completed without involving the seller, are recognized in full when all of the following criteria are met:

- The deed of sale has been signed;
- The buyer has paid a down payment of at least 20% of the agreed sales price, and the period of cancellation / refund has expired;
- The balance is deemed collectible;
- The receivables are free from subordination; and
- All improvements and related facilities on this project are completed and the seller has no further obligation to the buyer.

If any of the above criteria are not met, the transactions are accounted for using the deposit method and all payments received from the customers are recorded as advances from customer.

Revenue from sale of condominium and office building

Revenues from sale of condominium and office building are recognized using the percentage of completion method, when all of the following criteria are met:

- The construction has progressed beyond the preliminary stage, or at least the foundation of the building has been completed;
- Cumulative payments equal or exceed 20% of the agreed sales price and the refund period has expired; and
- All of the revenues and costs can be reasonably estimated.

If any of the above criteria are not met, the transactions are accounted for using the deposit method and all payments received from the customers are recorded as advances from customer.

Interest income

Interest income is accrued on time basis, by reference to the principal outstanding and at the applicable interest rate.

Expenses

Expenses are recognized when incurred (accrual basis).

y. Income Tax

Final Income Tax

Final income tax expense is recognized proportionally with the accounting income recognized during the year. The difference between the final income tax paid and the final tax expense in the consolidated statement of income is recognized as prepaid tax or tax payable. If the income is subject to final income tax, no deferred tax asset or liability is recognized on the difference between the financial statement carrying amounts of assets and liabilities and their respective tax bases.

Non-Final Income Tax

Current tax expense is determined based on the taxable income for the year computed using prevailing tax rates.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases, except those differences that are subject to final tax. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable income will be available in future periods against which the deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the consolidated statement of income, except when it relates to items charged or credited directly to equity, in which case, the deferred tax is also charge or credited directly to equity.

Deferred tax assets and liabilities are offset in the consolidated balance sheet, except if they are for different legal entities, in the same manner the current tax assets and liabilities are presented.

z. Earnings per Share

Basic earnings per share is computed by dividing net income by the weighted average number of shares outstanding during the year.

Diluted earnings per share is computed by the weighted average number of shares outstanding as adjusted for the effects of all potentially dilutive ordinary shares.

If the number of shares outstanding increases as a result of stock split and bonus shares, the calculation of basic and diluted earnings per share for all periods presented is adjusted retrospectively.

aa. Segment Information

Segment information is prepared using the accounting policies adopted for preparing and presenting the consolidated financial statements.

Effective January 1, 2011, PSAK 5 (Revised 2009) requires operating segments to be identified on the basis of internal reports about components of the Company and its subsidiaries that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performances. In contrast, the predecessor standard required the Company and its subsidiaries to identify two sets of segments (business and geographical), using a risks and returns approach.

An operating segment is a component of an entity:

a) that engages in business activities which it may earn revenue and incure expenses (including revenue and expenses relating to the transaction with other components of the same entity);

b) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decision about resouces to be allocated to the segments and asess its performance; and

c) for which discrete financial information is available.

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of its performance is more specifically focused on the category of each product, which is similar to the business segment information reported in the prior periods.

4. SIGNIFICANT ACCOUNTING POLICIES AND SOURCES OF UNCERTAINTY ESTIMATION

Summary of significant accounting policies

The consolidated financial statements have been prepared using generally accepted accounting principles and reporting practices in Indonesia. Significant accounting policies that applied by the company and subsidiary have explained in note 3. Preparation of the consolidated financial statements required management to make judgement and estimation that influence the balance and certain note.

In preparing the consolidated financial statements, management have used the best judgement and estimation. Judgement and estimation that used in this consolidated financial statements based on management evaluation of relevan fact and condition on the date of consolidated financial statements. The realization could be different from the estimation and the estimation could be adjusted in the future.

Source of estimation uncertainty

Information regarding main assumption of future and main source from other estimation uncertainty at the end of period, that have significant risk that would made material adjustment of asset and liabilities in the next period as follows:

Estimated Useful Live of Property and Equipment and Investment Property

Estimated useful lives of property and equipment and investment property of the Company and subsidiary is determined based on useful of that asset. This estimation is determined based on internal technic evaluation and experience of the Company and subsidiary on similar asset. Estimated useful lives of each asset review periodically and adjusted if there is diferrent compare with prior estimation caused by worn-out, commercial and technic obsolete, law or other limitation of that asset. However, there is probability that operational in the future could be significantly influenced by the changes of amount and period of costing which affected by above factors. The changes of useful lives could influence depreciation and net book value of property and equipment and investment property.

Impairment of Asset

Impairment test will be held if there is indication of impairment. Useful value of asset need estimation of future cash flow received from assets utilization, asset sales and appropriate discount to estimate the present value.

Although assumption that use to estimate asset that reflect in consolidated financial statement already appropriate, however the significant adjustment of this assumption would effect material to determine the recoverable amount and consequently resulting an impairment loss which affect the result of the operation. Based on management judgement, there is no indicator of the Company and subsidiary impairment asset.

Employee Benefit

Determination of benefit liabilities based on the selection of certain assumption used by actuary to calculate that liabilities. The assumption include discount rate, and salary increase rate. The realization that diferrent from the assumption of the Company and subsidiary, are accumulated and amortized over future period and will consequently affect the amount of cost and liabilities of employe benefit of the Company and subsidiary.

5. CASH AND CASH EQUIVALENTS

	September 30, 2011	December 31, 2010
	Rp'000	Rp'000
Cash on hand	2,169,213	736,287
Cash in bank		
Rupiah		
Bank CIMB Niaga	53,580,030	27,064,440
Bank Mandiri	17,179,287	9,054,477
Bank ICBC	2,633,014	1,767,369
Bank Central Asia	6,890,463	4,504,540
Bank Danamon Indonesia	32,203,404	18,594,296
Bank OCBC NISP	214,181	1,500,604
Bank Mega	1,382,499	1,648,443
Bank Rakyat Indonesia	137,644	2,046,119
Bank Internasional Indonesia	3,313,867	301,696
Bank Permata	546,781	1,005,486
Others	603,225	40,006
U.S Dollar		
Bank ICBC	1,400,581	783,830
ING Asia Private Bank Limited	919,502	622,312
Bank CIMB Niaga	471,591	773,991
Bank Mandiri	772,143	1,170,343
Bank Danamon Indonesia	531,629	681,818
Bank Standard Chartered	47,743	49,421
Bank Panin	17,037	17,780
Others	7,884	8,497
Euro		
ING Asia Private Bank Limited	6,035	52,954
Time deposits		
Rupiah		
Bank Internasional Indonesia	58,816,986	29,234,517
Bank Danamon Indonesia	29,455,078	81,204,823
Bank Bukopin	87,680,337	7,368,480
Bank Mega	64,343,796	37,794,734
Bank UOB Buana	8,334,800	20,194,333
Bank ICBC	15,422,176	5,000,000
Bank Sinar Mas	27,846,727	14,214,272
Bank CIMB Niaga	23,025,000	9,350,000
Bank Mandiri	3,300,000	15,150,000
Bank Permata	-	14,400,000
U.S Dollar		
Bank Mega	-	5,773,560
Bank Mandiri	181,300	180,100
Bank ICBC	-	4,513,852
Bank Internasional Indonesia	27,734,655	-
Bank Danamon Indonesia	30,880,500	-
Total cash and cash equivalents	502,049,109	316,803,380
Fund for replacement of hotel's furniture, fixtures and equipment	(5,692,565)	(3,847,041)
Net	496,356,544	312,956,339
Interest rates per annum on time deposits		
Rupiah	5.25% - 8.50%	4.75% -8.00%
U.S Dollar	0.25% - 3.1%	0.25% - 3.00%

6. RESTRICTED TIME DEPOSITS

	September 30, 2011	December 31, 2010
	Rp'000	Rp'000
Rupiah		
Bank Mandiri	11,837,879	10,432,359
Bank Internasional Indonesia	13,284,761	9,125,311
Bank Permata	12,909,237	6,414,210
Bank Rakyat Indonesia	3,794,268	3,201,969
Bank Negara Indonesia	257,493	488,700
Bank Kesawan	921,724	-
Total	43,005,362	29,662,549
U.S. Dollar		
Bank Mandiri	455,809	208,882
Bank Danamon Indonesia	21,206	43,047
Total	477,015	251,929
Total	43,482,377	29,914,479
Interest rate per annum		
Rupiah	5,25%-5,75%	5,00%-6,75%
U.S. Dollar	0,25%-0,50%	0,25%-0,50%

Funds amounting to Rp 125,510 thousand in the Bank Mandiri Rupiah account and Rp 205.286 in the Bank Mandiri U.S. Dollar account are used as collateral for payment to Perusahaan Gas Negara (Note 34h). Deposits placed in the Bank Danamon Indonesia U.S. Dollar account are used as collateral for the Company letter of credit facility (Note 34g).

All restricted time deposits recorded in this account, except those explained above, represent the Company and subidiaries funds in connection with the drawdown of consumers' credit facility (Note 34c).

7. TRADE ACCOUNTS RECEIVABLE FROM THIRD PARTIES

	September 30, 2011	December 31, 2010
	Rp'000	Rp'000
a. By Business Segment :		
Sale of land and buildings	65,156,844	92,803,716
Space rental and others	35,941,978	18,655,310
Hotel	6,423,354	5,741,159
Total	107,522,176	117,200,185
Allowance for doubtful accounts	(19,987)	(41,982)
Net	107,502,189	117,158,203
b. By Age Category :		
Not yet due	11,944,054	107,392,513
Past due:		
1 - 30 days	75,281,027	1,827,128
31 - 60 days	12,334,552	713,241
61 - 90 days	5,628,674	122,979
More than 90 days	2,333,868	7,144,324
Total	107,522,176	117,200,185
Allowance for doubtful accounts	(19,987)	(41,982)
net	107,502,189	117,158,203
Changes in the allowance for doubtful accounts:		
Beginning balance	41,982	2,177,313
Provision for the year	-	2,089,658
Reversal of allowance	(21,995)	(2,656,900)
Writte off during the year	-	(1,568,089)
Ending balance	19,987	41,982

All trade accounts receivable are denominated in Rupiah currency.

Management believes that the allowance for doubtful accounts is adequate. Management also believes that there are no significant concentrations of credit risk in third party receivables.

Trade accounts receivable from hotel operations were used as collateral for Series C Bonds in 2011 and 2010, (Note 20).

In 2011 and 2010, all trade accounts receivable from sale of housing units in Pakuwon City Surabaya are used as collateral for the credit facilities obtained from Bank ICBC Indonesia (Note 19).

8. INVESTMENT IN AN ASSOCIATE

This account is the Company's investment in PT Bumi Pranata Laksana (BPL), a company engage in security and real estate cleasing service with shares ownership 25% and investment value amounting to Rp 375,000 thousand. In September 30, 2011, the Company recorded BPL profit amounted to Rp 1,392,990 thousand.

9. ADVANCE FOR PURCHASE OF LAND AND PROPERTY, PLANT AND EQUIPMENT

	September 30, 2011	December 31, 2010
	Rp'000	Rp'000
Advance for purchase of land	16,094,454	12,189,522
Advance for purchase of property, plant and equipment	11,398,989	-
Total	27,493,443	12,189,522

10. REAL ESTATE ASSETS

Real Estate Inventories

	September 30, 2011	December 31, 2010
	Rp'000	Rp'000
Land lot already developed:		
Laguna Indah	16,993,812	16,796,230
Virginia Regency	14,538,128	14,483,385
Laguna Regency	2,130,429	2,091,923
Royal Villa	1,577,648	1,699,381
Riviera Villa	958,332	1,122,017
Westwood Villa	1,047,035	1,010,374
Taman Mutiara	889,095	957,131
Land and buildings ready for sale :		
Pakuwon Town Square	17,731,286	20,077,224
Model units	2,433,363	2,424,755
Taman Permata	132,073	131,773
Total	58,431,201	60,794,193
Condominium unit:		
Regensi Condominium	4,430,544	4,366,556
Land and buildings under development:		
Palm Beach	180,792,104	149,770,227
Superblock Gandaria City	54,827,044	169,243,914
Pakuwon Town Square	32,361,703	47,133,468
Others	16,301,387	-
Total	284,282,238	366,147,609
Total	347,143,983	431,308,358

Land Not Yet Developed

	September 30, 2011	December 31, 2010
	Rp'000	Rp'000
Location:		
East Surabaya	135,091,574	132,264,955
North Surabaya	-	77,160,868
West Surabaya	117,403,672	18,060,877
Embong Malang, Central Surabaya	4,971,535	4,971,535
Total	257,466,781	232,458,235

The total land not yet developed measures 2,737,986 square meters and 2,657,091 square meters in 2011 and 2010, respectively.

Other than Superblock Gandaria City which is located in Jakarta, all real estate inventories are located in Surabaya, East Java.

The balance of land and buildings under development (Superblock Gandaria City) including borrowing costs capitalized amounted to Rp 23.394.169 thousand in 2011 and Rp 25,060,981 thousand in 2010.

The subsidiary have insured contractor's all risk of construction in progress and property all risk of investment property and real estate asset to kepada PT Asuransi AXA Indonesia, PT Asuransi Himalaya Pelindung, PT Chartis Insurance Indonesia and PT MAA General Assurance with sum insured amounting to USD 180.000.000 and Rp 13.000.000 thousand for nine period ended September 30, 2011 and USD 279.000.000 and Rp 28.000.000 thousand in 2010.

11. INVESTMENT PROPERTIES

	January 1, 2011	Additions	Deductions	Reclassifications	September 30, 2011
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Cost:					
Land	555,415,626	3,868	-	6,295,881	561,715,375
Buildings and facilities	1,543,605,898	41,723,176	-	69,971,928	1,655,301,002
Machinery and equipment	157,258,776	7,888,379	-	-	165,147,155
Total	2,256,280,300	49,615,423	-	76,267,809	2,382,163,532
Accumulated depreciation:					
Buildings and facilities	178,583,129	57,484,309	-	-	236,067,438
Machinery and equipment	81,457,048	6,689,207	-	-	88,146,255
Total	260,040,177	64,173,516	-	-	324,213,693
Net Book Value	1,996,240,123				2,057,949,839

	January 1, 2010	Additions	Deductions	Reclassification	December 31, 2010
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Cost:					
Land	242,777,899	-	-	312,637,727	555,415,626
Buildings and facilities	456,717,726	6,290,994	-	1,080,597,178	1,543,605,898
Machinery and equipment	143,230,833	2,740,090	63,109	11,350,962	157,258,776
Total	842,726,458	9,031,084	63,109	1,404,585,867	2,256,280,300
Accumulated depreciation:					
Buildings and facilities	142,477,229	36,105,900	-	-	178,583,129
Machinery and equipment	73,322,091	8,136,452	1,495	-	81,457,048
Total	215,799,320	44,242,352	1,495	-	260,040,177
Net Book Value	626,927,138				1,996,240,123

This account represents the land, buildings and machines of Tunjungan Plaza I (Plaza East), Tunjungan Plaza III (Plaza Central), Tunjungan Plaza IV (Plaza West), Eastcoast Center and land and building of Gandaria City Mall.

The fair value of the investment properties as of September 30, 2011 amounted to Rp 6,538.723.046 thousand based on management opinion with income approach method.

Depreciation amounting to Rp 64,173,516 thousand in September 30, 2011 were recorded under direct costs-building expenses (Note 25).

Accumulated borrowing costs capitalized to investment property land and buildings and facilities amounted to Rp 170,386,068 in September 30, 2011.

As of September 30, 2011 and December 31, 2010, the investment properties were insured along with property and equipment (Note 12).

In 2011 and 2010, the land and building comprising Tunjungan Plaza I (Plaza East) and Tunjungan Plaza III (Plaza Central) are used as collateral for the Senior Secured Notes. Land together with the Tunjungan Plaza IV buildings thereon are used as collateral for Bonds Payable I (Note 20).

In 2010, the land and buildings comprising Tunjungan Plaza I (Plaza East) and Tunjungan Plaza III (Plaza Central) together with Blok M Plaza with land title SHGB No. 883 are used as collateral with second priority rights for the loan with bank CIMB Niaga (Note 19).

In 2011 and 2010, land with HGB Nos. 828 and 1190 are used as collateral for the loan with Bank Mega (Note 19).

12. PROPERTY AND EQUIPMENT

	January 1, 2011	Additions	Deductions	Reclassifications	September 30, 2011
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Cost:					
Direct acquisition					
Land	197,947,540	-	-	(7,315,455)	190,632,085
Buildings and facilities	465,303,777	1,219,329	-	45,336,003	511,859,109
Machinery and equipment	28,867,802	-	31,976	-	28,835,826
Motor vehicles	15,771,061	1,457,948	465,570	-	16,763,439
Office equipment	44,019,955	4,289,351	181,821	-	48,127,485
Interior design	34,956,660	-	-	4,361,604	39,318,264
Construction in progress					-
Buildings and facilities	222,602,014	22,395,666	-	(130,521,455)	114,476,225
Total	1,009,468,809	29,362,294	679,367	(88,139,303)	950,012,433
Accumulated depreciation:					
Buildings and facilities	190,653,097	11,890,700	-	-	202,543,797
Machinery and equipment	21,869,790	1,083,618	24,987	-	22,928,421
Motor vehicles	11,817,947	1,042,807	265,532	-	12,595,222
Office equipment	32,271,480	3,411,795	255,526	-	35,427,749
Interior design	16,683,413	2,129,196	-	-	18,812,609
Total	273,295,727	19,558,116	546,045	-	292,307,798
Net Book Value	736,173,082				657,704,635

	January 1, 2010	Additions	Deductions	Reclassifications	December 31, 2010
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Cost:					
Direct acquisition					
Land	485,758,774	24,826,493	-	(312,637,727)	197,947,540
Buildings and facilities	464,917,798	-	-	385,979	465,303,777
Machinery and equipment	28,867,802	-	-	-	28,867,802
Motor vehicles	14,288,554	2,390,807	908,300	-	15,771,061
Office equipment	33,935,392	10,086,703	2,140	-	44,019,955
Interior design	34,957,702	21,958	23,000	-	34,956,660
Construction in progress					-
Buildings and facilities	746,621,885	568,314,248	-	(1,092,334,119)	222,602,014
Total	1,809,347,907	605,640,209	933,440	(1,404,585,867)	1,009,468,809
Accumulated depreciation:					
Buildings and facilities	174,763,646	15,889,451	-	-	190,653,097
Machinery and equipment	20,322,804	1,546,986	-	-	21,869,790
Motor vehicles	11,368,301	1,357,945	908,299	-	11,817,947
Office equipment	29,410,633	2,862,987	2,140	-	32,271,480
Interior design	14,122,985	2,583,428	23,000	-	16,683,413
Total	249,988,369	24,240,797	933,439	-	273,295,727
Net Book Value	1,559,359,538				736,173,082

Depreciation amounting to Rp 19,558,116 thousand in 2011 were recorded under direct costs-building expenses, under hotel operating expenses, and general and administrative expense – depreciation expense (Notes 25 and 27).

In 2010, Gandaria City Mall were completed and reclassified from property and equipment – construction in progres to investment property (Note 11).

Construction in progress includes office building located in Superblock Gandaria City, Jakarta, owned by AW. The building is estimated to be completed in 2014.

Accumulated borrowing costs capitalized to construction in progress amounted to Rp 22,330,569 thousand in 2011 and 2010.

The Company and AW owns several parcels of land located in Kelurahan Kaliasin and Kedungdoro, Surabaya and in Gandaria, Jakarta with legal rights in the form of Building Use Rights (HGBs) for a period of 20 to 30 years which will be due between 2026 to 2032. Management believes that there will be no difficulty in the extension of the landrights since all parcels of land were acquired legally and supported by sufficient evidence of ownership.

The land and building thereon comprising Sheraton Surabaya Hotel & Towers are used as collateral for Series C Bond in 2011 and 2010 (Note 20).

At September 30, 2011 and December 31, 2010, investment properties, property and equipment and property and equipment under build, operate and transfer (BOT) scheme, except land, were insured as follows:

- Tunjungan Plaza I (Plaza East), Tunjungan Plaza II (Lifestyle Center) / Menara Mandiri, Tunjungan Plaza III (Plaza Central), Tunjungan Plaza IV (Plaza West), Central Plant, Food Festival, Eastcoast Center and Laguna Square (Pakuwon City) were covered by property all risk insurance with PT Rama Satria Wibawa for US$ 91,400,000 and Rp 139,000,000 thousand as of September 30, 2011 and with PT Chartis Insurance Indonesia for US$ 91,400,000 and Rp 29,000,000 thousand as of December 31, 2010. The Sheraton Surabaya Hotel & Towers was covered by property-all-risk insurance with PT Rama Satria Wibawa for US$ 35,000,000 as of September 30, 2011 and with PT Chartis Insurance Indonesia for US$ 35,000,000 as of December 31, 2010. Fixed asset, property and equipment under BOT scheme, and investment properties were also insured against terrorism and sabotage with PT Asuransi Himalaya Pelindung for US$ 126,400,000 as of September 30, 2011 and December 31, 2010.

- Tunjungan Plaza I (Plaza East), Tunjungan Plaza II (Lifestyle Center) / Menara Mandiri, Tunjungan Plaza III (Plaza Central) and Tunjungan Plaza IV (Plaza West), Central Plant, Eastcoast Center and Laguna Square (Pakuwon City) were covered by Public Liability Insurance with PT Asuransi AXA Indonesia for US$ 2,250,000 in 2011 and with PT Asuransi Allianz Utama Indonesia for US$ 250,000 and PT Zurich Insurance Indonesia for US$ 2,000,000 in 2010. The Sheraton Surabaya Hotel & Towers was covered by Public Liability Insurance with PT. Asuransi QBE Pool Indonesia in 2011 and 2010 for US$ 10,000,000.

- PT Artisan Wahyu have insured contractor's all risk of construction in progress and property all risk of investment property and real estate asset to kepada PT Asuransi AXA Indonesia, PT Asuransi Himalaya Pelindung, PT Chartis Insurance Indonesia and PT MAA General Assurance with sum insured amounting to USD 180.000.000 and Rp 13.000.000 thousand for nine period ended September 30, 2011 and USD 279.000.000 and Rp 28.000.000 thousand in 2010

- Some of the vehicles were insured with PT Asuransi Allianz Utama Indonesia, PT Asuransi MSIG Indonesia, PT Asuransi AIU Indonesia and PT Asuransi Mitsui Sumitomo in 2011 and 2010 for Rp 7,713,900 thousand and Rp 5,402,500 thousand, respectively.

Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.

13. PROPERTY AND EQUIPMENT UNDER BUILD, OPERATE AND TRANSFER (BOT) SCHEME

	January 1, 2011	Additions	Deduction	September 30, 2011
	Rp'000	Rp'000	Rp'000	Rp'000
Cost:				
Buildings	46,927,905	-	-	46,927,905
Machinery and equipment	11,734,753	-	-	11,734,753
Total	58,662,658	-	-	58,662,658
Accumulated amortization:				
Buildings	44,358,534	735,465	-	45,093,999
Machinery and equipment	11,290,959	440,055	-	11,731,014
Total	55,649,493	1,175,521	-	56,825,013
Net Book Value	3,013,165			1,837,645

	January 1, 2010	Additions	Deduction	December 31, 2010
	Rp'000	Rp'000	Rp'000	Rp'000
Cost:				
Buildings	46,927,905	-	-	46,927,905
Machinery and equipment	11,734,753	-	-	11,734,753
Total	58,662,658	-	-	58,662,658
Accumulated amortization:				
Buildings	42,986,188	1,372,346	-	44,358,534
Machinery and equipment	10,704,221	586,738	-	11,290,959
Total	53,690,409	1,959,084	-	55,649,493
Net Book Value	4,972,249			3,013,165

Amortization expense amounting to Rp 1,175,521 thousand in 2011 was presented under direct costs-building expenses (Note 25).

As of September 30, 2011 and December 31, 2010, the property and equipment under BOT scheme were insured along with property and equipment (Note 12).

14. TRADE ACCOUNTS PAYABLE

	September 30, 2011	December 31, 2010
	Rp'000	Rp'000
Third parties	17,292,215	13,615,459
Total	17,292,215	13,615,459

All trade accounts payable are denominated in Rupiah currency.

15. TAXES PAYABLE AND PREPAID TAXES

Taxes Payable

	September 30 2011 Rp'000	December 31 2010 Rp'000
The Company:		
Value added tax	2,918,445	5,245,512
Final income tax	1,200,473	1,928,418
Other income taxes:		
- Article 21/26	4,431,727	8,673,921
- Article 23	17,140	48,869
- Article 4 (2) construction	69,138	-
Taxes on promotional activities	-	166,109
Hotel and restaurant tax	-	142,890
The subsidiaries:		
Final income tax	14,190,512	12,941,217
Other income taxes:		
- Article 21	334,540	383,469
- Article 23	37,289	73,048
Value added tax	2,514,098	-
Total	25,713,362	29,603,454

Prepaid Taxes

	September 30 2011 Rp'000	December 31 2010 Rp'000
The Company:		
Final income tax on unearned rental income	28,886,253	24,401,813
Income tax 28a	-	1,095
Income tax 23	42,838	-
The subsidiaries:		
Final income tax on unearned rental income	13,374,785	11,688,614
Value added tax	37,230	6,447,834
Total	42,341,106	42,539,356

16. ACCRUED EXPENSES

	September 30 2011 Rp'000	December 31 2010 Rp'000
Interest and penalty payable on bonds (Note 20)	25,075,234	91,153,064
Electricity, water and gas	6,643,885	5,930,840
Others	10,547,124	12,603,407
Total	42,266,243	109,687,311
Current portion	(42,266,243)	(32,550,215)
Long-term portion	-	77,137,096

Other accrued expenses mainly represent land and building tax, accrued professional fees, security services, cleaning services et cetera.

17. UNEARNED INCOME

	September 30 2011	December 31 2010
	Rp'000	Rp'000
Space rental	294,375,711	285,979,839
Others	18,268,736	2,631,907
Total	312,644,447	288,611,746
Current portion	(139,011,073)	(128,748,245)
Long-term portion	173,633,375	159,863,501

18. ADVANCES FROM CUSTOMERS

	September 30 2011	December 31 2010
	Rp'000	Rp'000
Land and buildings	274,111,363	211,051,337
Apartment	23,886,961	81,057,626
Office	20,375,721	25,403,815
Condominium	1,809,091	-
Total	320,183,136	317,512,778

Advance payment for land and buildings account mainly represent advance payments received by the Company for sale of land and buildings that do not satisfy the revenue recognition criteria. Advance payment for apartment and office in 2011 and 2010 mainly represents advance payments received by AW, a subsidiary, from customers for pre-sale of condominiums and office buildings that do not satisfy the revenue recognition criteria.

19. BANK LOANS

	September 30, 2011	December 31, 2010
	Rp'000	Rp'000
Bank CIMB Niaga	324,153,375	351,937,950
Bank ICBC Indonesia	155,469,000	174,964,000
Bank Mega	45,000,000	8,150,000
Total	524,622,375	535,051,950

The bank loans are repayable as follows:

	September 30, 2011	December 31, 2010
	Rp'000	Rp'000
Due in one year	127,776,625	88,010,100
In the second year	181,615,250	148,719,150
In the third year	178,184,400	150,138,300
In the fourth year	37,046,100	148,184,400
Total	524,622,375	535,051,950
Less: amount due for settlement with twelve months (shown in the current liabilities)	(127,776,625)	(88,010,100)
Non-current	396,845,750	447,041,850

Bank CIMB Niaga

In 2009, the Company obtained a loan facility of Rp 370,461,000 thousand due on November 16, 2014 to pay a portion of the cash payment pursuant to the exchange offer carried out to refinance the Senior Secured Notes issued by PJBV (Note 16), with a floating interest at an initial rate of 14% per year. As of September 30, 2011 and December 31, 2010, interest rate per annum is 13%.

The loan is secured by the following:

- Second priority security rights over Tunjungan Plaza I (Plaza East) and Tunjungan Plaza III (Plaza Central) (Note 7) with a minimum value of 150% from the credit facility. At the latest, in December 2011, Bank CIMB Niaga shall be able to put first priority right over Tunjungan Plaza I (Plaza East) and Tunjungan Plaza III (Plaza Central).

- Second priority of fiduciary security on all movable assets owned by the Company located at the Tunjungan Plaza I (Plaza East) and Tunjungan Plaza III (Plaza Central).

- Second priority of fiduciary security on all claims under insurance and reinsurance policies maintained in connection with the Tunjungan Plaza I (Plaza East) and Tunjungan Plaza III (Plaza Central).

- Second priority security right amounting to Rp 200,000,000 thousand over Blok M Plaza (Note 11) located at Jalan Bulungan No. 76 with Land Title SHGB No. 883. This colateral will be released after Bank CIMB Niaga is able to put first priority security right over Tunjungan Plaza I (Plaza East) and Tunjungan Plaza III (Plaza Central).

The Company has agreed in the notes and indenture governing the notes to observe certain financial and negative covenants. On September 30, 2011 and December 2010, the Company comply all that covenants.

Bank ICBC Indonesia

On June 9, 2009, the Company obtained a working capital loan with a maximum credit limit of Rp 35,000,000 thousand due on June 9, 2011. Interest rate per annum is a floating rate at the initial interest rate of 12.5%. As of September 30, 2011 and December 31, 2010 this loan facility has been utilized.

On October 26, 2009, the Company obtained a working capital loan with a maximum credit limit of Rp 100,000,000 thousand with a 9.4% interest rate per annum. As of September 30, 2011 and December 31, 2010, Rp 50,000,000 thousand of this loan facility has been utilized.

At January 24, 2011, the Company obtained approval from Bank ICBC Indonesia to extend the loan term to 36 months. Revised maturity dates for working capital loan facility with maximum amount of Rp 35,000,000 thousand and Rp 100,000,000 thousand are due on June 9, 2012 and October 29, 2012, respectively. As of September 30, 2011 and December 31, 2010, the interest rate is 9.65%.

The credit facilities are secured by trade accounts receivable from the sale of housing units in Pakuwon City Surabaya (Note 7).

On March 26, 2010, AW obtained credit facilities from Bank ICBC for the purpose of refinancing the project Gandaria Office 8 as follows:

- US$ 4,000,000 with a floating interest at an initial; rate of 6% per annum and mature on March 28, 2011. At March 23, 2011 AW obtained approval from Bank ICBC Indonesia to extend the term of the loan with a maturity date of March 29, 2012.

- Rp 34,000,000 thousand and Rp 20,000,000 thousand, both with a floating interest rate of 11% and will mature in 36 months from the date of the first disbursement of the loan facility.

This bank loan are repayable based on certain installment. As of September 30, 2011, AW has withdrawn all of the above facilities and have paid it, hence as of September 30, 2011 amounting to Rp US$ 3,000,000 or Rp 26,469,000 thousand and Rp 44,000,000 thousand.

Collateral for loans are as follows:

- Certificate of Right To Build No. 933/Kelurahan Kebayoran Lama Utara of 5,936 square meters.
- Certificate of Right To Build No. 935/Kelurahan Kebayoran Lama Utara of 1,499 square meters parcel of land in areas including building and infrastructures.

Both certificates have been merged into HGB No. 961 with an expiration date on September 12, 2032 covering of 7,435 square meters land area located in Jakarta.

Bank Mega

In September 2008, the Company obtained a term loan facility from Bank Mega with a maximum credit of Rp 45,000,000 thousand due in 3.5 years. The interest rate per annum is a floating rate at the interest rate of 13%, as of June 30, 2011. Under the agreement, this credit facility will be used to finance the Eastcoast Center (formerly Pakuwon Center) construction. As of September 30, 2011 and December 31, 2010, the Company has utilized Rp 45,000,000 thousand and Rp 8,150,000 thousand of the credit facility, respectively.

Based on the credit facility agreement, the Company shall open an escrow account in Bank Mega as savings account for all Pakuwon Center and commercial unit Pakuwon Town Square rental revenue. The Company should maintain minimum funds balance in the escrow account at 30% of Pakuwon Town Square revenue.

This credit facility is secured by 6,886 square meters of land which is a part of 114,680 square meters of land with HGB Certificate Nos. 828 and 1190/Kelurahan Kejawan Putih Tambak. This land is the location of Eastcoast Center (formerly Pakuwon Center) building construction site which is located in Pakuwon City in Surabaya (Note 11).

At January 17, 2011, the Company obtained approval from Bank Mega to extend the term of the loan with a maturity date of July 11, 2014.

The loan agreement also requires the Company to comply with certain covenants. On September 30, 2011 and December 2010, the Company comply all that covenants.

The bank loans above are arranged at floating interest rates, thus exposing the Company and its subsidiaries to cash flow interest rate risk.

20. BONDS PAYABLE

	September 30, 2011	December 31, 2010
	Rp'000	Rp'000
Senior Secured Notes - net of unamortized bond issuance costs	115,595,424	145,980,633
2015 Notes - net of unamortized bond issuance costs	328,148,584	311,979,958
Bonds payable I (in Rupiah)	-	38,533,944
Bonds resulting from restructured loans:		
Series C Bonds (US$ 366,319 in September 30,2011 and US$ 916,523 in December 31, 2010)	3,232,033	8,240,461
Total	446,976,041	504,734,996

The bonds are repayable as follows:

	September 30, 2011 Rp'000	December 31, 2010 Rp'000
Due in one year	118,827,457	191,108,683
In the second years	-	1,646,355
In the third years	-	-
In the fourth years	328,148,584	-
In the fifth years	-	311,979,958
Total	446,976,041	504,734,996
Less: amount due for settlement with twelve months (shown in the current liabilities)	(118,827,457)	(191,108,683)
Non-current	328,148,584	313,626,313

Senior Secured Notes

On November 16, 2006, PJBV (a subsidiary), as Issuer, issued bonds amounting to US$ 110,000,000 with fixed interest of 12% per annum payable every six (6) months. The bonds have a term of five (5) years and are due on November 14, 2011. All the bonds were offered at 100% of the nominal value and are listed on the Singapore Stock Exchange with the Bank of New York London Branch as Trustee.

The bonds are unconditionally and irrevocably guaranteed by the Company and AW.

The funds generated from the issuance of bonds were used for the repayments of certain existing debts and the acquisition of 83.33% of AW, through the purchase of new shares.

The Company shall deposit into the Pakuwon Jati Offshore Interest Reserve Account (i) US$ 13,126,667 representing the sum of the aggregate interest to be payable on the Notes on the first two interest payment dates and (ii) within 5 business days immediately following each interest payment date, funds in an amount sufficient to restore the balance on deposit in the Offshore Interest Reserve Account to maintain an aggregate amount equal to two succesive interest payments on the Notes. It shall be the Company's obligation and responsibility until November 14, 2009 to ensure that there are funds on deposit in the Offshore Interest Reserve Account sufficient to pay the agregate amount of interest due.

The Company shall deposit into the Pakuwon Jati Offshore Account US$ 80,000,000 representing the consideration for the acquisition of AW and US$ 26,625,000 representing the proceeds for repayment of certain existing debt.

The Company shall cause AW to deposit US$ 80,000,000 into the Artisan Offshore Reserve Account. Funds on deposit in the Artisan Reserve Account may be withdrawn or transferred to either the Artisan Offshore Operating Account or the Artisan Onshore Operating Account to pay for (i) qualified construction costs, provided that as a condition to such withdrawal AW will deliver to the Trustee a disbursement certificate, a written certification by an independent quantity surveyor and copies of invoices setting forth the charges from contractors and vendors included in such qualified construction; (ii) qualified other construction and development related costs provided that as a condition to such withdrawal AW will deliver to the Trustee a disbursement certificate and copies of invoices setting forth the charges from contractors and vendors.

On October 20, 2009 the Company, through its subsidiary, PJBV, carried out a consent solicitation and an exchange offer of its bonds by issuing new bonds of up to US$ 46,200,000 Step-Up Cash Coupon and Paid in Kind (PIK) Interest Senior Secured Notes due 2015 (the "2015 Notes") and a US$ 600 cash payment for each US$ 1,000 in principal amount of existing notes that are exchanged (the "Exchange Offer").

Solicitation on or prior to the consent deadline will receive a consent payment in an amount equal to US$ 5 in cash for each US$ 1,000 in principal amount of existing notes tendered in the Exchange Offer. In addition, the Issuer will pay an additional US$ 20 in principal amount of 2015 Notes for existing notes tendered on or prior to the early exchange deadline.

In conjunction with the Exchange Offer, PJBV is soliciting consents from the Holders of a majority of the principal amount of the outstanding Senior Secured Notes to proposed amendments to the indenture governing the Senior Secured Notes, eliminating substantially all restrictive covenants, eliminating or modifying certain events of defaults and amending certain other provisions of the existing indenture and certain waivers of provisions of the existing indenture to facilitate the Exchange Offer and the refinancing transaction.

Based on the Lucid Issuer Service Limited certificate of tabulation as of November 5, 2009, 76.14% of bondholders or equivalent to US$ 83,750,000 of Senior Secured Notes had agreed to exchange their bonds to 2015 Notes.

The Senior Secured Notes payable consists of the following:

	September 30, 2011	December 31, 2010
	Rp'000	Rp'000
Nominal value (US$ 13,125,000) in 2011 and (US$ 16,406,250) in 2010	115,801,875	147,508,594
Unamortized bond issuance costs	(206,451)	(1,527,961)
Net	115,595,424	145,980,633

The Senior Secured Notes are secured by:
- First priority security rights over Tunjungan Plaza I (Plaza East) and Tunjungan Plaza III (Plaza Central) (Note 11).
- Fiduciary security of all movable assets located in Tunjungan Plaza I (Plaza East) and Tunjungan Plaza III (Plaza Central).
- Fiduciary security of all claims under insurance and reinsurance policies maintained on the land and buildings comprising Tunjungan Plaza I (Plaza East) and Tunjungan Plaza III (Plaza Central).
- Several offshore accounts and an onshore account to be managed by Account Managers in accordance with the Account Management Agreement.
- Pledge of AW's shares owned by the Company.

The Issuer (PJBV) and the Company have agreed in the notes and indenture governing the notes to observe certain financial and negative covenants. On June 30, 2011 and December 2010, the Company comply all that covenants.

Based on the ratings issued by Moody's Investors Service, Inc. and Fitch, the bonds as of September 30, 2011 are rated B3 and B/RR4, respectively.

The Senior Secured Notes are arrange at fixed interest rates, thus the Company and its subsidiaries are exposed to fair value interest rate risk. The effective interest rate on these Notes is 13.60%.

<u>2015 Notes</u>

The 2015 Notes are unsecured, unrated securities paying a combination of cash and PIK coupon which all securities will be repayable at maturity. The 2015 Notes will be matured on May 14, 2015. Interest will be payable in cash and the issuance of additional notes in a principal amount equal to the amount of interest rates set out below:

Period	Interest payable cash	Interest payable in form of additional notes
November 14, 2009 - November 13, 2011	1%	11%
November 14, 2011 - November 13, 2012	3%	9%
November 14, 2012 - November 13, 2013	5%	7%
November 14, 2013 - May 13, 2015	12%	0%

2015 notes are guaranteed by the Company and the subsidiary (AW).

The balance of the 2015 Notes consists of the following:

	September 30, 2011 Rp'000	December 31, 2010 Rp'000
Nominal value (US$ 41,186,516.23 in 2011 and US$ 39,039,352 in 2010)	363,388,632	351,002,813
Unamortized bond issuance costs	(35,240,048)	(39,022,855)
Net	328,148,584	311,979,958

The Senior Secured Notes are arrange at fixed interest rates, thus the Company and its subsidiaries are exposed to fair value interest rate risk. The effective interest rate on these Notes is 15%.

Bonds Payable I

In 1996, the Company issued Bonds I totaling Rp 150,000,000 thousand, with interest at 19.13% per annum. The maturity date of these bonds has been extended up to June 28, 2011 based on Bondholders' General Meeting (RUPO) in 2003. The bonds were intended for the project development for Tunjungan Plaza IV. Bonds I are secured by HGB Certificate Nos. 183, 282, 290, 292, 300 and 458, covering a total area of 0.885 hectares located in Kelurahan Kedungdoro, Surabaya, together with the buildings thereon (Notes 11).

In 2003, the Company and the holders of Bonds I agreed to restructure the bonds payable, as follows:

– Based on RUPO of Bonds I with principal totaling Rp 109,950,000 thousand as stated in the Minutes of RUPO I No. 65 dated June 23, 2003 and Deed No. 9 dated September 8, 2003 concerning Addendum V of the Custodianship Agreement of Bonds I both from Notary Mrs. Machrani Moertolo S. SH., the holders of Bonds I agreed on the following among others:

  i. Schedule of payment of bond principal as follows :

     - 2005 amounting to Rp 16,492,500 thousand.
     - 2007 amounting to Rp 21,990,000 thousand.
     - 2009 amounting to Rp 32,985,000 thousand.
     - 2011 amounting to Rp 38,482,500 thousand.

  ii. Floating rate of 1% over Bank Indonesia Certificate (SBI) capped at 12% per annum.

  iii. Interest-free cash payment of interest in arrears amounting to Rp 102,303,802 thousand, through installment of 2% per annum depending on the cash flow position of the Company and the remaining will be paid in the ninth year through refinancing. The past due interest was presented under accrued expenses (Note 12).

  iv. Write-off of penalty for the late payment of coupon No. 8, 9, and 10 amounting to Rp 519,456 thousand.

  v. Release as collateral the land measuring 825,525 square meters located in Kelurahan Dukuh Sutorejo, Surabaya and Kelurahan Kalisari, Surabaya, upon the completion of Tunjungan Plaza IV project, based on the valuation from independent appraiser appointed by the the Company the value of which is over 120% of the outstanding bonds principal.

Related to the application of statement of revocation of financial accounting standard (PPSAK) No. 3 about the Removal of PSAK 54, Troubled Debt Restructuring, which is effective January 1, 2010, the Company reclassified reduction of interest and write-off of penalty on Bond I amounted Rp 3,492,187 thousand, originally recorded in other account payable, into bond payable account in January 1, 2010, then the Company recalculate the present value of future cash flows of the related debt using the effective date incremental interest rate. Difference between the recalculated amount to the carrying amount Rp 38,533,944, are adjusted to retained earnings on January 1, 2010.

On June 23, 2011, the Company have settled all liabilities related to through the PT Bank Rakyat Indonesia (Persero) Tbk's as Payment Agent bond payable I.

Series C Bonds

Series C Bonds issued to Bank Pan Indonesia (Panin) as of September 30, 2011 and December 31, 2010 amounted to US$ 366,319 (equivalent to Rp 3,232,033 thousand) and US$ 916,523 (equivalent to Rp 8,240,461 thousand), respectively. Payments to series C Bonds in 2011 and 2010 each amounted to US$ 549,000 and US$ 732,000 respectively.

Related to the application of statement of revocation of financial accounting standard (PPSAK) No. 3 about the Removal of PSAK 54, Troubled Debt Restructuring, which is effective January 1, 2010, the Company reclassified interest payable on Series C Bond amounted Rp 1,618,653 thousand, originally recorded in other account payable, into bond payable account in January 1, 2010, then the Company recalculate the present value of future cash flows of the related debt using the effective date incremental interest rate. Difference between the recalculated amount to the carrying amount are adjusted to retained earnings on January 1, 2010.

Series C Bonds are transferable and redeemable at the option of the Company and have a term of seven (7) years from the date of issue. The bonds including the interest are payable in quarterly installments ranging from US$ 186,741 to US$ 248,473 until November 25, 2012.

Series C Bonds bear interest at the following rates per annum:
- 1st year : 5%
- 2nd year : 6%
- 3rd year : 7%
- 4th to 7th year : 8%

The step-up fixed interest rate exposed the Company and its subsidiaries to fair value interest rate risk.

Series C Bonds are secured by:

- The Company's HGBs with certificate No. 265, 275 and 294 covering a total area of 17,979 square meters together with the building thereon, located in Kelurahan Kedungdoro, Surabaya (Note 12).
- Receivables, claims and rights over proceeds from the hotel operations (Note 7) and proceeds from insurance claim.

21. MANDATORY CONVERTIBLE NOTES (MCN) PAYABLE

	September 30, 2011 Rp'000	December 31, 2010 Rp'000
Nominal value (US$ 58,000,000)	511,734,000	521,478,000
Unamortized discount (US$ 8,336,358 in 2011 and US$ 9,501,318 in 2010)	(73,551,686)	(85,426,354)
Total	438,182,314	436,051,646

On August 1, 2006, AW, a subsidiary, issued MCN to UOB Kay Hian Finance Limited amounting to US$ 58,000,000. These MCN are convertible to one (1) AW's share per US$ 1,000 MCN on maturity date, July 31, 2016. At any time after July 31, 2013 but prior to the maturity date, the note may be redeemed in whole, but not in part, by the borrower upon at least 10 days revocable prior written notice to the lender at a redemption price equal to 120% of the principal amount. MCN are non-interest bearing and are not secured by any collateral.

The discount represents the result of the valuation of the MCN at the time of acquisition of AW by the Company.

22. NON-CONTROLLING INTEREST IN SUBSIDIARIES

	September 30 2011 Rp'000	December 31, 2010 Rp'000
a. Non-controlling interest in net assets of subsidiaries		
AW	134,594,092	139,531,228
Others	1	1
Total	134,594,093	139,531,229

23. CAPITAL STOCK

	2011 and 2010		
Name of Stockholder	Number of Shares	Percentage of Ownership	Total Paid-up Capital Stock
		%	Rp'000
BSL Investment Inc.	2,221,898,250	22.14	222,189,825
Burgami Investments Limited	2,096,581,500	20.90	209,658,150
PT. Pakuwon Arthaniaga	1,520,032,460	15.15	152,003,246
Concord Media Investment Ltd	741,000,000	7.38	74,100,000
Raylight Investment Limited	716,917,500	7.15	71,691,750
PT. Pakuwon Trijaya	164,658,000	1.64	16,465,800
Alexander Tedja (President Commissioner)	1,872,000	0.02	187,200
Richard Adisastra (President Director)	27,300	0.01	2,730
Public (less than 5% each)	2,570,263,490	25.61	257,026,349
Total	10,033,250,500	100.00	1,003,325,050

24. REVENUES

	2011 (Nine months)	2010 (Nine months)
	Rp'000	Rp'000
Rental and service charges:		
Space rental	253,771,558	151,723,633
Service charges	106,963,964	63,181,536
Subtotal	360,735,522	214,905,169
Sale of apartment and offices	279,570,878	408,181,795
Hotel revenues	87,929,133	77,910,994
Sale of land and buildings	104,385,293	26,561,719
Sale of condominiums	-	2,295,455
Other operating revenues:		
Electricity and water billing	76,259,274	37,466,308
Parking fee	21,965,212	10,105,657
Others	11,745,839	17,638,294
Subtotal	109,970,325	65,210,259
Total	942,591,152	795,065,391

The Company is insured for business interruption for US$ 49,600,000 with PT Rama Satria Wibawa in 2011 and PT Chartis Insurance Indonesia in 2010.

Rental revenue and service charges from investment properties as of September 30, 2011 and 2010 amounted to Rp 338,460,254 thousand and Rp 193,891,881 thousand.

25. COST OF REVENUES

	2011 (Nine months) Rp'000	2010 (Nine months) Rp'000
Direct Costs		
Building expenses:		
Electricity, water and gas	96,852,576	56,453,582
Depreciation (Notes 11 and 12)	66,973,687	22,907,779
Cleaning	9,668,988	6,894,364
Repairs and maintenance	8,545,225	5,932,032
Insurance	2,883,727	1,519,967
Land and building taxes	9,974,227	3,151,138
Amortization of property and equipment under the BOT scheme (Note 13)	1,175,518	1,567,245
Security	10,848,678	3,774,632
Parking	6,101,124	1,854,085
Others	28,772	142,517
Total building expenses	213,052,522	104,197,340
Personnel expenses	23,751,228	17,125,290
Hotel operating expenses:		
Hotel department	18,935,643	15,212,449
Electricity, water and gas	13,303,479	12,654,134
Depreciation (Note 8)	14,420,426	13,912,284
Salary and allowances	9,703,969	8,154,469
Total hotel operating expenses	56,363,517	49,933,335
Total direct costs	293,167,267	171,255,965
Costs of sales - Apartment and offices	149,627,862	292,322,443
Costs of sales - Condominiums	-	578,917
Costs of sales - Land and buildings	42,537,485	7,867,361
Total cost of revenues	485,332,614	472,024,686

26. FINANCE COST

	2011 (Nine months) Rp'000	2010 (Nine months) Rp'000
Financial charges on:		
Senior Secured Notes	59,616,632	24,450,294
Bank loans	46,329,311	19,762,216
Discount amortization on Mandatory Convertible Notes	10,278,446	9,996,257
Effect of the initial application of PSAK 50 and 55	-	4,193,152
Bonds payable I	16,582,335	2,934,560
Total	132,806,724	61,336,479

27. GENERAL AND ADMINISTRATIVE

	2011 (Nine months) Rp'000	2010 (Nine months) Rp'000
General and administrative:		
Salaries and allowances	20,555,585	10,639,036
Office expenses	4,127,437	3,117,306
Hotel operator's fees	3,396,599	3,136,781
Professional fees	2,627,956	3,567,987
Depreciation expense (Note 12)	2,337,522	-
Post-employment benefits (Note 31)	2,281,441	1,466,055
Travelling expenses	1,985,516	2,057,870
Entertainment	1,036,564	1,237,492
Bank charges	1,005,441	1,087,243
Shares administration and reporting	176,875	229,310
Security expenses	142,999	-
Vehicle tax expenses	79,481	106,189
Training expenses	38,200	51,635
Others	1,392,341	2,745,509
Total	41,183,957	29,442,414

28. MARKETING

	2011 (Nine months) Rp'000	2010 (Nine months) Rp'000
Advertising and promotion	5,211,552	8,415,977
Salaries and allowances	6,792,267	5,568,032
Events	4,801,884	5,752,321
Others	9,799,365	7,726,206
Total	26,605,068	27,462,536

29. INCOME TAX

The net tax expense of the Company and its subsidiaries consist of the following:

	2011	2010
	Rp'000	Rp'000
Current tax expense		
Final income tax of the Company	27,289,070	21,997,502
Final income tax of the subsidiaries	30,809,316	20,827,740
Total current tax expense	58,098,386	42,825,242
Deferred tax expense		
The Company	792,202	3,394,192
Deferred tax - net	792,202	3,394,192
Tax expense - net	58,890,588	46,219,434

Current tax – Nonfinal Income Tax

A reconciliation between income before tax per consolidated statement of comprehensive income and fiscal loss carryforward is as follows:

	2011	2010
	Rp'000	Rp'000
Income before tax per consolidated statement of comprehensif income	293,855,260	251,748,500
Income subject to final tax	(197,647,746)	(167,239,555)
Net income before tax of subsidiaries after consolidated adjustments	(158,586,224)	(141,279,553)
Loss before tax of the Company - net of income already subjected to final tax	(62,378,710)	(56,770,608)
Temporary differences:		
Provision for post-employment benefits	390,555	364,138
Reserve for placement of hotel's furniture, fixture and equipment	1,845,524	(254,221)
Reversal of allowance for doubtful accounts	(21,996)	(1,399,956)
Depreciation	(5,382,893)	(12,286,728)
Net	(3,168,810)	(13,576,767)
Permanent differences		
Interest expense	68,765,715	71,222,954
Foreign exchange already subjected to final income tax	(10,154,537)	-
Interest income already subjected to final income tax	(240,836)	(264,636)
Net	58,370,342	70,958,318
Fiscal loss of the Company	(7,177,178)	610,943
Fiscal loss carryforward	(69,222,225)	(47,714,968)
Fiscal loss carryforward of the Company	(76,399,403)	(47,104,025)

Fiscal loss carryforward of the Company have comply with annual financial report (SPT).

Deferred Tax

The detail of the Company and its subsidiaries' deferred tax assets and liabilities are as follows:

	January 1, 2011	Credited (charged) to income for the year	September 30, 2011
	Rp'000	Rp'000	Rp'000
The Company			
Deferred tax asset (liability) :			
Provision for post-employment benefit	1,193,316	97,639	1,290,955
Reserve for placement of hotel's furniture			-
fixture and equipment	961,760	461,381	1,423,141
Allowance for doubtful account	10,496	(5,499)	4,997
Depreciation	(20,437,468)	(1,345,723)	(21,783,191)
Deferred tax liabilities - net	(18,271,896)	(792,202)	(19,064,098)

Management believe that the deferred tax asset could be realized.

Based on Law No. 36/2008, the amendment of Tax Law No.7/1983 on income taxes, the new corporate tax rate is set at a flat rate of 28% effective January 1, 2009 and 25% effective January 1, 2010. Accordingly, deferred tax assets and liabilities have been adjusted to the enacted tax rates that are expected to apply at the period when the asset is realized or liability is settled.

A reconciliation between the total tax expense and the amounts computed by applying the effective tax rates to income before tax of the Company net income subjected to final tax is as follows:

	2011	2010
	Rp'000	Rp'000
Income before tax per consolidated		
statements of comprehensive income	293,855,260	251,748,500
Income subject to final tax	(197,647,746)	(167,239,555)
Net income before tax of subsidiary		
after consolidated adjustments	(158,586,224)	(141,279,553)
Income (loss) before tax of the Company		
net of income subject to final tax	(62,378,710)	(56,770,608)
Tax benefit at effective tax rate	15,594,678	11,387,880
Tax effect of:		
Permanent differences	(14,592,585)	(17,739,580)
Uncompensated fiscal loss	(1,794,294)	152,736
Net	(16,386,879)	(17,586,844)
Total nonfinal tax expense		
The Company	(792,202)	(3,394,192)
Final income tax of the Company	(27,289,070)	(21,997,502)
Final income tax of the subsidiaries	(30,809,316)	(20,827,740)
Total tax expense	(58,890,588)	(46,219,434)

30. EARNINGS PER SHARE

The computation of basic and diluted earnings per share is based on the following data:

	2011	2010
	Rp'000	Rp'000
Earnings for computation of basic earnings per share	207,901,808	182,222,699
Earnings for computation of diluted earnings per share	144,161,073	125,023,974
	Shares	Shares
Number of ordinary shares for computation of basic and diluted earnings share per (thousand shared)	10,033,251	10,033,251
	Rp	Rp
In full Rupiah amounts		
Basic earnings per share	20.72	18.16
Diluted earnings per share	14.37	12.46

Diluted earnings per share as of September 30, 2011 and 2010 reflects the effect of the mandatory convertible notes of the subsidiary (AW).

31. POST-EMPLOYMENT BENEFITS OBLIGATION

The Company and its subsidiary provides post-employment benefits for their qualifying employees in accordance with Labor Law No. 13/2003. The Hotel calculates and records the estimated employee benefits for its qualifying employees in accordance with applicable rules after considering the pension program. The number of employees entitled to the benefits was 1,065 in 2011 and 1,095 in 2010.

The Hotel employees participate in a defined contribution pension plan. The plan is managed by Dana Pensiun Lembaga Keuangan (DPLK) AIG, the deed of establishment of which was approved by the Minister of Finance of the Republic of Indonesia in his Decision Letter No. KEP-070/KM.17/1995 dated March 10, 1995. The contribution is determined based on certain amount, which is contributed by the Company and employees.

Post-employment benefit expenses and movements in the net liability recognized in the balance sheets are as follows:

	'2011 (Nine months)	'2010 (Nine months)
	Rp'000	Rp'000
Current service cost	2,674,584	1,909,096
Interest cost	1,266,339	1,040,109
Past service cost	79,883	79,883
Effect of curtailment	(1,476,746)	(1,501,614)
Amortization of actuarial gain	(192,394)	(61,419)
Others	(70,225)	-
End of the year	2,281,441	1,466,055

Amounts included in the balance sheets arising from the Company and its subsidiary's obligation in respect of the defined benefit plan are as follows:

	September 30, 2011	December 31, 2010
	Rp'000	Rp'000
Present value of unfunded liability	34,021,761	27,462,272
Unrecognized actuarial gain	(221,382)	4,066,182
Past service cost (nonvested)	(564,191)	(684,440)
Net liability	33,236,188	30,844,014

Movements in the net liability recognized in the balance sheets are as follows:

	September 30, 2011	December 31, 2010
	Rp'000	Rp'000
Beginning of the year	30,844,014	27,859,904
Amount charged to income	2,281,442	3,074,294
Benefits payment	110,732	(90,184)
End of the year	33,236,188	30,844,014

The post-employment benefits cost of the Company and its subsidiary was calculated by independent actuary, PT. Padma Radya Aktuaria, using the following key assumptions:

	'2011 (Nine months)	'2010 (Nine months)
	Rp'000	Rp'000
Discount rate per annum	8-8,5%	8-8,5%
Salary increment rate per annum	10%	10%
Proportion of normal retirement	100%	100%
Normal retirement age	55 tahun	55 tahun

32. RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

Nature of Relationship

PT Pakuwon Darma and PT Artisan Surya Kreasi has partly the same management as the Company.

Transaction with Related Parties

The Company also entered into nontrade transactions with related parties. As of balance sheet dates, receivable arising from this transactions is presented as other accounts receivable from related parties.

33. SEGMENT INFORMATION

Business Segments

Based on PSAK 5, Business Segmen that effective January 1, 2011,information reported is the same with information to the chief operating decision maker for the purpose of resource allocation and assessment of its performance.

Segmen information presented the same with previous business segmen organized into: a) office and shopping center business, b) real estate, c) hospitality.

Segment information based on business segments is presented below:

	30 September 2011				
	Office and shopping center Rp'000	Real estate Rp'000	Hospitality Rp'000	Elimination Rp'000	Consolidated Rp'000
Revenues					
External revenues	470,434,897	384,227,123	87,929,133	-	942,591,153
Internal revenues	13,303,479	-	-	(13,303,479)	-
Rotal Revenues	483,738,376	384,227,123	87,929,133	(13,303,479)	942,591,153
Cost of Revenues					
Allocated cost of revenues	(229,767,305)	(193,554,410)	(61,713,731)	-	(485,035,446)
Segment result	240,667,592	190,672,713	26,215,402	-	457,555,707
Unallocated cost of revenues					(297,168)
Gross profit					457,258,539
Finance cost					(132,806,723)
General and administravive					(41,183,957)
Marketing					(26,605,068)
Interest income					19,637,592
Gain on foreign exchange - net					16,994,316
Others					560,562
Income before tax					293,855,261
Tax expense - net					(58,890,589)
Total comprehensif income for the period					234,964,672
Total comprehensif income for the period allocated to					
Parent entity					207,901,808
Non-controlling interest					27,062,864
Total					234,964,672
OTHER INFORMATION					
ASSET					
Segment assets	2,572,704,077	731,689,027	425,376,210	(1,452,297,847)	2,277,471,467
Unallocated assets					1,789,785,953
Consolidated total assets					4,067,257,420
LIABILITIES					
Segment liabilities	1,259,561,014	334,876,652	25,187,479	(675,297,163)	944,327,982
Unallocated liability					1,351,376,002
Consolidated total liabilities					2,295,703,984
Addition to property and equipment and investment property	77,440,439	255,556	1,281,723	-	78,977,718
Depreciation and amortization	69,211,885	1,274,842	14,420,426	-	84,907,153

	30 September 2010				
	Office and shopping center	Real estate	Hospitality	Elimination	Consolidated
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Revenues					
External revenues	258,905,051	458,249,346	77,910,994	-	795,065,391
Internal revenues	12,654,134			(12,654,134)	-
Rotal Revenues	271,559,185	458,249,346	77,910,994	(12,654,134)	795,065,391
Cost of Revenues					
Allocated cost of revenues	(93,613,530)	(323,978,222)	(54,091,920)	-	(471,683,672)
Segment result	165,291,521	134,271,124	23,819,074	-	323,381,719
Unallocated cost of revenues					(341,014)
Gross profit					323,040,705
Finance cost					(61,336,479)
General and administravive					(29,442,414)
Marketing					(27,462,536)
Interest income					21,213,677
Gain on foreign exchange - net					24,386,863
Others					1,348,684
Income before tax					251,748,500
Tax expense - net					(46,219,433)
Total comprehensif income for the period					205,529,067
Total comprehensif income for the period allocated to					
Parent entity					182,222,699
Non-controlling interest					23,306,368
Total					205,529,067
Jumlah					

	31 December 2010				
	Office and shopping center	Real estate	Hospitality	Elimination	Consolidated
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
OTHER INFORMATION					
ASSET					
Segment assets	2,197,576,080	839,479,652	18,876,632	(40,550,814)	3,015,381,550
Unallocated assets					921,944,074
Consolidated total assets					3,937,325,624
LIABILITIES					
Segment liabilities	397,325,795	485,148,630	20,677,193	(40,550,814)	862,600,804
Unallocated liability					1,506,136,054
Consolidated total liabilities					2,368,736,858
Addition to property and equipment and investment property	609,620,251	147,312	4,850,831	-	614,618,394
Unallocated addition to property and equipment					52,899
Total addition to property and equipment and investment property				-	614,671,293
Depreciation and amortization	48,292,144	2,696,050	19,423,372	-	70,411,566
Unallocated depreciation and amortization					30,667
Total depreciation and amortization					70,442,233

34. COMMITMENTS

a. The Company entered into a build, operate and transfer (BOT) agreement with Bank Mandiri to construct a shopping center and an office building with its facilities in Tunjungan Plaza II (Lifestyle Center) / Menara Mandiri.

   The significant terms and conditions of the BOT agreement are as follows:

   - The Company will construct a 35,130 square meters building (17-storey) to be called Tunjungan Plaza II (Lifestyle Center) / Menara Mandiri on 5,320 square meters of land owned by Bank Mandiri, located in *Jalan* Basuki Rachmad, Surabaya.

   - The agreement is valid for 20 years, starting from the handover of the land by Bank Mandiri, and will end on March 22, 2012.

   - Tunjungan Plaza II (Lifestyle Center) / Menara Mandiri will be owned by Bank Mandiri, but the bank will grant the Company the right to manage and operate Tunjungan Plaza II (Lifestyle Center) / Menara Mandiri for a period of 20 years.

b. The agreement relating to the operations of Sheraton Surabaya Hotel & Towers is a management agreement with Indo Pacific Sheraton (IPS) Hongkong, to operate and manage the Hotel. As provided in the agreement, incentive fee shall be computed at 3% of Adjusted Gross Operating Profit (AGOP), as defined in the agreement, if Gross Operating Profit (GOP), as defined in the agreement, is less than 40%; or 4.25% of AGOP if GOP is equal to or higher than 40% of Total Revenues (TR), as defined in the agreement. The operating term of this contract commenced on March 31, 1996 and terminates on March 31, 2016.

c. The Company and AW entered into cooperation agreements with Bank Mandiri (Persero), Bank Rakyat Indonesia (Persero), Bank International Indonesia, Bank Negara Indonesia (Persero) and Bank Permata. Based on the agreements, these banks will provide credit facilities to the buyers of residential houses, land, apartments, shop houses and office houses. The cooperation agreements with these banks include a provision that in the event that the buyer defaults in installment payments consecutively for certain periods (three months or six months) and the splitting of certificates or title certificate in the name of the buyer and other related documents have not been submitted by the Company and its subsidiary to the related bank, the Company and its subsidiary are obliged to guarantee the full repayment of the remaining loan principal, interests, penalties and other charges payable under the credit facility. Upon fulfillment of the Company and its subsidiary's obligations, all bank's rights towards the buyer based on the credit agreement will be transferred to the Company and its subsidiary.

   The proceeds from the consumers availment of the above credit facility will be placed as restricted time deposits under the name of the Company and its subsidiaries, the withdrawal of which will be made in accordance with the progress of the completion of construction and related documents as specified in each agreement (Note 4).

d. AW entered into contracts with various suppliers and contractors for the construction and development of the Gandaria City project. The significant contracts have contract price of about Rp 31,042,537 thousand and US$ 816,546 with varying contract periods.

e. AW entered into a Letter of Credit Import with credit limit US$ 3,000,000 with PT Bank Danamon Indonesia. This facility is secured by AW's deposits and Letter of Comfort from the Company which was renewed with the Agreement of Change and Renewal of Credit Agreement.

f. AW entered into an Agreement with PT Securindo Packatama Indonesia for parking management at Gandaria City. The terms of the agreement is for 60 months or 5 years.

g. Based on Memorandum of Understanding dated March 28, 2008 and Addendum to the Memorandum of Understanding dated November 10, 2010, the Company entered into an agreement with PT Pakuwon Darma to exchange land ownership in connection with land consolidation purpose, as such each party may develop their respective area because most of the land owned by PT Pakuwon Darma are located in the Company's development area and vice versa. Land owned by the Company to be exchanged is an area of 154,441 square meters, located at Buntaran.

   Parcels of land owned by PT Pakuwon Darma to be exchange measures 204,588 square meters, located at Buntaran.

h. The Company entered into a letter of credit agreement with Bank Mandiri and Bank Danamon. This facility is secured by Company's time deposits (Note 6).

i. The Company entered into an agreement with *Perusahaan Gas Negara* for supply of gas. The agreement is secured by the Company's time deposits (Note 6).

35. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

At June 30, 2011 and December 31, 2010, the Company and its subsidiaries had monetary assets and liabilities denominated in foreign currency as follows:

		30 September 2011		31 December 2010	
		Foreign currency	Ekuivalent	Foreign currency	Ekuivalent
			Rp'000		Rp'000
Assets					
Cash and cash equivalents	US$	7,118,352	62,805,217	1,640,159	14,746,665
	EUR	505	6,035	4,429	52,954
Restricted time deposits	US$	54,065	477,015	28,020	251,929
Total assets			63,288,267		15,051,548
Liabilities					
Accrued expenses	US$	2,444,018	21,563,573	2,348,429	21,114,727
Bank Loan	US$	3,000,000	26,469,000	4,000,000	35,964,000
Bond payable	US$	50,660,324	446,976,041	51,851,969	466,201,052
Mandatory convertible note	US$	49,663,642	438,182,314	48,498,682	436,051,646
Total liabilities			933,190,928		959,331,425
Net Liabilities			(869,902,661)		(944,279,877)

The conversion rates used by the Company and its subsidiaries on September 30, 2011 and 2010 are as follows:

Foreign currencies	September 30, 2011	December 31, 2010
	Rp	Rp
US$ 1	8,823.00	8,991.00
EUR 1	11,956.06	11.955.79

36. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

a. Capital risk management

The Company and its subsidiaries manage their capital to ensure that they will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance

The capital structure of the Company and its subsidiaries consist of debt, which includes the borrowings disclosed in Notes 19 and 20, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising of issued capital and retained earnings and other equity component as disclosed in Notes 5 and 23.

The Company and its subsidiaries' Board of Directors periodically reviews their capital structure. As part of this review, the Board of Directors considers the cost of capital and the related risks.

b. Financial risk management objectives and policies

The Company and its subsidiary's overall financial risk management and policies seek to ensure that adequate financial resources are available for operation and development of their business, while managing their exposure to foreign exchange risk, interest rate risk, credit and liquidity risks.

i. Foreign currency risk management

The Company and its subsidiary are exposed to the effect of foreign currency exchange rate fluctuation mainly because of foreign currency denominated transactions on their funding.

The Company and its subsidiary manage the foreign currency exposure by monitoring fluctuations in foreign currency, in order to perform the appropriate actions, such as the use of hedging operations if it is necessary to reduce the risk of foreign currency. Subsidiary also charge some of its tenant in U.S. Dollar currency. The Company and its subsidiary's monetary assets and liabilities denominated in currency exposure as of balance sheet is disclosed in Note 35.

ii. Interest rate risk management

The Company and subsidiary manage the interest rate risk by monitoring interest rate movement, and combine the appropriate fixed and floating interest loan to minimize negative impact to the Company.

To manage interest rate risk, the Company and subsidiary possess policies in obtaining fund which provide proper combination of floating and fixed interest.

For floating interest rate, sensitivity analysis compile based on an assumption that total liability on the date of the financial statements was used for the whole year. Changes in 150 point basis of interest rate on the date of financial statements would increase (decrease) gain for the year ended September 30, 2011. This analysis assumed that other variable, especially foreign exchange rate was constant. These changes were particularly due to the exposure of the Company and subsidiary of loan interest rate variable.

iii. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in a loss to the Company and its subsidiary.

The Company and its subsidiaries's credit risk is primarily attributed to its cash in banks, time deposits, trade receivables and others. The credit risk on bank balance and time deposits is limited because the Company and its subsidiaries place their bank balances and time deposits with credit worthy financial institutions. The Company and its subsidiaries minimize their credit risk on trade receivables from property buyers by imposing penalties for late payment, cancellation of the sale with fines, and respossesion of property in case of failure to pay. For credit risk arising from investment property, tenants are asked to provide a deposit in cash for lease payments and pay advance rent before the lease term takes effect. Further, the Company and its subsidiaries may end all provision of services for the leased unit in case of delinquent payments.

The Company and its subsidiaries have policies to obtain sustainable growth in revenue by minimizing losses due to credit risk exposure. Accordingly, the Company and its subsidiaries have a policy to ensure that transactions are entered into with customers who have historical good credit reputation. Management conducts ongoing supervision to reduce credit risk exposure. Accounts receivable from sale of apartments of the subsidiary at balance sheet date is largely a difference at recognition of revenue based on percentage of completion of the project net of amounts already paid by the buyer.

The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowance for losses represents the Company and its subsidiaries exposure to credit risk.

iv. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management which are in accordance with the liquidity requirement and the short, medium and long term funding. The Company and its subsidiaries manage liquidity risk by maintaining cash and cash equivalents sufficient to meet the Company and its subsidiaries commitments for normal operations, regularly evaluating cash flow projections and actual cash flows, and scheduling the date of maturity of assets and financial liabilities.

The Company and its subsidiaries maintain sufficient funds to finance their ongoing working capital requirements.

c. Fair value of financial instruments

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values either because of their short-term maturities or they carry market rates of interest, except for the following:

	2011		2010	
	Carrying amount Rp'000	Fair value Rp'000	Carrying amount	Fair value
Mandatory Convertible Notes (MCN) payable	438,182,314	373,373,369	436,051,650	351,655,256
Bond payable except for bond payable I	446,976,041	470,008,312	466,201,052	483,621,756

The fair value of bonds payable and MCN are determined using the present value of estimated future cash flows, discounted at market rate.