 # PT. PAKUWON JATI Tbk.
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009

UNAUDITED

TABLE OF CONTENTS

	Catatan	2010 Rp'000	2009 Rp'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2g,3	202,037,882	349,417,400
Restricted time deposits	4	29,798,448	40,649,971
Fund for replacement of hotel's furniture, fixtures and equipment	2h,3	3,040,129	2,628,446
Trade accounts receivable from third parties - net of allowance for doubtful accounts of Rp 121.509 thousand in 2010 and Rp 943.965 thousand in 2009	2i,5	38,238,202	39,657,607
Other accounts receivable from third parties		2,892,269	2,448,180
Inventories	2j	2,542,232	2,341,989
Prepaid taxes	3x,11	91,061,323	62,608,008
Advances and prepaid expenses	3k	3,782,812	3,061,695
Total Current Assets		373,393,297	502,813,296
NONCURRENT ASSETS			
Restricted time deposits	4	-	187,743,749
Other accounts receivable from related parties	2e	79,514	-
Deferred tax assets - net	2x	-	318,411
Real estate assets	2l,6		
Real estate inventories		825,391,034	712,336,282
Land not yet developed		217,546,652	218,075,718
Investment properties - net of accumulated depreciation of Rp 222.063.831 thousand in 2010 and Rp 197.702.541 thousand in 2009	2m,2p,7	622,749,177	628,059,263
Property and equipment - net of accumulated depreciation of Rp 255.549.171 thousand in 2010 and Rp 231.465.648 thousand in 2009	2n,2p,8	1,590,286,061	1,474,025,920
Property and equipment under build, operate and transfer (BOT) scheme - net of accumulated amortization of Rp 54.473.976 thousand in 2010 and Rp 50.978.395 thousand in 2009	2o,9	4,188,682	7,684,263
Deferred charges - landrights	2r	1,183,094	810,152
Total Noncurrent Assets		3,261,424,214	3,229,053,758
TOTAL ASSETS		3,634,817,511	3,731,867,054

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

	Catatan	2010	2009
		Rp'000	Rp'000
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade accounts payable	10		
Related party	2e, 28	-	7,310,714
Third parties		59,780,074	31,177,832
Other accounts payable - third parties		19,188,843	8,845,674
Taxes payable	2x,11	52,149,259	5,292,888
Current portion of accrued expenses	12	40,201,471	66,715,248
Reserve for replacement of hotel's furniture, fixtures and equipment	2h,3	3,040,129	2,628,446
Current portion of unearned income	2s,2w,13	124,501,138	121,007,977
Current maturities of long-term liabilities			
Bank loan	15	27,784,575	-
Other accounts payable	2t,16	2,623,856	3,547,996
Bonds payable	2t,2u,17	66,489,368	192,020,400
Total Current Liabilities		395,758,712	438,547,175
NONCURRENT LIABILITIES			
Long-term accrued expenses - net of current portion	12	87,981,270	90,027,346
Long-term unearned income - net of current portion	2s,2w,13	41,785,388	46,389,566
Advances from customers	2w,14	309,560,417	293,549,819
Post-employment benefits obligation	2f, 2v	30,593,292	30,760,216
Deferred tax liabilities - net	2x	16,422,297	9,433,552
Long-term liabilities - net of current maturities			
Bank loan	15	431,326,425	3,650,000
Other accounts payable	2t,16	4,855,033	7,819,661
Bonds payable	2t,2u,17	470,458,240	1,155,350,303
Tenants' deposits		59,504,977	48,484,927
Mandatory convertible notes payable	18	431,855,277	531,617,424
Total Noncurrent Liabilities		1,884,342,617	2,217,082,814
MINORITY INTEREST IN NET ASSETS OF SUBSIDIARIES	2b,2c,19	103,311,225	88,221,764
EQUITY			
Capital stock - Rp 100 par value per per share			
Authorized - 30,000,000,000 shares in 2010 and 2009			
Subscribed and paid-up - 10,033,250,500 shares in 2010 and 2009	20	1,003,325,050	1,003,325,050
Retained earnings		248,079,907	(15,309,749)
Total Equity		1,251,404,957	988,015,301
TOTAL LIABILITIES AND EQUITY		3,634,817,511	3,731,867,054

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

	Catatan	2010	2009
		Rp'000	Rp'000
SALES AND REVENUES	2q,2w,22	277,082,920	99,131,167
DIRECT COSTS AND COST OF SALES	2w,23	140,997,069	48,853,309
GROSS PROFIT		136,085,851	50,277,858
OPERATING EXPENSES	2w,24		
General and administrative		9,234,736	6,209,686
Marketing		8,376,151	5,265,338
Total Operating Expenses		17,610,887	11,475,024
INCOME FROM OPERATIONS		118,474,964	38,802,834
OTHER INCOME (CHARGES)			
Interest income	25	2,207,880	5,445,975
Reversal of allowance for			
doubtful accounts - net	2i	2,039,801	1,354,466
Gain (loss) on foreign exchange - net	2d	14,675,008	(33,058,949)
Finance cost	26	(16,647,354)	(19,523,155)
Gain (loss) on sale of equipment	2n	114,333	320
Others - net		278,536	(355,497)
Other Income (Charges) - Net		2,668,204	(46,136,840)
INCOME BEFORE TAX		121,143,169	(7,334,006)
TAX EXPENSE	2x	(12,336,254)	(6,671,679)
INCOME (LOSS) BEFORE MINORITY INTEREST IN NET INCOME OF SUBSIDIARIES		108,806,915	(14,005,685)
MINORITY INTEREST IN NET INCOME OF SUBSIDIARY	2b,2c,19	(7,949,182)	(1,903,995)
NET INCOME (LOSS)		100,857,733	(15,909,680)
EARNINGS (LOSS) PER SHARE	2y,27		
(In full Rupiah)			
Basic		10.05	(1.59)
Diluted		8.11	(1.72)

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

	Paid-up capital stock	Retained earning (Deficit)	Total equity
	Rp'000	Rp'000	Rp'000
Balance as of January 1, 2009	1,003,325,050	599,931	1,003,924,981
Net loss for the year	-	(15,909,680)	(15,909,680)
Balance as of March 31, 2009	1,003,325,050	(15,309,749)	988,015,301
Balance as of January 1, 2010	1,003,325,050	147,222,174	1,150,547,224
Net income for the year	-	100,857,733	100,857,733
Balance as of March 31, 2010	1,003,325,050	248,079,907	1,251,404,957

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

	2010	2009
	Rp'000	Rp'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	322,399,625	163,600,315
Cash paid to contractors of the subsidiary's project for the construction of real estate assets	(43,474,212)	(39,541,701)
Cash paid to suppliers, employees and others	(101,798,490)	(98,949,825)
Cash generated from operations	177,126,923	25,108,789
Interest received	2,099,068	6,323,267
Interest and bank charges paid	(17,174,482)	(2,870,174)
Income tax paid	(2,175,903)	(6,055,721)
Net Cash Provided by Operating Activities	159,875,606	22,506,161
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawal (placement) of noncurrent restricted time deposits	(29,798,448)	68,574,609
Decrease (increase) in fund for replacement of hotel's furniture, fixture and equipment	799,296	2,628,446
Acquisitions of investment properties and property and equipment	(193,047,550)	(6,875,557)
Net Cash Provided by (Used in) Investing Activities	(222,046,701)	64,327,498
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of bonds payable	(1,713,795)	(2,077,965)
Net Cash Used in Financing Activities	(1,713,795)	(2,077,965)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(63,884,890)	84,755,694
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	268,515,724	266,274,891
Effect of foreign exchange rate changes	447,178	1,015,261
CASH AND CASH EQUIVALENTS AT END OF PERIOD	205,078,011	352,045,846

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. 284 dated August 30, 2008, of Noor Irawati, SH., notary in Surabaya, to conform with Law No. 40 year 2007 on Limited Liability Companies. The amendment was received and approved by Minister of Law and Human Rights of Republic of Indonesia through Letter No. AHU-90465.AH.01.02.TH.08 dated November 27, 2008.

The Company is domiciled in Surabaya with its office located at Menara Mandiri 15th Floor, Jl. Basuki Rachmad 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 1,298 in 2010 and 1,417 in 2009.

The Company's management at March 31, 2010 and 2009 consisted of the following:

President Commissioner	Alexander Tedja
Commissioner	Dr Dyah Pradnyaparamitha Duarsa
Independent Commissioners	Drs. Agus Soesanto
President Director	Ir. Richard Adisastra
Directors	A.S. Ridwan Suhendra
	Omar Ishananto, S.H.
	Drs. Minarto

The Company's Audit Committee at March 31, 2010 and 2009 consisted of the following:

Chairman	Drs Agus Soesanto
Members	Theresia Tuti Harjati, SE, Ak
	Edwin Derma Radar Hukom

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 2010	Percentage of ownership 2009	Total Assets as of March 31, 2010 (before elimination) Rp'000
PT Artisan Wahyu (AW)	Jakarta, Indonesia	Property development of Gandaria City	83,33%	83,33%	1,490,173,668
PT. Pakuwon Sentra Wisata (PSW)	Surabaya, Indonesia	Dormant	99.99%	99.99%	3,414,141
PT. Regency Laguna Jasamedika (RLJM)	Surabaya, Indonesia	Dormant	99.99%	99.99%	15,718,310
Pakuwon Jati Finance, B.V. (PJBV)	Belanda	Financial services	100.00%	100.00%	567,294,158

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 (Note 20).

In 2008, the Company issued bonus shares arising from additional paid in capital and a part of the revaluation increment in property and equipment (Notes 20 and 21).

At March 31, 2010, all of the Company's shares totaling 10,033,250,500 shares have been listed in the Indonesia Stock Exchange (formerly Jakarta Stock Exchange and Surabaya 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 (Note 17).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. 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 on English translation of the Company's statutory report in Indonesia and 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.

b. Principles of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries (Note 1b). 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. Control is also presumed to exist when the Company owns directly or indirectly through subsidiaries, more than 50% of the voting rights.

The minority interest consists of the amount of those interest at the date of original business combination (Note 2c) 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.

c. Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is the aggregate of the fair value (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued in exchange for control of the acquire, plus any costs directly attributable to the business combination.

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. 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 interest of the minority shareholders is stated at the minority's proportion of the historical cost of the net assets.

d. 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.

e. Transactions With Related Parties

Related parties consist of the following:

1) companies that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company (including holding companies, subsidiaries and fellow subsidiaries);

2) associates;

3) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, and close members of the family of any such individuals (close members of the family are those who can influence or can be influenced by such individuals in their transactions with the Company);

4) key management personnel who have the authority and responsibility for planning, directing and controlling the Company's activities, including commissioners, directors and managers of the Company and close members of their families; and

5) companies in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (3) or (4) or over which such a person is able to exercise significant influence. This includes companies owned by commissioners, directors or major stockholders of the Company and companies which have a common key member of management as the Company.

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

f. 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.

g. Cash and Cash Equivalents

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.

h. 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.

i. Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided based on a review of the status of the individual receivable accounts at the end of the year.

j. 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.

k. Prepaid Expenses

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

l. 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.

m. 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.

n. 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.

Certain assets were revalued in previous years based on an independent appraisal made in accordance with government regulations. In line with the initial adoption of PSAK 16 (Revised 2007) in 2008, the previous revalued amount of certain assets under the previous standard is considered as deemed cost, and the balance of the revaluation surplus on property and equipment previously reported as a separate line item in equity is reclassified into retained earnings.

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 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.

o. 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.

p. Impairment of an Asset

When the carrying amount of an asset exceeds its estimated recoverable amount, the asset is written down to its estimated recoverable amount, which is determined as the higher of net selling price or value in use.

q. 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.

r. 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.

s. Unearned Income

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

t. Debt Restructuring

The excess of the carrying amount of the loan and related accounts over the total future cash payments specified by the new terms of the loan in a debt restructuring involving only modification of terms is recognized immediately as restructuring gain. After the restructuring, all cash payments under the terms of the loan are deducted from the carrying amount of the loan, and no interest expense is recognized on such loan until maturity.

If the carrying amount of the loan is less than the total future cash payments specified by the new terms of the loan in a debt restructuring involving only modification of terms, no gain or loss is recognized. The effect of such restructuring is accounted for prospectively from the time of restructuring. After the restructuring, interest expense is computed by applying a constant effective interest rate to the carrying amount of the loan and related accounts at the beginning of each period until maturity.

When settlement of the loan is made through transfer of asset, the excess of the carrying amount of the restructured debt over the fair value of the asset is recognized immediately as debt restructuring gain. Gain arising from the restructuring of loans through transfer of assets whose terms and conditions are not fully met is recognized as deferred gain or loss on the restructured loans presented under other accounts payable account and will be recognized as gain in the consolidated statement of income when related terms and conditions are fully met.

u. Issuance Costs of Bonds

Issuance costs of bonds are deducted directly from the related proceeds to determine the net proceeds of the Bonds. Differences between the net proceeds and nominal values represent discounts or premiums which are amortized using the straight-line method over the term of the bonds.

v. Post-Employment Benefits

The Company and its subsidiary provides defined post-employment benefits to its 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.

w. Revenue and Expense Recognition

Space Rental Revenue and Service Charges

Revenue from space rental is recognized in accordance with the policy described in Note 2q, 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).

x. 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.

y. Earnings (loss) per Share

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

Diluted earnings (loss) 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 (loss) per share for all periods presented is adjusted retrospectively.

z. Segment Information

Segment information is prepared using the accounting principles adopted for preparing and presenting the consolidated financial statements. The Company's primary reporting segment information is based on business segment, while its secondary reporting segment information is based on geographical segment.

A business segment is a distinguishable component of an enterprise that is engaged in producing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other segments.

A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

Assets and liabilities that relate jointly to two or more segments are allocated to those segments, if and only if, the related revenues and expenses are allocated to those segments and the relative autonomy of those segments.

3. CASH AND CASH EQUIVALENTS

	2009	2008
	Rp'000	Rp'000
Cash on hand	341,567	1,754,151
Cash in banks		
Rupiah		
Bank Mandiri	19,184,218	3,292,805
Bank CIMB Niaga	17,725,182	1,776,683
Bank Danamon Indonesia	13,265,396	4,164,710
Bank Central Asia	8,638,720	7,410,008
Bank Internasional Indonesia	2,826,826	533,715
Bank Mega	1,481,341	-
Bank Rakyat Indonesia	525,350	19,089
Others	967,038	131,463
U.S. Dollar		
Bank Danamon Indonesia	15,262,821	387,886
Bank Mandiri	1,370,139	2,230,912
Bank of New York	838,381	1,064,598
Bank CIMB Niaga	66,809	172,927
ING Asia Private Bank Limited	50,370	4,529,769
Bank Panin	18,441	28,830
JP Morgan	-	24,362,483
Others	9,090	12,320
Euro		
ING Asia Private Bank Limited	148,853	-
Time deposits		
Rupiah		
Bank Danamon Indonesia	25,710,760	61,789,000
Bank Mega	17,441,292	41,621,825
Bank Permata	17,050,000	-
Bank CIMB Niaga	11,400,000	
Bank Internasional Indonesia	9,926,224	74,843,007
Bank Mandiri	3,292,800	5,203,162
U.S. Dollar		
Bank Internasional Indonesia	29,704,491	-
Bank Mega	5,820,002	-
Bank CIMB Niaga	1,823,000	
Bank Mandiri	188,900	234,000
Bank Danamon Indonesia	-	105,705,900
Bank DBS Indonesia	-	7,271,527
UBS AG, Singapura	-	3,505,075
Total cash and cash equivalents	205,078,011	352,045,846
Fund for replacement of hotel's furniture, fixtures and equipment	(3,040,129)	(2,628,446)
Net	202,037,882	349,417,400
Interest rates per annum on time deposits		
Rupiah	7,00%	11,50 % - 12,25 %
U.S. Dollar	1,85% - 2,00%	5,70 % - 6,00%

4. RESTRICTED TIME DEPOSITS

Current

	2010	2009
	Rp'000	Rp'000
Rupiah		
Bank Mandiri	4,987,039	514,500
Bank Permata	2,478,417	3,059,350
Bank Internasional Indonesia	3,799,947	737,527
Bank Kesawan	2,000,000	-
Bank Rakyat Indonesia	1,860,265	1,613,594
Total	15,125,668	5,924,971
U.S. Dollar		
Bank Danamon Indonesia	14,672,779	34,725,000
Total	29,798,448	40,649,971
Interest rate per annum		
Rupiah	5,25% - 5,75%	5,25%-6,50%
U.S. Dollar	1.00%	1,25%-2,50%

Except for deposit placed in Bank Danamon Indonesia, this account represents the Company and its subsidiary's funds in connection with the draw down of consumers' credit facilities (Note 30c).

Deposit placed in Bank Danamon Indonesia is used as collateral for AW's letter of credit facility which has not been utilized (Note 30e).

Noncurrent

	2009
	Rp'000
The Subsidiary (AW)	
ING Asia Private Bank Limited, Singapura (US$ 3.019.762,37 in 2009	34,953,749
Total	34,953,749
The Company	
UBS AG, Singapura (US$ 13.200.000)	152,790,000
Total	187,743,749
Interest rate per annum	1,15% - 2,10%

Time deposits owned by the Company represent restricted time deposits reserved for the payment of interest accruing on the Senior Secured Notes. On November 16, 2009, this deposit was used to pay the principal of Senior Secured Notes Obligation pursuant to the exchange offer (Note 17).

Time deposits owned by AW represent proceeds from the issuance of AW's capital stock and was restricted for the construction of Superblock Gandaria City. Such time deposits matured on March 31, 2009. In June 2009, the deposit had been used up for the construction of Superblock Gandaria City.

5. TRADE ACCOUNTS RECEIVABLE FROM THIRD PARTIES

	2010 Rp'000	2009 Rp'000
a. By Business Segment		
Sale of land and buildings	18,679,313	22,536,309
Space rental and others	13,780,264	11,790,548
Hotel	5,900,134	6,274,715
Total	38,359,711	40,601,572
Allowance for doubtful accounts	(121,509)	(943,965)
Net	38,238,202	39,657,607
b. By Age Category:		
Not yet due	25,694,173	28,733,746
Past due:		
1 - 30 days	7,814,175	6,810,613
31 - 60 days	1,087,705	1,616,761
61 - 90 days	664,473	479,588
More than 90 days	3,099,185	2,960,864
Total	38,359,711	40,601,572
Allowance for doubtful accounts	(121,509)	(943,965)
Net	38,238,202	39,657,607
Changes in the allowance for doubtful accounts :		
Beginning balance	2,177,313	2,228,298
Reversal of allowance	(2,055,804)	(1,284,333)
Ending balance	121,509	943,965

All trade accounts receivable are denominated in Rupiah currency.

Management believes that the allowance for doubtful accounts is adequate to cover possible losses on uncollectible accounts. 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 2010 and 2009, respectively (Note 17).

In 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 15).

6. REAL ESTATE ASSETS

Real Estate Inventories

	2010	2009
	Rp'000	Rp'000
Land lot already developed:		
Laguna Indah	16,168,541	17,532,230
Virginia Regency	14,767,091	13,604,636
Laguna Regency	2,091,923	2,056,216
Royal Villa	1,699,381	1,641,547
Riviera Villa	1,122,017	1,050,292
Westwood Villa	1,010,374	951,308
Taman Mutiara	957,131	934,842
Land and buildings ready for sale:		
Pakuwon Town Square	24,935,948	6,605,112
Model units	2,424,754	2,424,341
Taman Permata	131,773	130,219
Total	65,308,934	46,930,743
Condominium unit:		
Kondominium Regency	4,939,780	4,939,780
Land and buildings under development:		
Superblock Gandaria City	591,209,317	527,640,756
Palm Beach	131,281,825	82,175,772
Pakuwon Town Square	32,651,178	50,649,232
Total	755,142,320	660,465,759
Total	825,391,034	712,336,282

Land Not Yet Developed

	2010	2009
	Rp'000	Rp'000
Location:		
East Surabaya	118,078,314	119,923,860
North Surabaya	76,435,926	74,967,829
West Surabaya	18,060,877	18,060,877
Embong Malang, Central Surabaya	4,971,535	5,123,152
Total	217,546,652	218,075,718

The total land not yet developed measures 2.629.766 m2 in 2010 and 2.572.206 m2 in 2009 respectively. Other than Superblock Gandaria City which is located in Jakarta, all real estate inventories are located in Surabaya, East Java.

Accumulated borrowing costs capitalized to land and buildings under development (Superblock Gandaria City) amounted to Rp 140.348.968 thousand in 2010 and Rp 119.828.759 thousand in 2009

As of March 31, 2010 and 2009, land and buildings under development (Superblock Gandaria City) was covered by contractor all risk insurance with PT MAA General Assurance for an insurance coverage of US$ 144,300,000.

7. INVESTMENT PROPERTIES

	January 1, 2010 Rp'000	Additions Rp'000	Deductions Rp'000	Reclassifications Rp'000	March 31, 2010 Rp'000
Cost:					
Land	242,777,899	-	-	-	242,777,899
Buildings and facilities	456,717,726	1,651,146	-	-	458,368,872
Machinery and equipment	143,230,833	435,404	-	-	143,666,237
Total	842,726,458	2,086,550	-	-	844,813,008
Accumulated depreciation:					
Buildings and facilities	142,477,229	4,279,978	-	-	146,757,207
Machinery and equipment	73,322,091	1,984,533	-	-	75,306,624
Total	215,799,320	6,264,511	-	-	222,063,831
Net Book Value	626,927,138				622,749,177

	January 1, 2009 Rp'000	Additions Rp'000	Deductions Rp'000	Reclassifications Rp'000	March 31, 2009 Rp'000
Cost:					
Land	242,326,057	-	-	-	242,326,057
Buildings and facilities	440,488,092	2,200,617	-	-	442,688,709
Machinery and equipment	140,391,293	355,745	-	-	140,747,038
Total	823,205,442	2,556,362	-	-	825,761,804
Accumulated depreciation:					
Buildings and facilities	126,212,282	4,003,133	-	-	130,215,415
Machinery and equipment	65,618,499	1,868,627	-	-	67,487,126
Total	191,830,781	5,871,760	-	-	197,702,541
Net Book Value	631,374,661				628,059,263

The fair value of the investment properties as of March 31, 2010 amounted to Rp 3,506,000,000 thousand. The valuation was determined by independent valuers based on market value.

Depreciation amounting to Rp 6.264.511 thousand in 2010 and Rp 5.871.760 thousand in 2009 were recorded under direct costs-building expenses (Note 23).

As of March 31, 2010 and 2009, the investment properties were insured along with property and equipment (Note 8).

In 2010 and 2009, 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 (Note 17).

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 15).

8. PROPERTY AND EQUIPMENT

	January 1, 2010 Rp'000	Additions Rp'000	Deductions Rp'000	Reclassifications Rp'000	March 31, 2010 Rp'000
Cost:					
Land	485,758,774	4,784,398	-	-	490,543,172
Buildings and facilities	464,917,798	167,853	-	-	465,085,651
Machinery and equipment	28,867,802	-	-	(2,240)	28,865,562
Motor vehicles	14,288,554	540,191	340,000	-	14,488,745
Office equipment	33,935,392	590,337	-	-	34,525,729
Interior design	34,957,702		-	(23,000)	34,934,702
Construction in progress					-
Buildings and facilities	746,621,885	30,769,786	-	-	777,391,671
Total	1,809,347,907	36,852,565	340,000	(25,240)	1,845,835,232
Accumulated depreciation:					
Buildings and facilities	174,763,646	3,960,631	-	-	178,724,277
Machinery and equipment	20,322,804	398,844	-	(2,053)	20,719,595
Motor vehicles	11,368,301	358,856	317,333	-	11,409,824
Office equipment	29,410,633	525,842	-	-	29,936,475
Interior design	14,122,985	657,098	-	(21,083)	14,759,000
Total	249,988,369	5,901,272	317,333	(23,137)	255,549,171
Net Book Value	1,559,359,538				1,590,286,061

	January 1, 2009 Rp'000	Additions Rp'000	Deductions Rp'000	Reclassifications Rp'000	March 31, 2009 Rp'000
Cost:					
Land	499,521,865	8,976,452	-	-	508,498,317
Buildings and facilities	464,038,117	21,740	-	-	464,059,857
Machinery and equipment	28,867,802	-	-	-	28,867,802
Motor vehicles	12,575,749	109,400	97,500	-	12,587,649
Office equipment	32,520,379	14,531	-	-	32,534,910
Interior design	33,393,587	-	-	-	33,393,587
Construction in progress					
Buildings and facilities	600,135,344	25,414,102	-	-	625,549,446
Total	1,671,052,843	34,536,225	97,500	-	1,705,491,568
Accumulated depreciation:					
Buildings and facilities	158,953,618	3,948,431	-	-	162,902,049
Machinery and equipment	18,725,684	399,521	-	-	19,125,205
Motor vehicles	9,116,678	445,610	(11,580)	-	9,573,868
Office equipment	27,220,581	490,880	-	-	27,711,461
Interior design	11,535,268	617,797	-	-	12,153,065
Total	225,551,829	5,902,239	(11,580)	-	231,465,648
Net Book Value	1,445,501,014				1,474,025,920

In 2006 and 1999, the Company revalued part of its property and equipment. The revaluation was based on government regulation. In 2006, the Company revalued land where the Sheraton Surabaya Hotel & Tower are located and two parcels of land situated beside the Hotel, with net revaluation increment amounting to Rp 50,999,400 thousand. For the revaluation of property and equipment, the Company obtained approval from the Tax Office for Listed Companies on December 26, 2006 through its Decision Letter No. 2027/WPJ.07/BD.04/2006. In 1999, the Company revalued part of its property and equipment as of December 31, 1998 with net revaluation increment in property and equipment amounting to Rp 491,683,551 thousand. The Company obtained approval from the Tax Office for Listed Companies in its Decision Letter No. 021/WPJ.06/KP.0404/1999 dated May 20, 1999. On December 31, 2007, the balance of the net revaluation increment in property and equipment were recorded as part of equity amounting to Rp 542,682,951 thousand.

In 2008, revaluation increment in property and equipment amounting to Rp 64,603,550 thousand was used in the issuance of bonus shares (Note 20).

On initial adoption of PSAK 16 (Revised 2007) in 2008, the revalued amount of these assets are considered as deemed cost and the balance of the revaluation increment, which was previously recorded as part of equity, is reclassified to retained earnings.

Depreciation amounting to Rp 5.901.272 in 2010 and Rp 5.902.239 thousand in 2009 were recorded under direct costs-building expenses and under hotel operating expenses (Note 23).

Construction in progress includes building under construction in Jakarta called Superblock Gandaria City owned by AW. The building is estimated to be completed in 2010.

Accumulated borrowing costs capitalized to construction in progress amounted to Rp 167.473.448 thousand in 2010 and Rp 143.908.967 thousand in 2009.

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 10 to 30 years which will be due between 2010 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 2010 and 2009. Land together with the Tunjungan Plaza IV buildings thereon are used as collateral for Bonds Payable I (Note 17).

In 2010 and 2009, land with HGB Nos. 828 and 1190 are used as collateral the loan with Bank Mega (Note 15).

At March 31, 2010 and 2009, 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 and Laguna Square (Pakuwon City) were covered by property-all-risk insurance with PT. Chartis Insurance Indonesia (formerly PT Asuransi AIU Indonesia) for US$ 91.400.000 and Rp 29.000.000 thousand as of March 31, 2010 and for US$ 67.240.000 and Rp 26.000.000 thousand as of March 31, 2009. Sheraton Surabaya Hotel & Towers was covered by property-all-risk insurance with PT Chartis Insurance Indonesia (formerly PT Asuransi AIU Indonesia) for US$ 35.000.000 as of March 31, 2010 and for US$ 28.000.000 as of March 31, 2009. These properties were also insured against terrorism and sabotage with PT Asuransi Himalaya Pelindung for US$ 126.400.000 as of March 31, 2010 and for US$ 95.200.000 as of March 31, 2009.

- 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 and Laguna Square (Pakuwon City) were covered by Public Liability Insurance with PT. Chartis Insurance Indonesia (formerly PT Asuransi AIU Indonesia) for US$ 1.000.000 in 2010 and in 2009. Sheraton Surabaya Hotel & Towers was covered by Public Liability Insurance with PT. Asuransi QBE Pool Indonesia in 2010, and PT. ACE INA Insurance in 2009 for US$ 10.000.000 respectively.

- Construction in progress Pakuwon Center was covered by construction-all-risk insurance with PT Asuransi Indrapura and PT Asuransi Rama Satria Wibawa for Rp 110.000.000 thousand as of 31 Maret 2010.

- Some of the vehicles were insured with PT. Asuransi Allianz Utama Indonesia, PT. Asuransi MSIG Indonesia and PT. Chartis Insurance Indonesia (formerly PT Asuransi AIU Indonesia) in 2010 and 2009 for Rp 5.402.500 thousand and Rp 4.129.500 thousand respectively.

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

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

	January 1, 2010	Additions	Deduction	March 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 depreciation:				
Buildings	42,986,188	636,880	-	43,623,068
Machinery and equipment	10,704,221	146,686	-	10,850,908
Total	53,690,409	783,566	-	54,473,976
Net Book Value	4,972,249			4,188,682

	January 1, 2009	Additions	Deduction	March 31, 2009
	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 depreciation:				
Buildings	39,956,905	757,320	-	40,714,225
Machinery and equipment	10,117,484	146,685	-	10,264,170
Total	50,074,389	904,005	-	50,978,395
Net Book Value	8,588,269			7,684,263

Amortization expense amounting to Rp 783.566 thousand in 2010 and Rp 904.005 thousand in 2009 was presented under direct costs-building expenses (Note 23).

As of March 31, 2010 and 2009, the property and equipment under BOT scheme were insured along with property and equipment (Note 8).

10. TRADE ACCOUNTS PAYABLE

	2010	2009
	Rp'000	Rp'000
Related party		
PT. Pakuwon Darma	-	7,310,714
Third parties	59,780,074	31,177,832
Total	59,780,074	38,488,546

All trade accounts payable are denominated in Rupiah currency.

11. TAXES PAYABLE AND PREPAID TAXES

Taxes Payable

	2010 Rp'000	2009 Rp'000
The Company		
Value added tax	713,312	1,839,569
Final income tax	2,023,481	615,958
Other income taxes:		
- Article 21	3,103	257,482
- Article 23/26	168,276	271,098
Taxes on promotional activities		4,775
Hotel and restaurant tax	-	192,999
The subsidiaries:		
Final income tax	9,695,392	-
Other income taxes		
- Article 21	42,296	15,246
- Article 23	1,475,431	1,059,849
Value added tax	37,593,945	1,035,912
Non final income taxes	434,023	-
Total	52,149,258	5,292,888

Prepaid Taxes

	2010 Rp'000	2009 Rp'000
The Company		
Final income tax	18,108,929	13,275,922
Value added tax	-	82,640
Income taxes article 22	19,970	19,970
Income taxes article 23	46,474	31,475
The subsidiaries:		
Final income tax	10,347,957	-
Value added tax	62,512,792	46,178,136
Income taxes article 23	25,203	2,987,838
Other	-	32,028
Total	91,061,323	62,608,008

12. ACCRUED EXPENSES

	2010 Rp'000	2009 Rp'000
Interest and penalty payable on bonds (Note 15,16 and 17)	118,142,050	149,369,672
Electricity, water and gas	1,785,369	1,078,272
Others	8,255,322	6,294,650
Total	128,182,741	156,742,594
Current portion	(40,201,471)	(66,715,248)
Long-term portion	87,981,270	90,027,346

Others accrued expenses mainly represent accrued professional fees and employee salaries

13. UNEARNED INCOME

	2010	2009
	Rp'000	Rp'000
Space rental	156,467,287	156,839,678
Others	9,819,239	10,557,865
Total	166,286,526	167,397,543
Current portion	(124,501,138)	(121,007,977)
Long-term portion	41,785,388	46,389,566

14. ADVANCES FROM CUSTOMERS

This account mainly represents advance payments received by AW, a subsidiary, from customers for the retail center, pre-sale of condominiums and office buildings that do not satisfy the revenue recognition criteria.

15. BANK LOAN

	2010	2009
	Rp'000	Rp'000
Bank CIMB Niaga	370,461,000	-
Bank ICBC Indonesia	85,000,000	-
Bank Mega	3,650,000	3,650,000
Total	459,111,000	3,650,000
Current maturities	(27,784,575)	-
Long-term portion	431,326,425	3,650,000

Bank CIMB Niaga

The Company entered into a loan facility of Rp 370,461,000 thousand 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 17), with a floating interest 13,5% per annum as of March 31, 2010.

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 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 Rp 200,000,000 thousand over Blok M Plaza (Note 8) 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.

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 floating rate at the interest rate of 9,4% per annum as of March 31, 2010. As of March 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 due in 24 months with interest rate of 9.4% per annum. As of March 31, 2010, Rp 50,000,000 thousand of this loan facility has been utilized.

The credit facilities are secured by trade accounts receivable from the sale of housing units in Pakuwon City Surabaya (Note 5).

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 interest rate of 13% as of March 31, 2010, which is paid monthly. Under the agreement, this credit facility will be used to finance the Pakuwon Center construction. As of December 31, 2009 and 2008, the Company has already used Rp 3,650,000 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 of 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 Pakuwon Center building construction site which is located in Pakuwon City in Surabaya (Note 8).

At January 25, 2010, the Company obtained approval from Bank Mega to extend the term of the loan with a maturity date of July 11, 2013.

The loan agreement also requires the Company to comply with certain covenants.

16. OTHER ACCOUNTS PAYABLE

	2010 Rp'000	2009 Rp'000
Deferred gain on restructured bonds	3,055,663	4,801,756
Interest payable on Series C Bonds	1,262,657	3,405,332
Others	3,160,569	3,160,569
Total	7,478,889	11,367,657
Current maturities:		
Reduction of interest and write-off of penalty on Bonds I	1,746,093	1,746,093
Interest payable on Series C Bonds	877,763	1,801,903
Total	2,623,856	3,547,996
Long-term portion	4,855,033	7,819,661

Deferred gain on restructured bonds (reduction of interest and write-off of penalty) represents the difference between the carrying amount of restructured Bonds I (principal and accrued interest) in 2003 and the agreed total settlement amount and outstanding loan balance. The difference was deferred since the carrying amount was less than the future cash payments.

Interest payable on Series C Bonds represents the difference between the nominal value of Series C Bonds and the future cash payments of the related restructured loan (Note 17) and will be realized on due date of each interest payable.

17. BONDS PAYABLE

	2010	2009
	Rp'000	Rp'000
Senior Secured Notes - net of unamortized bond issuance costs	205,997,072	1,250,484,503
2015 Notes - net of unamortized bond issuance costs	279,123,676	-
Bonds payable I (in Rupiah)	38,482,500	71,467,500
Bonds resulting from restructured loans:		
Series C Bonds US$ 1.464.000 in 2010 and US$ 2.196.000 in 2009	13,344,360	25,418,700
Total	536,947,608	1,347,370,703
Current maturities	(66,489,368)	(192,020,400)
Long-term Bonds Payable	470,458,240	1,155,350,303

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:

	2010	2009
	Rp'000	Rp'000
Nominal value (US$ 22.968.750) in 2010 and (US$ 110.000.000) in 2009	209,360,156	1,273,250,000
Unamortized bond issuance costs	(3,363,085)	(22,765,497)
Net	205,997,072	1,250,484,503

The Senior Secured Notes are secured by:

- First priority security rights over Tunjungan Plaza I (Plaza East) and Tunjungan Plaza III (Plaza Central) (Note 7).
- 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.

The Issuer (PJBV) and the Company have agreed in the notes and indenture governing the notes to observe certain financial and negative covenants.

Based on the ratings issued by Moody’s Investors Service, Inc. and Fitch, the bonds as of March 31, 2010 are rated Caa1 and CCC/RR4, respectively.

Notes 2015

The 2015 Notes are unsecured, unrated securities paying a combination of cash and PIK coupon with maturity date 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:

Periode		Bunga dibayar kas	Bunga yang dibayar dengan tambahan notes
14 Nopember 2009 -	13 Nopember 2011	1%	11%
14 Nopember 2011 -	13 Nopember 2012	3%	9%
14 Nopember 2012 -	13 Nopember 2013	5%	7%
14 Nopember 2013 -	13 Mei 2015	12%	0%

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

The balance 2015 Notes consists of the following:

	2010
	Rp'000
Nominal value (US$ 35,075,000)	319,708,625
Unamortized bond issuance costs	(40,584,949)
Net	279,123,676

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 7 and 8).

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

a. 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 Nos. 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.

The Company paid installments according to the above schedule resulting to a Bonds I payable balance of Rp 38,482,500 thousand as of March 31, 2010.

Based on the rating issued by Fitch, the bond as of March 31, 2010 is rated B.

Bonds Resulting from Restructured Loans

On October 25, 2005, the Company and all its lenders entered into agreements to restructure all loans and related interest payable. This restructuring was approved in the Extraordinary Stockholders' General Meeting as documented in Notarial Deed No. 72 dated October 17, 2005 of Noor Irawati SH., notary in Surabaya.

Series C Bonds

Series C Bonds issued to Bank Pan Indonesia (Panin) as of March 31, 2010 and 2009 amounted to US$ 1,464,000 (equivalent to Rp 13,344,360 thousand) and US$ 2,196,000 (equivalent to Rp 25,418,700 thousand), respectively. Payments to series C Bonds in 2010 and 2009 each amounted to US$ 183.000.

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%

Series C Bonds are secured by:
- The Company's HGBs with certificate Nos. 265, 275 and 294 covering a total area of 17,979 square meters together with the building thereon, located in Kelurahan Kedungdoro, Surabaya (Note 8).
- Receivables, claims and rights over proceeds from the hotel operations (Note 5) and proceeds from insurance claim.

18. MANDATORY CONVERTIBLE NOTES (MCN) PAYABLE

	2010	2009
	Rp'000	Rp'000
Nominal value (US$ 58,000,000)	528,670,000	671,350,000
Unamortized discount (US$ 10.621.472,67) in 2010 and (US$ 12.071.928,85) in 2009	(96,814,723)	(139,732,576)
Total	431,855,277	531,617,424

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. These 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

19. MINORITY INTEREST IN SUBSIDIARIES

	2010	2009
	Rp'000	Rp'000
a. Minority interest in net assets of subsidiaries		
AW	103,311,225	88,221,764
Total	103,311,225	88,221,764
b. Minority interest in net income of subsidiary - AW	7,949,182	1,903,995

20. CAPITAL STOCK

Name of Stockholder	2010 and 2009 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 Ltd	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 (CMIL)	741,000,000	7.38	74,100,000
Raylight Investments Limited	716,917,500	7.15	71,691,750
Sino Connect Investments Limited	429,000,000	4.28	42,900,000
Oakhill Capital Limited	390,000,000	3.89	39,000,000
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	0.00	2,730
Public (less than 5% each)	1,751,263,490	17.45	175,126,349
Total	10,033,250,500	100.00	1,003,325,050

Based on the Extraordinary General Meeting of Stockholders as stated in Notarial Deed No.192 dated June 30, 2008 of Noor Irawati, S.H., notary in Surabaya, which was approved by the Minister of Law and Human Rights of Republic of Indonesia through Letter No. AHU-90465.AH.01.02.TH.08 dated November 27, 2008, the stockholders have agreed to issue 2,315,365,500 bonus shares out of the additional paid-in capital and a part of the revaluation increment in property and equipment as of December 31, 2007, at Rp 100 per share par value, at 10:3 ratio. The issuance of bonus shares is effective on August 7, 2008, to stockholders who are included in the Stockholders' list as of July 23, 2008 at four o'clock in the afternoon. In accordance with the Letter No.S.03739/BEI.PSJ/07-2008 dated July 3, 2008 from the Indonesia Stock Exchange, the bonus shares stated above have been approved thus all of the Company's outstanding shares totaling 10,033,250,500 shares at par value of Rp 100 per share were listed on the Indonesia Stock Echange.

Based on Notarial Deed No. 150 dated July 19, 2008 of Noor Irawati, SH, notary in Surabaya, and approved by Minister of Law and Human Rights of Republic Indonesia through Letter No. AHU-90465.AH.01.02-TH.08 dated November 27, 2008, the stockholders agreed to increased the authorized capital stock from Rp 1,250,000,000 thousand to Rp 3,000,000,000 thousand with par value of Rp 100 per share.

21. ADDITIONAL PAID-IN CAPITAL

	Paid-in capital
	Rp'000
Sale of the Company's shares through public offering in 1989	18,900,000
Rights offering I to stockholders in 1991	50,000,000
Rights offering II to stockholders in 1994	115,500,000
Distribution of 35,000,000 bonus shares in 1992	(35,000,000)
Balance as of January 1, 2006	149,400,000
Conversion of bonds into shares in 2006	
Total proceeds from the issuance of 876,577,000 shares	455,821,500
Recorded as paid-in capital	(438,288,500)
Additional paid-in capital	17,533,000
Balance as of March 31, 2008	166,933,000
Bonus shares issuance in 2008 (Note 20)	(166,933,000)
Balance as of March 31, 2010 and 2009	-

22. SALES AND REVENUES

	2010	2009
	Rp'000	Rp'000
Rental and service charges:		
Space rental	50,537,764	43,635,426
Service charges	19,460,502	17,359,160
Subtotal	69,998,266	60,994,586
Sale of apartment and offices	144,112,276	
Hotel revenues	24,507,677	21,796,211
Sale of land and buildings	19,788,763	-
Sale of condominiums	-	-
Other operating revenues:		
Electricity and water billing	10,151,754	9,153,351
Parking fee	3,079,162	2,630,417
Others	5,445,022	4,556,602
Subtotal	18,675,938	16,340,370
Total	277,082,920	99,131,167

The Company is insured for business interruption with PT. Chartis Insurance Indonesia (formerly PT Asuransi AIU Indonesia) for US$ 42.000.000 in 2010 and for US$ 32.000.000 in 2009.

23. DIRECT COSTS AND COST OF SALES

	2010	2009
	Rp'000	Rp'000
Direct Costs		
Building expenses:		
Electricity, water and gas	16,918,733	14,962,401
Depreciation (Notes 7 and 8)	7,528,356	7,205,222
Repairs and maintenance	1,548,983	1,251,524
Cleaning	1,854,370	1,590,449
Land and building taxes	964,720	1,266,601
Amortization of property and equipment under the BOT scheme (Note 9)	783,566	904,005
Insurance	453,479	544,001
Others	912,624	1,044,256
Total building expenses	30,964,830	28,768,459
Personnel expenses	4,510,160	3,676,652
Hotel operating expenses:		
Hotel department	4,550,344	4,359,207
Electricity, water and gas	4,184,463	4,358,607
Depreciation (Note 8)	4,637,428	4,568,777
Salary and allowances	2,513,853	3,121,607
Total hotel operating expenses	15,886,087	16,408,198
Total direct costs	51,361,077	48,853,309
Costs of sales - Land and buildings	4,970,993	-
Costs of sales - Apartment and offices	84,664,999	-
Total direct costs and cost of sales	140,997,069	48,853,309

24. OPERATING EXPENSES

	2010	2009
	Rp'000	Rp'000
General and administrative:		
Salaries and allowances	2,996,008	2,653,939
Office expenses	698,368	835,196
Hotel operator's fees	980,114	743,473
Professional fees	1,321,277	483,110
Travelling expenses	435,919	314,284
Shares administration and reporting	114,650	139,250
Bank charges	1,514,721	265,048
Security expenses	392,721	40,337
Entertainment	85,403	74,240
Office equipment	109,699	89,304
Others	585,856	571,505
Subtotal	9,234,736	6,209,686
Marketing:		
Advertising and promotion	3,287,149	1,906,276
Events	657,178	521,704
Salaries and allowances	1,679,622	846,480
Others	2,752,202	1,990,878
Subtotal	8,376,151	5,265,338
Total	17,610,887	11,475,024

25. INTEREST INCOME

	2010	2009
	Rp'000	Rp'000
Time deposits	2,143,175	5,407,880
Current accounts	64,705	38,095
Total	2,207,880	5,445,975

26. FINANCE COST

	2010	2009
	Rp'000	Rp'000
Financial charges on:		
Senior Secured Note	6,900,297	13,518,525
Discount amortization on Mandatory Convertible Notes	3,403,402	4,155,701
Bonds payable I	295,873	1,735,374
Bank loan	6,047,782	113,555
Total	16,647,354	19,523,155

27. EARNINGS (LOSS) PER SHARE

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

	2010	2009
	Rp'000	Rp'000
Earnings (loss) for computation of basic earnings (loss) per share	100,857,733	(15,909,680)
Earnings (loss) for computation of diluted earnings (loss) per share	81,342,713	(17,243,419)
	Shares	Shares
Number of ordinary shares for computation of basic and diluted earnings share (loss) per (thousand shares)	10,033,251	10,033,251
	Rp	Rp
In full Rupiah amounts		
Basic earnings (loss) per share	10.05	(1.59)
Diluted earnings (loss) per share	8.11	(1.72)

Diluted earnings (loss) per share as of March 31, 2010 and 2009 reflects the effect of the mandatory convertible notes of the subsidiary (AW).

28. 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

In 2007, the Company purchased land from PT. Pakuwon Darma measuring 101,769 square meters in Kelurahan Kalisari, Surabaya amounting to Rp 21,269,721 thousand (including VAT 10%). Such purchase of land was approved by the stockholders through the Company's Extraordinary Stockholders Meeting on June 27, 2007. As of March 31, 2009, payable arising from this transaction is presented as trade accounts payable (Note 10).

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.

29. SEGMENT INFORMATION

Business Segments

For management purposes, the Company and its subsidiaries are currently organized into three (3) business segments namely: a) office and shopping center business, b) real estate, c) hospitality.

These business segments are the bases on which the Company and its subsidiaries report their primary segment information.

Segment information based on business segments is presented below:

	2010				
	Office and shopping center	**Real estate**	**Hospitality**	**Eliminations**	**Consolidated**
	Rp'000	**Rp'000**	**Rp'000**	**Rp'000**	**Rp'000**
SALES AND REVENUES					
External sales and revenues	85,801,058	166,774,184	24,507,677	-	277,082,920
Internal sales and revenues	4,184,463			(4,184,463)	-
Total Sales and Revenues	89,985,521	166,774,184	24,507,677	(4,184,463)	277,082,920
RESULT					
Segment result	52,126,649	64,668,390	2,723,699	-	119,518,739
Unallocated segment result					(1,043,774)
Unallocated expense					-
Income from operations					118,474,964
Interest income					2,207,880
Reversal of allowance for doubtful accounts - net					2,039,801
Gain on foreign exchange - net					14,675,008
Finance cost					(16,647,354)
Gain on sale of equipment					114,333
Others - net					278,536
Income before tax					121,143,169
Tax expense					(12,336,254)
Income before minority interest in net income of subsidiaries					108,806,915
Minority interest in net income of subsidiary					(7,949,182)
Net income					100,857,733
OTHER INFORMATION					
ASSETS					
Segment assets	1,616,414,772	1,222,667,282	444,315,500	(1,280,540,660)	2,002,856,894
Unallocated assets					1,631,960,617
Consolidated total assets	1,616,414,772	1,222,667,282	444,315,500	(1,280,540,660)	3,634,817,511
LIABILITIES					
Segment liabilities	871,231,603	600,277,057	21,110,950	(733,649,871)	758,969,739
Unallocated liability					1,521,131,590
Consolidated total liabilities	871,231,603	600,277,057	21,110,950	(733,649,871)	2,280,101,329
Addition to property and equipment and investment property	21,426,649	17,511,577	889	-	38,939,115
Total addition to property and equipment and investment property	21,426,649	17,511,577	889	-	38,939,115
Depreciation and amortization	7,549,507	762,415	4,637,428	-	12,949,350
Total depreciation and amortization	7,549,507	762,415	4,637,428	-	12,949,350

	2009				
	Office and shopping center Rp'000	**Real estate Rp'000**	**Hospitality Rp'000**	**Eliminations Rp'000**	**Consolidated Rp'000**
SALES AND REVENUES					
External sales and revenues	75,558,505	1,776,451	21,796,210	-	99,131,167
Internal sales and revenues	4,358,607			(4,358,607)	-
Total Sales and Revenues	79,917,112	1,776,451	21,796,210	(4,358,607)	99,131,167
RESULT					
Segment result	43,553,339	(3,830,775)	(30,577)	-	39,691,987
Unallocated segment result					(308,006)
Unallocated expense					(581,147)
Income from operations					38,802,834
Interest income					5,445,975
Reversal of allowance for doubtful accounts - net					1,354,466
Gain on foreign exchange - net					(33,058,949)
Finance cost					(19,523,155)
Gain on sale of equipment					320
Others - net					(355,497)
Income before tax					(7,334,006)
Tax expense					(6,671,679)
Income before minority interest in net income of subsidiaries					(14,005,685)
Minority interest in net income of subsidiary					(1,903,995)
Net income					(15,909,680)
OTHER INFORMATION					
ASSETS					
Segment assets	1,958,547,424	1,064,387,174	458,555,883	(2,010,798,936)	1,470,691,545
Unallocated assets					2,261,175,510
Consolidated total assets	1,958,547,424	1,064,387,174	458,555,883	(2,010,798,936)	3,731,867,055
LIABILITIES					
Segment liabilities	1,004,182,172	776,205,050	16,413,206	(1,535,585,878)	261,214,550
Unallocated liability					2,394,415,439
Consolidated total liabilities	1,004,182,172	776,205,050	16,413,206	(1,535,585,878)	2,655,629,989
Addition to property and equipment and investment property	24,755,600	469,812	11,867,175	-	37,092,587
Total addition to property and equipment and investment property	24,755,600	469,812	11,867,175	-	37,092,587
Depreciation and amortization	7,301,447	807,783	4,568,777	-	12,678,007
Total depreciation and amortization	7,301,447	807,783	4,568,777	-	12,678,007

Geographical Segments

The Company's operations are located in Surabaya, Indonesia. The subsidiaries are domiciled in Surabaya, Jakarta and the Netherlands.

Sales by geographical market

The following table shows sales based on geographical market:

	2010	2009
Surabaya	132,970,644	99,131,167
Jakarta	144,112,276	-
Total	277,082,920	99,131,167

The segment assets and addition to property and equipment based on geographic location of the assets are as follows:

	Total segment assets		Addition to property and equipment	
	2010	2009	2010	2009
	Rp'000	Rp'000	Rp'000	Rp'000
Surabaya	1,800,859,718	1,887,817,465	20,424,615	17,170,874
Jakarta	1,833,587,107	1,839,320,615	18,514,500	19,921,713
Belanda	370,687	4,728,974	-	
Total	3,634,817,511	3,731,867,054	38,939,115	37,092,587

30. 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 December 31, 2016.

c. The Company and/or 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 subsidiaries to the related bank, the Company and its subsidiaries 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 subsidiaries' obligations, all bank's rights towards the buyer based on the credit agreement will be transferred to the Company and its subsidiaries.

   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 25,150,000 thousand and US$ 2,289,665, with varying contract periods

e. AW entered into a Sight Import Letter of Credit (LC/SBLC) and local letter of credit (SKBDN) with a maximum credit limit of US$ 6,000,000 with PT Bank Danamon Indonesia. This facility is secured by AW’s time deposit (Note 4).

****