PT. PAKUWON JATI Tbk.
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2014 (UNAUDITED) AND DECEMBER 31, 2013, 2012 AND 2011
AND FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2014 AND 2013 (UNAUDITED)
AND THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

AND INDEPENDENT AUDITORS' REPORT

PT. PAKUWON JATI Tbk. AND ITS SUBSIDIARIES
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PT PAKUWON JATI, Tbk

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DIRECTORS' STATEMENT LETTER
RELATING TO
THE RESPONSIBILITY ON THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2014 (UNAUDITED) AND DECEMBER 31, 2013, 2012 AND 2011
AND FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2014 AND 2013 (UNAUDITED)
AND FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011
PT. PAKUWON JATI Tbk. AND ITS SUBSIDIARIES

We, the undersigned:

1.	Name	:	Ir. Richard Adisastra
	Office address	:	Jl. Kejawan Putih Mutiara No.17, Pakuwon City - Surabaya
	Domicile as stated in ID Card	:	Jl. Margorejo Indah IX/B-510, Surabaya
	Phone Number	:	031-58208788
	Position	:	President Director
2.	Name	:	Drs. Minarto
	Office address	:	Jl. Kejawan Putih Mutiara No.17, Pakuwon City - Surabaya
	Domicile as stated in ID Card	:	Jl. Wonorejo Permai Selatan 6/CC-447, Surabaya
	Phone Number	:	031-58208788
	Position	:	Director

state that:

1. We are responsible for the preparation and presentation of the consolidated financial statements;

2. The consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;

3. a. All information contained in the consolidated financial statements is complete and correct;
   b. The consolidated financial statements do not contain misleading material information or facts, and do not omit material information and facts.

4. We are responsible for the Company and its subsidiaries' internal control system.

This statement letter is made truthfully.

Surabaya, July 15, 2014

President Director

METERAI TEMPEL
PT. PAKUWON JATI Tbk.
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6000 DJP

Ir. Richard Adisastra

Director

Drs. Minarto

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Osman Bing Satrio & Eny
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Report on Review of Interim Financial Information

No. SR114 0094 PJ TW

The Stockholders, Board of Commissioners and Directors
PT. Pakuwon Jati Tbk

Introduction

We have reviewed the accompanying interim consolidated financial statements of PT. Pakuwon Jati Tbk and its subsidiaries, which comprise of interim consolidated statements of financial position as of June 30, 2014, and the interim consolidated statements of comprehensive income, interim consolidated statements of changes in equity, and interim consolidated statements of cash flows for the six-month periods ended June 30, 2014 and 2013, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim consolidated financial information in accordance with Indonesian Financial Accounting Standards. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", established by the Indonesian Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information does not present fairly, in all material respects, the financial position of PT. Pakuwon Jati Tbk and its subsidiaries as of June 30, 2014, and their financial performance and cash flows for the six-month periods ended June 30, 2014, 2013, in accordance with Indonesian Financial Accounting Standards.

Other Matter

This report has been prepared in connection with the Company's offering of debt securities.

OSMAN BING SATRIO & ENY

Tenly Widjaja
Public Accountant License No. AP.0186

July 15, 2014

Osman Bing Satrio & Eny

Deloitte.

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Independent Auditors' Report

No. GA114 0135 PJ TW

The Stockholders, Board of Commissioners and Directors
PT. Pakuwon Jati Tbk.

We have audited the accompanying consolidated financial statements of PT. Pakuwon Jati Tbk. and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Indonesian Financial Accounting Standards and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audt evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of PT. Pakuwon Jati Tbk. and its subsidiaries as of December 31, 2013, and their financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

OSMAN BING SATRIO & ENY

Tenly Widjaja
License of Public Accountant No. AP.0186

March 18, 2014

Osman Bing Satrio & Eny

Deloitte.

Osman Bing Satrio & Eny
Registered Public Accountants
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Independent Auditors' Report

No. GA113 0164 PJ TW

The Stockholders, Boards of Commissioners and Directors
PT. Pakuwon Jati Tbk.

We have audited the accompanying consolidated statements of financial position of PT. Pakuwon Jati Tbk. and its subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of PT Artisan Wahyu and PT Elite Prima Hutama, consolidated subsidiaries, which statements reflect total assets constituting 59% and 62%, respectively, of consolidated total assets as of December 31, 2012 and 2011 and total revenues constituting 65% and 55.77%, respectively, of consolidated total revenues for the years then ended. Those financial statements were audited by other independent auditors, whose reports, with unqualified opinion, have been furnished to us, and our opinion, insofar as it relates to the amounts included for such subsidiaries, is based solely on the reports of such other independent auditors.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other independent auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other independent auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PT. Pakuwon Jati Tbk. and its subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in conformity with Indonesian Financial Accounting Standards.

OSMAN BING SATRIO & ENY

Tenly Widjaja
License of Public Accountant No. AP.0186

March 26, 2013

The accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdiction other than those in Indonesia. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in Indonesia.

	Notes	June 30, 2014 (Unaudited)	December 31, 2013	2012	2011
		Rp'000	Rp'000	Rp'000	Rp'000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	2,280,127,393	2,126,205,589	1,315,146,118	621,021,073
Other financial assets	6	240,918,689	147,055,281	97,720,159	69,688,800
Trade accounts receivable from third parties - net of allowance for impairment losses of Rp 583,996 thousand at June 30, 2014, Rp 127,786 thousand at December 31, 2013, Rp 96,448 thousand at December 31, 2012 and Rp 4,320 thousand at December 31, 2011	7	177,895,279	149,289,157	127,672,383	108,926,033
Other accounts receivable from third parties		27,686,462	17,625,933	10,836,883	7,870,085
Inventories	12				
Real estate assets		1,181,294,102	1,046,565,189	957,607,342	819,426,109
Others		5,392,466	4,515,587	5,564,034	3,120,864
Prepaid taxes	10	128,231,701	132,196,381	99,256,973	79,464,938
Advances and prepaid expenses		102,631,419	86,862,904	95,465,709	18,620,144
Total Current Assets		4,144,177,511	3,710,316,021	2,709,269,601	1,728,138,046
NONCURRENT ASSETS					
Other accounts receivable from related parties	8,37	812,458	56,312,458	-	-
Investment in associates	9	267,766,170	268,531,122	215,696	1,015,572
Other noncurrent financial assets	6	112,978,305	108,966,331	96,779,561	21,983,226
Advance for purchase of land, property and equipment and investment properties	11	273,130,171	337,768,040	249,521,336	23,933,639
Inventories - Real estate assets	12	611,650,118	438,535,058	298,964,504	274,834,935
Investment properties - net of accumulated depreciation of Rp 689,596,176 thousand at June 30, 2014, Rp 611,731,466 thousand at December 31, 2013, Rp 454,389,733 thousand at December 31, 2012 and Rp 403,467,439 thousand at December 31, 2011	13	3,772,745,392	3,702,706,889	3,365,097,210	2,034,044,736
Property and equipment - net of accumulated depreciation of Rp 378,891,657 thousand at June 30, 2014, Rp 360,658,261 thousand at December 31, 2013, Rp 330,382,031 thousand at December 31, 2012 and Rp 301,129,847 thousand at December 31, 2011	14	713,679,778	673,095,853	844,547,927	1,659,292,063
Deferred tax assets	33	300,828	248,459	47,862	-
Intangible asset-landrights		1,706,384	1,753,837	1,364,879	1,455,124
Other assets		27,604	11,340	11,340	13,694
Total Noncurrent Assets		5,754,797,208	5,587,929,387	4,856,550,315	4,016,572,989
TOTAL ASSETS		9,898,974,719	9,298,245,408	7,565,819,916	5,744,711,035

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

	Notes	June 30, 2014 (Unaudited)	December 31, 2013	2012	2011
		Rp'000	Rp'000	Rp'000	Rp'000
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Bank loans	15	-	-	1,000,000	131,704,000
Trade accounts payable to third parties	16	105,438,989	54,754,091	33,928,967	65,240,747
Other accounts payable to third parties		49,674,558	69,730,827	34,564,133	32,470,408
Dividend payable	24	217,172,220	525,630	944,641	-
Taxes payable	17	42,668,998	53,744,771	28,912,298	35,188,559
Accrued expenses	18	86,490,801	75,029,632	62,262,720	42,204,162
Reserve for replacement of hotel's furniture, fixtures and equipment	5,6	8,913,344	7,376,585	7,343,632	5,906,664
Unearned income - realizable within one year	19	490,490,632	446,681,644	424,758,403	160,099,987
Advances from customers	20	1,544,575,464	1,768,064,757	1,162,402,638	610,033,023
Current maturities of long-term liabilities					
Bank loans	21	412,582,918	373,959,300	262,170,196	165,569,150
Bonds payable	22	-	-	-	1,660,454
Total Current Liabilities		2,958,007,924	2,849,867,237	2,018,287,628	1,250,077,154
NONCURRENT LIABILITIES					
Long-term unearned income - net of realizable within one year	19	85,193,927	82,132,692	63,955,011	218,529,315
Deferred tax liabilities - net	33	21,420,485	21,446,355	20,367,110	19,405,930
Long-term liabilities - net of current maturities					
Bank loans	21	1,179,680,862	1,390,430,042	1,662,797,204	953,633,621
Bonds payable	22	-	-	-	360,290,197
Other accounts payable		3,160,569	3,160,569	3,160,569	3,160,569
Tenants' deposits		140,625,333	132,848,479	114,650,107	74,771,475
Mandatory convertible notes payable	23	648,971,347	650,251,481	499,623,507	453,871,193
Post-employment benefits obligation	35	73,469,142	65,599,671	48,443,231	37,836,114
Total Noncurrent Liabilities		2,152,521,665	2,345,869,289	2,412,996,739	2,121,498,414
Total Liabilities		5,110,529,589	5,195,736,526	4,431,284,367	3,371,575,568
EQUITY					
Equity attributable to owners of the Company					
Capital stock - par value per share of Rp 25 at June 30, 2014, December 31, 2013 and 2012, Rp 100 at December 31, 2011 Authorized - 120,000,000,000 shares at June 30, 2014, December 31, 2013 and 2012 and 30,000,000,000 shares at December 31, 2011 Subscribed and paid-up - 48,159,602,400 shares at June 30, 2014, December 31, 2013 and 2012, 12,039,900,600 shares at December 31, 2011	24	1,203,990,060	1,203,990,060	1,203,990,060	1,203,990,060
Additional paid-in capital	25	362,194,103	362,194,103	1,099,362,509	1,099,362,509
Difference in value of restructuring transaction among entity under common control	25	-	-	(737,168,406)	(737,168,406)
Retained earnings					
Appropriated		3,000,000	2,000,000	1,000,000	-
Unappropriated		2,996,173,429	2,308,166,458	1,344,904,961	667,747,635
Total equity attributable to owners of the Company		4,565,357,592	3,876,350,621	2,912,089,124	2,233,931,798
Noncontrolling interests	26	223,087,538	226,158,261	222,446,425	139,203,669
Total Equity		4,788,445,130	4,102,508,882	3,134,535,549	2,373,135,467
TOTAL LIABILITIES AND EQUITY		9,898,974,719	9,298,245,408	7,565,819,916	5,744,711,035

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

PT. PAKUWON JATI Tbk. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2014 AND 2013 (UNAUDITED)
AND THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

	Notes	2014 (Six-month) (Unaudited) Rp'000	2013 (Six-month) (Unaudited) Rp'000	2013 (One year) Rp'000	2012 (One year) Rp'000	2011 (One year) Rp'000
Net Revenues	27	1,880,316,084	1,625,841,787	3,029,797,151	2,165,396,882	1,478,104,635
Cost of Revenues	28	719,867,608	680,121,412	1,264,878,581	931,477,349	743,405,041
Gross Profit		1,160,448,476	945,720,375	1,764,918,570	1,233,919,533	734,699,594
Selling expenses	29	(65,417,298)	(59,847,359)	(122,504,680)	(78,512,313)	(43,669,236)
General and administrative expenses	30	(62,785,106)	(57,710,808)	(130,516,703)	(93,083,516)	(66,892,345)
Finance costs	31	(100,093,276)	(91,251,607)	(188,579,651)	(180,300,771)	(171,431,279)
Interests income	32	93,983,578	45,136,191	115,394,472	48,811,121	24,468,612
Gain (loss) on foreign exchange		9,274,015	(11,368,520)	(101,724,497)	(34,924,413)	(6,738,451)
Equity in net income (loss) of associates	9	(264,327)	505,012	(10,184,574)	487,879	640,572
Others		5,289,072	3,587,793	4,388,779	4,707,314	(1,206,919)
Income Before Tax		1,040,435,134	774,771,077	1,331,191,716	901,104,834	469,870,548
Tax Expense - Net	33	(117,780,675)	(101,354,600)	(194,644,175)	(134,608,929)	(91,339,101)
NET INCOME FOR THE PERIOD		922,654,459	673,416,477	1,136,547,541	766,495,905	378,531,447
Other comprehensive income		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME		922,654,459	673,416,477	1,136,547,541	766,495,905	378,531,447
NET INCOME FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:						
Owners of the Company		905,725,182	665,500,273	1,132,820,105	747,988,749	346,859,007
Noncontrolling interests	26	16,929,277	7,916,204	3,727,436	18,507,156	31,672,440
NET INCOME FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME		922,654,459	673,416,477	1,136,547,541	766,495,905	378,531,447
EARNINGS PER SHARE (In Full Rupiah)	34					
Basic		18.81	13.82	23.52	15.53	8.62
Diluted		18.13	13.62	23.52	14.92	6.87

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

PT. PAKUWON JATI Tbk. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2014 AND 2013 (UNAUDITED)
AND FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

	Notes	Paid-up capital stock	Additional paid-in capital	Equity in subsidiary resulting from restatement of consolidated financial statements	Difference in value of restructuring transactions between entity under common control	Appropriated retained earnings	Unappropriated retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
		Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Balance as of January 1, 2011		1,003,325,050	-	457,987,735	-	-	425,732,487	1,887,045,272	139,531,229	2,026,576,501
Right Issue	25	200,665,010	1,099,362,509	-	-	-	-	1,300,027,519	-	1,300,027,519
Common control bussiness combination	25,36	-	-	(457,987,735)	(737,168,406)	-	(104,843,859)	(1,300,000,000)	-	(1,300,000,000)
Dividend distibuted by subsidiary to noncontrolling interest		-	-	-	-	-	-	-	(32,000,000)	(32,000,000)
Total comprehensive income for the year		-	-	-	-	-	346,859,007	346,859,007	31,672,440	378,531,447
Balance as of December 31, 2011		1,203,990,060	1,099,362,509	-	(737,168,406)	-	667,747,635	2,233,931,798	139,203,669	2,373,135,467
Issuance of shares by subsidiary		-	-	-	-	-	-	-	64,735,600	64,735,600
General reserve	24	-	-	-	-	1,000,000	(1,000,000)	-	-	-
Dividend	24	-	-	-	-	-	(69,831,423)	(69,831,423)	-	(69,831,423)
Total comprehensive income for the year		-	-	-	-	-	747,988,749	747,988,749	18,507,156	766,495,905
Balance as of December 31, 2012		1,203,990,060	1,099,362,509	-	(737,168,406)	1,000,000	1,344,904,961	2,912,089,124	222,446,425	3,134,535,549
The impact of implementation of PSAK 38 (revised 2012), Business Combination of Entities Under Common Control	25,36	-	(737,168,406)	-	737,168,406	-	-	-	-	-
Balance after implementation of PSAK 38 (revised 2012)		1,203,990,060	362,194,103	-	-	1,000,000	1,344,904,961	2,912,089,124	222,446,425	3,134,535,549
Increase in parent ownership in subsidiary		-	-	-	-	-	-	-	(15,600)	(15,600)
General reserve	24	-	-	-	-	1,000,000	(1,000,000)	-	-	-
Dividend	24	-	-	-	-	-	(168,558,608)	(168,558,608)	-	(168,558,608)
Total comprehensive income for the year		-	-	-	-	-	1,132,820,105	1,132,820,105	3,727,436	1,136,547,541
Balance as of December 31, 2013		1,203,990,060	362,194,103	-	-	2,000,000	2,308,166,458	3,876,350,621	226,158,261	4,102,508,882
Balance as of January 1, 2013		1,203,990,060	1,099,362,509	-	(737,168,406)	1,000,000	1,344,904,961	2,912,089,124	222,446,425	3,134,535,549
The impact of implementation of PSAK 38 (revised 2012), Business Combination of Entities Under Common Control	25,36	-	(737,168,406)	-	737,168,406	-	-	-	-	-
Balance after implementation of PSAK 38 (revised 2012)		1,203,990,060	362,194,103	-	-	1,000,000	1,344,904,961	2,912,089,124	222,446,425	3,134,535,549
Increase in parent ownership of subsidiary		-	-	-	-	-	-	-	(15,600)	(15,600)
Dividend		-	-	-	-	-	(168,558,608)	(168,558,608)	-	(168,558,608)
Total comprehensive income for the period		-	-	-	-	-	665,500,273	665,500,273	7,916,204	673,416,477
Balance as of June 30, 2013 (Unaudited)		1,203,990,060	362,194,103	-	-	1,000,000	1,841,846,626	3,409,030,789	230,347,029	3,639,377,818
Balance as of January 1, 2014		1,203,990,060	362,194,103	-	-	2,000,000	2,308,166,458	3,876,350,621	226,158,261	4,102,508,882
General reserve	24	-	-	-	-	1,000,000	(1,000,000)	-	-	-
Dividend distibuted by subsidiary to noncontrolling interest		-	-	-	-	-	-	-	(20,000,000)	(20,000,000)
Dividend	24	-	-	-	-	-	(216,718,211)	(216,718,211)	-	(216,718,211)
Total comprehensive income for the period		-	-	-	-	-	905,725,182	905,725,182	16,929,277	922,654,459
Balance as of June 30, 2014 (Unaudited)		1,203,990,060	362,194,103	-	-	3,000,000	2,996,173,429	4,565,357,592	223,087,538	4,788,445,130

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

PT. PAKUWON JATI Tbk. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2014 AND 2013 (UNAUDITED)
AND FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

	2014 (Six-month) (Unaudited) Rp'000	2013 (Six-month) (Unaudited) Rp'000	2013 (One year) Rp'000	2012 (One year) Rp'000	2011 (One year) Rp'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	1,681,729,352	1,737,870,821	3,672,110,447	2,850,163,652	1,732,055,939
Cash paid to suppliers	(778,558,344)	(358,655,591)	(1,005,525,067)	(962,653,240)	(1,004,026,786)
Cash paid to employees	(77,808,654)	(58,003,211)	(134,239,275)	(94,081,322)	(73,692,319)
Cash paid to others	(56,076,552)	(58,332,990)	(110,674,823)	(103,368,462)	(58,451,110)
Cash generated from operations	769,285,802	1,262,879,029	2,421,671,282	1,690,060,628	595,885,724
Interest received	93,212,591	44,288,455	112,408,752	48,811,121	24,468,612
Interest and bank charges paid	(98,200,655)	(81,134,977)	(203,469,615)	(199,439,770)	(171,697,415)
Income tax paid	(113,822,596)	(104,317,019)	(227,548,424)	(171,439,941)	(102,417,932)
Net Cash Provided by Operating Activities	650,475,142	1,121,715,488	2,103,061,995	1,367,992,038	346,238,989
CASH FLOWS FROM INVESTING ACTIVITIES					
Decrease (increase) in other accounts receivable from related parties	55,500,000	-	(55,500,000)	-	-
Increase in fund for replacement of hotel's furniture, fixture and equipment	1,536,759	314,833	32,953	1,436,967	2,059,623
Dividend received from associate	500,625	-	-	-	-
Proceeds from sale of property and equipment	260,000	1,096,000	1,198,380	408,725	857,097
Investment in associates	-	(201,262,500)	(278,500,000)	-	(375,000)
Acquisition of property and equipment	(58,932,129)	(20,300,744)	(42,882,441)	(78,264,616)	(64,023,114)
Placement in other financial assets	(96,338,624)	(49,412,912)	(61,488,939)	(101,390,727)	(51,920,212)
Acquisition of investment properties	(71,969,719)	(88,595,397)	(417,215,660)	(543,274,013)	(53,212,078)
Payment of advances for purchase of land, property, equipment and investment properties	(135,986,198)	(267,638,874)	(88,246,704)	(225,587,697)	(9,392,381)
Acquisition of subsidiary - net	-	(15,600)	(15,600)	(45,000)	(1,300,000,000)
Net Cash Used in Investing Activities	(305,429,286)	(625,815,194)	(942,618,011)	(946,716,361)	(1,476,006,065)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of bank loans	(173,476,895)	(128,539,395)	(266,078,791)	(705,095,850)	(60,806,100)
Payment of dividends to noncontrolling interest	(20,000,000)	-	-	-	(32,000,000)
Payment of dividends	(71,621)	(812,239)	(168,977,620)	(68,886,782)	-
Proceeds from bank loans	-	101,600,000	101,600,000	1,389,219,404	411,822,299
Additional capital contribution for subsidiaries	-	-	-	64,735,600	-
Payments of bonds payable	-	-	-	(400,982,263)	(190,488,112)
Additional capital contribution	-	-	-	-	1,304,322,565
Payment of stock issuance cost	-	-	-	-	(1,400,746)
Net Cash Provided by (Used in) Financing Activities	(193,548,516)	(27,751,634)	(333,456,411)	278,990,109	1,431,449,906
NET INCREASE IN CASH AND CASH EQUIVALENTS	151,497,340	468,148,660	826,987,573	700,265,786	301,682,830
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,133,582,174	1,322,489,750	1,322,399,750	626,927,737	325,370,239
Effect of foreign exchange rate changes	3,961,223	(2,962,064)	(15,895,149)	(4,793,773)	(125,332)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,289,040,737	1,787,676,346	2,133,492,174	1,322,399,750	626,927,737
SUPPLEMENTAL DISCLOSURES					
Cash and cash equivalents consist of:					
Cash and cash equivalents (Note 5)	2,280,127,393	1,780,017,882	2,126,205,589	1,315,146,118	621,021,073
Fund for replacement of hotel's furniture, fixture and equipment (Notes 5 and 6)	8,913,344	7,658,464	7,376,585	7,343,632	5,906,664
Total	2,289,040,737	1,787,676,346	2,133,582,174	1,322,489,750	626,927,737

See accompanying notes to interim consolidated financial statements
which are an integral part of the interim 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, S.H., 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 was amended several times in 2012, the first is with Notarial Deed No. 18 dated February 21, 2012, followed by Notarial Deed No. 28 dated March 13, 2012 related with the stock split. All the amendments are notarized by Esther Mercia Sulaiman, S.H., notary in Jakarta. The amendments were approved by Minister of Law and Human Rights of Republic of Indonesia through Letter No. AHU AH.01.10-09074 dated March 14, 2012.

The Company is domiciled in Surabaya with its office located at Eastcoast Center 5th Floor, Pakuwon Town Square – Pakuwon City, Jl. Kejawan Putih Mutiara No. 17, 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 has not operated and will change to residential estate), which are all situated in Surabaya. The Company started commercial operations in May 1986. The Company and its subsidiaries (the "Group") had total number of employee (unaudited) of 2,036 as of June 30, 2014 and 1,960, 1,819 and 1,215 as of December 31, 2013, 2012 and 2011, respectively.

The Company's management at June 30, 2014 consisted of the following:

President Commissioner	Alexander Tedja
Independent Commissioners	Dr. Dyah Pradnyaparamita Duarsa
	Drs. Agus Soesanto
President Director	Ir. Richard Adisastra
Directors	Alexander Stefanus Ridwan Suhendra
	Eiffel Tedja
	Wong Boon Siew Ivy
	Irene Tedja
Non-Affiliated Directors	Drs. Minarto
	Sutandi Purnomosidi

The Company's Audit Committee, Corporate Secretary and Internal Audit Unit at June 30, 2014 consisted of the following:

Chairman	Drs. Agus Soesanto
Members	Drs. Antonius Susanto
	Lisawati S.E., Ak.
Corporate Secretary	Drs. Minarto
Internal Audit Unit	FX Bosse Gozali

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 (before elimination)				Commercial operating year
			June 30,	December 31,			June 30,	December 31,			
			2014	2013	2012	2011	2014	2013	2012	2011	
							Rp'000	Rp'000	Rp'000	Rp'000	
PT Artisan Wahyu (AW)	Jakarta	Property development Gandaria City	83.33%	83.33%	83.33%	83.33%	1,861,422,480	1,880,689,294	1,744,814,021	1,690,914,463	2010
PT Elite Prima Hutama (EPH)	Jakarta	Property development Kota Kasablanka	99.99%	99.99%	99.99%	99.99%	3,314,057,045	3,190,433,735	2,474,117,841	1,591,012,788	2011
PT Pakuwon Sentra Wisata (PSW)	Surabaya	Investment holding	99.99%	99.99%	99.99%	99.99%	79,858,959	79,769,898	3,936,593	3,751,219	*)
PT Pakuwon Regency (PR)	Surabaya	Dormant	51.00%	51.00%	51.00%	99.99%	36,778,544	35,832,786	32,891,230	15,725,776	*)
PT Grama Pramesi Siddhi (GPS)	Jakarta	Property development	51.00%	51.00%	50.98%	-	100,785,056	100,774,258	100,417,528	-	*)
Pakuwon Jati Finance, B.V. (PJBV)	Netherland	Financial services	-	-	100.00%	100.00%	-	-	-	416,413,512	2006
Pakuwon Prima Pte. Ltd. (PPPL)	Singapore	Investment, trading, and consultancy	100.00%	-	-	-	-	-	-	-	2014
Artius Grandis Pte. Ltd. (AGPL)**)	Singapore	Investment, trading, and consultancy	100.00%	-	-	-	-	-	-	-	2014 **)

*) The Company has no operations.
**) Indirect ownership through PPPL, a subsidiary

In 2011, the Company acquired 99.99% of EPH's shares (Note 36).

Based on Notarial Deed No. 134 dated June 15, 2012, from Buntario Tigris S.H., notary in Jakarta, the Company bought 150 shares or 25% ownership of PT Grama Pramesi Siddhi (GPS) from third party for Rp 15,000 thousand. On September 18, 2012, by Notarial Deed No. 221, the Company increased its ownership in GPS to 50.98% and based on Notarial Deed No. 6 dated April 1, 2013, the Company increased its ownership in GPS to 51.00%.

In January 2013, the Company has liquidated PJBV.

In June 2014, related with the issuance of Senior Unsecured Notes due 2019 (the "2019 Notes"), the Company established Pakuwon Prima Pte. Ltd (PPPL) and Artius Grandis Pte. Ltd. (AGPL) under the laws of Singapore.

c. Public Offering of Shares and Bonds of the Group

Shares

On August 22, 1989, the Company obtained the Notice of Effectivity from the Chairman of Bapepam (currently Financial Service Authority/OJK) 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 (currently Indonesia Stock Exchange).

On July 24, 1991, the Company obtained the Notice of Effectivity from the Chairman of Bapepam (currently OJK) in his Letter No. S-1115/PM/1991 for its limited public offering of 50,000,000 shares through Rights Issue I with pre-emptive right 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 (currently OJK) in his Letter No. S-1163/PM/1994 for its Rights Issue II with pre-emptive rights to stockholder totalling 105,000,000 shares. 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.

In 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 pre-emptive rights to existing stockholders in accordance with Bapepam Regulation No. IX.D.4.

In 2007, the Company completed a stock split, from 1,543,577,000 shares to 7,717,885,000 shares.

In 2008, the Company issued bonus shares arising from additional paid in capital and a part of the revaluation increment in property and equipment (which in the beginning of 2008 has been reclassified into retained earning in accordance with the application of PSAK 16 (revision 2007) Property, Plant and Equipment.

On November 30, 2011, the Company obtained Notice of Effectivity from Bapepam-LK (currently OJK) in his letter No. S-12964/BL/2011 for its Rights Issue III with pre-emptive rights to stockholders totaling 2,006,650,100 shares.

In April 2012, the Company performed a stock split from 12,039,900,600 to 48,159,602,400 shares (Note 24).

As of June 30, 2014, all of the Company's shares totaling 48,159,602,400 have been listed on the Indonesia Stock Exchange.

<u>Bonds</u>

On June 11, 1996, the Company obtained the Notice of Effectivity from the Chairman of Bapepam (currently OJK) 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 on the Surabaya Stock Exchange (currently Indonesia Stock Exchange) on July 2, 1996 (Note 22).

In 2006, PJBV (a subsidiary) issued bonds amounting to US$ 110,000,000 which are listed on the Singapore Stock Exchange, with Bank of New York London Branch as Trustee and up to 2011 has been settled.

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 aggregate principal amount, and a cash payment (the "2015 Notes") (Note 22). In April 2012, the Company has settled all liabilities related to 2015 Notes.

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 Group adopted the following new and revised standards and interpretations issued by the Financial Accounting Standard Board of the Indonesian Institute of Accountants that are relevant to its operations and effective for accounting period beginning on January 1, 2014

- ISAK 27, Transfers of Assets from Customers
- ISAK 28, Extinguishing Financial Liabilities with Equity Instruments
- ISAK 29, Stripping Cost in the Production Phase of a Surface Mine
- PPSAK 12, Withdrawal of PSAK 33, Stripping Cost Activity and Environmental Management in the Public Mining

The initial adoption of the above standards and interpretation has no effect on the disclosure or amounts recognized in the consolidated financial statements but may effect future transactions or arrangement.

b. Standards and interpretation in issue not yet adopted

Effective for periods beginning on or after January 1, 2015:

- PSAK 1 (revised 2013), Presentation of Financial Statements
- PSAK 4 (revised 2013), Separate Financial Statements
- PSAK 15 (revised 2013), Investments in Associates and Joint Ventures
- PSAK 24 (revised 2013), Employee Benefits
- PSAK 65, Consolidated Financial Statements
- PSAK 66, Joint Arrangements
- PSAK 67, Disclosures of Interests in Other Entities
- PSAK 68, Fair Value Measurements
- PSAK 46 (revised 2014), Income Tax
- PSAK 48 (revised 2014), Impairment of Assets
- PSAK 50 (revised 2014), Financial Instruments: Presentation
- PSAK 55 (revised 2014), Financial Instruments: Recognition and Measurement
- PSAK 60 (revised 2014), Financial Instruments: Disclosures
- ISAK 26 (revised 2014), Reassessment of Embedded Derivatives

As of the issuance date of the consolidated financial statements, the effect of adoption of these standards and interpretation on the consolidated financial statements is not known nor reasonably estimable by management.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Indonesian Financial Accounting Standards. These financial statements are not intended to present the financial position, result of operations and cash flows in accordance with accounting principles and reporting practices generally accepted in other countries and jurisdictions.

b. Basis of Preparation

The consolidated financial statements, except for the consolidated statements of cash flows, are prepared under the accrual basis of accounting. The presentation 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. Basis of Consolidation

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

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

When necessary, adjustments were made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

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

Non-controlling interests in subsidiaries are identified separately and presented within equity. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the fair value of the acquiree's identifiable net asset. The choice of measurement is made on acquisition by acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus non-controlling interests' share of subsequent changes in equity. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having deficit balance.

Changes in the Group's interests in existing subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. When assets of the subsidiary are carried at revalued amount or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable accounting standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under PSAK 55 (revised 2011), Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

d. Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree, and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value except for certain assets and liabilities that are measured in accordance with the relevant standards.

Non-controlling interests are measured either at fair value or at the noncontrolling interests' proportionate share of the acquiree's identifiable net assets.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured subsequent to reporting dates in accordance with the relevant accounting standards, as appropriate, with the corresponding gain or loss being recognized in profit or loss or in other comprehensive income.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquire prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interests were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amount recognized as of that date.

e. Foreign Currency Transactions and Translation

The books of accounts of the Group, are maintained in Indonesian Rupiah, the currency of the primary economic environment in which the entity operates (its functional currency). Transactions during the year involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At reporting 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 profit or loss.

PJBV's operating activities, which is domiciled in Amsterdam, is an integral part of the Company's activities, and in management's assessment, PJBV's functional currency is Indonesian Rupiah. Because, the books of accounts of PJBV are maintained in United States (U.S.) Dollar, all amounts are translated into Rupiah to produce the same result as would have occured had all the items been recorded initially in Rupiah.

f. Transactions With Related Parties

A related party is a person or entity that is related to the Group (reporting entity).

a) A person or a close member of that person's family is related to a reporting entity if that person

   i. has control or joint control over the Group;

   ii. has significant influence over the Group; or

   iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to Group if any of the following conditions applies:

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

   ii. One entity is an associate 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 Group and the other entity is a member).

   iii. Both entities are joint ventures of the same third party.

iv. One entity is a joint ventures of a third party and the other entity is an associate of the third entity.

v. The entity is a post-employment defined benefit plan for the benefit of employees of either the Company or any of its subsidiaries or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to reporting entity.

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

vii. 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 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 whose 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, if any, which are initially measured at fair value.

<u>Loans and receivables</u>

Trade and other accounts receivable 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 receipt or payments (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.

<u>Impairment of financial assets</u>

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired when 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 affected.

Objective evidence of impairment could include:

- significant financial difficulty of the counterparty; or
- default or delinquency in interest or principal payments; or
- it is 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 Group'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.

For financial assets carried at amortised cost, 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 receivables 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 profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when the Group transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues 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 Group 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 Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities at amortized cost

Trade and other accounts payable, mandatory convertible notes payable, bank loans 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.

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 Group derecognises financial liabilities when, and only when, the Groups' obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

i. Netting of Financial Assets and Financial Liabilities

The Group only offsets financial assets and liabilities and presents the net amount in the statement of financial position where it:

- currently has a legal enforceable right to set off the recognized amount; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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 Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results of operations and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case, it is accounted for in accordance with PSAK 58 (revised 2009), Non-current Assets Held for Sale and Discontinued Operations. Investments in associates are carried in the consolidated statements of financial position at cost and by post-acquisition changes in the Group’s 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 Group’s interest in that associate (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate) are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group’s share of the net fair value of identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition, is recognized as goodwill. Goodwill is included within the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, are recognized immediately in profit or loss.

The requirements of PSAK 55 (revised 2011), Financial Instruments: Recognition and Measurement, are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group’s investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with PSAK 48 (revised 2009), Impairment of Assets, as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with PSAK 48 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with PSAK 55. The difference between the previous carrying amount of the associate attributable to the retained interest and the fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a group entity transacts with its associate, profits and losses resulting from the transaction with the associate are recognized in the Group's consolidated financial statements only to the extent of its interest in the associate that are not related to the Group.

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. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

n. Prepaid Expenses

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

o. Real Estate Assets

<u>Real Estate Inventories</u>

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, other costs related to the development 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 and ready for sale. Cost is determined using the specific identification method.

<u>Land Not Yet Developed</u>

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.

Investment property includes properties in the process of development and will be used as investment property after completion. Accumulated acquisition and development costs (including borrowing costs incurred) are amortized when completed and ready for use.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

q. Property and Equipment – Direct Acquisitions

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

Depreciation is recognized so as to write-off the cost of assets less residual values 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
Show unit	3 - 5

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 are removed from the accounts and any resulting gain or loss is reflected in profit or loss.

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 Non-financial Asset

At reporting dates, the Group reviews 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 Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Estimated recoverable amount is the higher of fair value less cost to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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. 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.

<u>As Lessor</u>

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.

<u>As Lessee</u>

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.

t. Intangible Assets – Landrights

The legal cost of land rights upon acquisition of the land is recognized as part of the cost of land under property and equipment and investment property.

The cost of renewal or extension of legal rights on land is recognized as an intangible asset and amortized over the period of land rights as stated in the contract or economic life of the asset, whichever is shorter.

u. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

v. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

w. Unearned Income

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

x. Post-Employment Benefits

The Group established defined benefit pension plan covering all the local permanent employees. In addition, the Group also provides post-employment benefits as required under Labor Law No. 13/2003 (the “Labor Law”). For normal pension scheme, the Group calculates and recognizes the higher of the benefits under the Labor Law and those under such pension plan.

The Hotel employee has a defined contribution plan covering all its permanent employees. The pension plan is managed by *Dana Pensiun Lembaga Keuangan* (DPLK) AIG. The Hotel’s annual contributions are recorded in profit or loss.

The cost of providing post employment benefits is determined using the Projected Unit Credit Method. The accumulated unrecognized actuarial gains and losses that exceed 10% of the greater of the present value of the Company’s defined benefit obligations are recognized on straight-line basis over the expected average remaining working lives of the participating employees (corridor approach). 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 consolidated statements of financial position represents the present value of the defined benefit obligation, as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

y. Revenue and Expense Recognition

Space Rental Revenue and Service Charges

Revenue from space rental is recognized in accordance with the policy described in Note 3s, 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;
- Sales proceeds are collectible;
- The seller’s receivable is not subject to future subordination over other loans of the buyer; and
- All rights, risks and rewards 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.

Revenue from sale of land lot, wherein the construction of the building will be carried out by the buyer without involving the seller, are recognized using the full accrual method 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;
- Sales proceeds are collectible;
- The seller's receivable is not subject to future subordination over other loans of the buyer; and
- All improvements and related facilities on the 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.

<u>Revenue from sale of condominium and office building</u>

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.

<u>Hotel Revenue</u>

Hotel revenue and other related revenues are recognized when the services are rendered or the goods are delivered.

<u>Interest income</u>

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

<u>Expenses</u>

Expenses in relation with revenues which are recognized using the percentage of completion method are recognized in accordance with the percentage of completion on each unit every end of reporting period.

Expenses, except for those in relation with revenues which are recognized using the percentage of completion method, are recognized when incurred and over the periods of benefit (accrual basis).

z. Income Tax

<u>Final Income Tax</u>

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 comprehensive 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 period 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 assets and liabilities are measured at the tax rates that are expected to apply to the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted, or substantively enacted, by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle their current tax assets and current tax liabilities on a net basis.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside of profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside of profit or loss.

aa. Earnings per Share

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

Diluted earnings per share is computed by dividing net income atributable to owners of the Company 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.

bb. Segment Information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performances.

An operating segment is a component of an entity:

a) that engages in business activities from which it may earn revenues and incurred expenses (including revenues and expenses relating to the transactions 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 resources to be allocated to the segments and assess 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 performance is more specifically focused on the category of each product.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with Indonesian Financial Accounting Standards 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 those estimates.

Critical judgments in applying the Group’s accounting policies

In the process of applying the accounting policies described in Note 3, management has not made any critical judgment that has significant impact on the amounts recognized in the consolidated financial statements, apart from those involving estimates, which are dealt with below.

Key sources of estimation uncertainty

The key assumptions concerning future, and other key sources of estimation at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are explained below:

<u>Revenue Recognition</u>

The Group recognizes revenues from the project in development stage based on percentage of completion method. Stage of completion is measured based on the accounting policies described in Note 3y. Important assumption is required in determining the stage of completion (percentage of completion) and the amount of estimated income. In making assumptions, the Group evaluates them based on historical data and with the assistance of specialists. Revenue from the project is disclosed in Note 27.

<u>Cost of Revenue Recognition</u>

The Group recognize cost of goods sold from building units in development stage based on percentage of completion method at the end of each period based on the accounting policies described in Note 3y. Important assumption is required in determining the stage of completion (percentage of completion) and the estimated total development costs. In making assumptions, the Group evaluate them based on past experience and with the assisstance of specialist. Expense from the project is disclosed in Note 28.

<u>The Estimated Economic Useful Life of Investment Properties and Property And Equipment</u>

The useful life of each of the item of the Group’s investment properties and property and equipment are estimated based on the period over which the asset is expected to be used. Such estimation is based on internal technical evaluation and the Group’s experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

The carrying amounts of investment properties and property and equipment are disclosed in Notes 13 and 14.

<u>Employee Benefits</u>

The determination of provision for post-employment benefits is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include among others, discount rate and rate of salary increase. Actual results that differ from the Group’s assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded provision in future periods. While it is believed that the Group’s assumptions are reasonable and appropriate, significant differences in actual results or significant changes in assumptions may materially affect the Group’s provision for post-employment benefit.

The carrying amounts of post employment benefit obligations and the actuarial assumptions are disclosed in Note 35.

5. CASH AND CASH EQUIVALENTS

	June 30, 2014 (Unaudited)	December 31, 2013	2012	2011
	Rp'000	Rp'000	Rp'000	Rp'000
Cash on hand	792,119	1,674,965	1,040,923	851,417
Cash in banks				
Rupiah				
Bank Mandiri	36,388,171	54,381,086	69,152,526	30,055,921
Bank CIMB Niaga	33,756,379	24,458,243	34,836,465	29,118,694
Bank Central Asia	15,273,697	14,423,054	18,959,478	6,329,512
Bank Jawa Barat	15,000,976	-	-	-
Others (below Rp 5,000 million each)	13,293,875	13,279,834	17,622,088	26,973,168
U.S. Dollar				
Bank Mandiri	7,603,245	11,387,233	3,704,091	1,153,971
Bank CIMB Niaga	3,036,687	6,359,724	5,009,745	718,369
Others (below Rp 3,000 million each)	6,020,001	5,181,825	8,888,832	7,359,829
Euro				
ING Asia Private Bank Ltd.	-	-	-	30,241
Time deposits				
Rupiah				
Bank Permata	367,235,706	428,191,014	84,693,863	57,125,000
Bank Mega	208,760,989	277,559,939	96,776,659	62,131,526
Bank ICBC	174,036,400	292,590,141	114,416,009	26,573,473
Bank QNB Kesawan	156,973,183	55,430,127	-	-
Bank Mega Syariah	134,194,814	31,800,000	-	-
Bank Tabungan Pensiunan Nasional	134,099,603	280,318,206	87,125,247	-
Bank Bukopin	100,947,949	4,500,000	346,552,071	129,509,540
Bank Hana	98,075,485	74,550,000	-	-
Bank Muamalat	97,943,758	43,750,000	132,650,000	60,400,000
Bank Mandiri Syariah	89,028,003	19,900,000	-	-
Bank Jawa Barat	34,600,000	16,950,000	114,416,009	-
Bank Internasional Indonesia	18,353,283	113,890,651	79,172,619	44,907,798
Bank Panin	-	112,280,111	-	-
Others (below Rp 75,000 million each)	333,103,625	54,192,910	64,066,578	80,815,823
U.S. Dollar				
Bank QNB Kesawan	134,411,450	47,784,532	-	-
Bank ICBC Indonesia	51,518,689	48,716,571	28,264,507	18,837,607
Bank Mega	24,355,631	89,850,769	-	32,654,340
Others (below Rp 3,000 million each)	237,019	10,181,239	15,142,040	11,381,508
Total cash and cash equivalents	2,289,040,737	2,133,582,174	1,322,489,750	626,927,737
Fund for replacement of hotel's furniture, fixtures and equipment (Note 6)	(8,913,344)	(7,376,585)	(7,343,632)	(5,906,664)
Net	2,280,127,393	2,126,205,589	1,315,146,118	621,021,073
Interest rates per annum on time deposits				
Rupiah	5.50% - 11.25%	4.00% - 12.00%	5.50% - 8.00%	3.25% - 8.50%
U.S. Dollar	0.13% - 3.60%	0.25% - 3.60%	0.25% - 2.75%	0.10% - 3.10%

All bank balances and time deposits are placed with third parties and not used as collateral.

6. OTHER FINANCIAL ASSETS

	June 30, 2014 (Unaudited)	December 31, 2013	December 31, 2012	December 31, 2011
	Rp'000	Rp'000	Rp'000	Rp'000
Current Asset				
Investment in repurchase agreement	130,294,449	-	-	-
Restricted time deposits				
Rupiah				
Bank Internasional Indonesia	42,327,336	47,223,604	22,892,751	16,387,673
Bank Permata	21,678,417	31,763,450	29,474,724	16,827,190
Bank Mandiri	16,300,457	36,735,511	21,459,223	24,159,237
Bank CIMB Niaga	12,152,516	12,635,014	6,303,348	-
Others	8,540,408	10,874,017	9,892,487	6,175,150
U.S. Dollar				
Bank Mandiri	711,762	447,100	353,994	211,092
Bank Danamon Indonesia	-	-	-	21,794
Subtotal	232,005,345	139,678,696	90,376,527	63,782,136
Fund replacement of hotel's furnitures, fixtures and equipment (Note 5)	8,913,344	7,376,585	7,343,632	5,906,664
Total	240,918,689	147,055,281	97,720,159	69,688,800
Non-current Asset				
Restricted time deposits				
Rupiah				
Bank Mandiri	56,593,481	54,852,486	40,360,753	7,494,508
Bank Permata	25,797,755	31,713,362	42,072,091	12,892,181
Bank Internasional Indonesia	11,645,776	9,122,943	9,316,301	1,596,537
Others	18,941,293	13,277,540	5,030,416	-
Total	112,978,305	108,966,331	96,779,561	21,983,226
Interest rates per annum				
Rupiah	1.80% - 7.75%	1.80% - 5.75%	1.80% - 5.75%	3.56% - 7.25%
U.S. Dollar	0.25%	0.25%	0.25%	0.25% - 0.50%

Investment through reverse repurchase agreement

In 2014, AW and EPH entered into investment through reverse repurchase agreement mechanism (securities purchased with agreements to resell) with PT Mandiri Sekuritas. The range of the investment term is 30-94 days and bears fixed interest rate at 9.5%-14.10% per annum.

Restricted time deposit

Time deposit with Bank Mandiri in Rupiah account amounted to Rp 125,525 thousand as of June 30, 2014 and Rp 125,510 thousand as of December 31, 2013, 2012 and 2011, and all funds in Bank Mandiri in U.S. Dollar account are used as collateral for payables to *Perusahaan Gas Negara* (Note 39h). As of December 31, 2011, deposits placed in Bank Danamon Indonesia in U.S. Dollar account are used as collateral for the Company's letter of credit facility (Note 39g).

All restricted time deposits, except those explained above, represent the Group funds in connection with the drawdown of consumers' credit facility (Note 39d).

Noncurrent restricted time deposits are the Group's fund placed in connection with credit facility for consumers related with the Company's projects, which are TP V, Educity and TP VI, both in development stage and estimated to be drawn in more than one year (Note 39d).

All other financial assets are placed with third parties and not used as collateral.

7. TRADE ACCOUNTS RECEIVABLE FROM THIRD PARTIES

	June 30, 2014	December 31,		
	(Unaudited)	2013	2012	2011
	Rp'000	Rp'000	Rp'000	Rp'000
a. By Business Segment:				
Sale of land and buildings	106,905,466	104,183,705	81,795,765	69,577,747
Space rental and others	59,971,250	35,443,126	36,278,191	31,995,162
Hotel	11,602,559	9,790,112	9,694,875	7,357,444
Total	178,479,275	149,416,943	127,768,831	108,930,353
Allowance for impairment loss	(583,996)	(127,786)	(96,448)	(4,320)
Net	177,895,279	149,289,157	127,672,383	108,926,033
b. Aging of trade receivable not impaired				
Not yet due	132,423,438	132,050,231	113,200,016	89,781,720
Past due:				
1 - 30 days	23,775,247	7,053,484	9,294,042	10,784,815
31 - 60 days	4,045,094	1,995,264	1,548,153	2,712,761
61 - 90 days	3,818,746	925,203	876,169	2,803,590
More than 90 days	13,832,754	7,264,975	2,754,003	2,843,147
Net	177,895,279	149,289,157	127,672,383	108,926,033

All trade accounts receivable are denominated in Rupiah currency, except at June 30, 2014, December 31, 2013 and 2012, there are receivables in USD currency amounting to Rp 3,273,609 thousand, Rp 3,006,027 thousand and Rp 1,588,142 thousand, respectively.

Trade accounts receivable disclosed above include amounts that are past due at the end of the reporting period for which the Group has not recognized an allowance for impairment losses because there has not been a significant change in credit quality and the amounts are still considered recoverable. For the receivable arising from the hotel operations, the Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Movement in the allowance for impairment losses:

	2014 (Six-month) (Unaudited) Rp'000	2013 (One year) Rp'000	2012 (One year) Rp'000	2011 (One year) Rp'000
Beginning balance	127,786	96,448	4,320	41,982
Impairment losses recognized on receivable	456,210	31,338	92,128	-
Impairment losses reversed	-	-	-	(37,662)
Ending balance	583,996	127,786	96,448	4,320

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited as the customer base is large and unrelated.

Impairment loss comprised individually impaired trade receivables aged more than 90 days that management considered no longer recoverable. Management believes the allowance for doubtful accounts is adequate.

As of June 30, 2014, December 31, 2013, 2012 and 2011, trade accounts receivable from sale of office and apartment in Kota Kasablanka, Jakarta amounting to Rp 32,136,991 thousand, Rp 80,227,792 thousand, Rp 71,206,867 thousand and Rp 25,441,343 thousand, respectively, are used as collateral for Bank Mandiri (Note 21).

As of June 30, 2014, December 31, 2013, 2012 and 2011, all trade accounts receivable from space rentals of Tunjungan Plaza I (Plaza East) and Tunjungan Plaza III (Plaza Central) amounting to Rp 3,942,486 thousand and Rp 1,790,580 thousand, Rp 943,518 thousand and Rp 1,725,234 thousand, respectively, are used as collateral for bank loans from Bank CIMB Niaga, Bank ICBC Indonesia and Bank Central Asia (Note 21).

As of December 31, 2011, trade accounts receivable from the hotel operations were used as collateral for Series C Bonds (Note 22).

As of December 31, 2011, all trade accounts receivable from sale of housing units in Pakuwon City Surabaya, amounting to Rp 53,093 thousand, were used as collateral for bank loans from Bank ICBC Indonesia (Note 21).

8. OTHER ACCOUNTS RECEIVABLE FROM RELATED PARTIES

Other accounts receivable from related parties comprise loans granted to PT Graha Mitra Insani (GMI) and PT Surya Mitra Insani (SMI), subsidiaries of PT Surya Cipta Medika (SCM), an associate, amounting to Rp 24,416,000 thousand and Rp 31,084,000 thousand, respectively, both with fixed interest rate at 10% per annum and will mature in 10 years. Payment of the principal loan will start after 2 years of grace period. The Company has done public expose on November 1, 2013.

In February 2014, PSW has received payment for principal loans amounting to Rp 24,416,000 thousand and Rp 31,084,000 thousand from GMI and SMI, respectively.

9. INVESTMENT IN ASSOCIATES

Name of Associates	Principal Acitvity	Domicile	Percentage of ownership interest and voting power held by the Group (%) June 30, 2014	December 31, 2013	December 31, 2012	December 31, 2011	June 30, 2014 (Unaudited) Rp'000	December 31, 2013 Rp'000	December 31, 2012 Rp'000	December 31, 2011 Rp'000
PT Centrum Utama Prima (CUP)	Non active	Jakarta	45.00%	45.00%	-	-	249,037,298	248,130,640	-	-
PT Surya Cipta Medika (SCM)	Hospital	Jakarta	33.33%	33.33%	-	-	17,534,598	19,298,395	-	-
PT Bumi Pranata Laksana (BPL)	Estate management	Surabaya	25.00%	25.00%	25.00%	25.00%	1,194,274	1,102,087	215,696	1,015,572
Total							267,766,170	268,531,122	215,696	1,015,572

PT Centrum Utama Prima (CUP)

Engaged in property industry. At June 30, 2014, CUP is in development stage.

PT Surya Cipta Medika (SCM)

In September 2013, PSW invested in SCM, a company engaged in hospital industry. SCM has two subsidiaries, SMI and GMI.

PT Bumi Pranata Laksana (BPL)

Engaged in estate management.

Changes in investments under the equity method:

	June 30, 2014 (Unaudited) Rp'000	December 31, 2013 Rp'000	December 31, 2012 Rp'000	December 31, 2011 Rp'000
PT CUP				
Acquisition of investment	248,130,640	247,500,000	-	-
Equity in net income of associate	906,658	630,640	-	-
Ending balance	249,037,298	248,130,640	-	-
PT SCM				
Acquisition of investment	19,298,395	31,000,000	-	-
Equity in net loss of associate	(1,763,797)	(11,701,605)	-	-
Ending balance	17,534,598	19,298,395	-	-
PT BPL				
Beginning balance	1,102,087	215,696	1,015,572	375,000
Equity in net income of associate	592,812	886,391	487,879	640,572
Dividend received	(500,625)	-	(1,287,755)	-
Ending balance	1,194,274	1,102,087	215,696	1,015,572

Summarized financial information in respect of the Group's associates is set out below:

	June 30, 2014 (Unaudited)	December 31, 2013	December 31, 2012	December 31, 2011
	Rp'000	Rp'000	Rp'000	Rp'000
Total assets	842,972,529	821,841,778	14,436,825	16,594,507
Total liabilities	(234,128,583)	(209,806,386)	(13,574,024)	(12,532,221)
Net assets	608,843,946	612,035,392	862,801	4,062,286

	2014 (Six-month) (Unaudited)	2013 (Six-month) (Unaudited)	2013 (One year)	2012 (One year)	2011 (One year)
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Total revenue for the period	115,902,852	13,420,062	35,635,422	23,136,977	20,755,973
Net income (loss) for the period	(896,587)	1,195,028	(30,161,325)	1,951,516	2,562,286
Group's share of other comprehensive income	(264,328)	505,012	(10,184,574)	487,879	640,572

10. PREPAID TAXES

	June 30, 2014 (Unaudited)	December 31, 2013	December 31, 2012	December 31, 2011
	Rp'000	Rp'000	Rp'000	Rp'000
The Company:				
Final income tax	82,685,844	94,568,079	64,424,428	34,393,123
Value added tax - net	1,082,026	-	-	-
Income tax article 28a	179,786	179,397	97,673	36,024
The subsidiaries:				
Final income tax	44,284,045	37,448,905	32,823,640	26,137,631
Value added tax - net	-	-	1,911,232	18,898,132
Others	-	-	-	28
Total	128,231,701	132,196,381	99,256,973	79,464,938

11. ADVANCE FOR PURCHASE OF LAND, PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES

	June 30, 2014 (Unaudited)	December 31, 2013	December 31, 2012	December 31, 2011
	Rp'000	Rp'000	Rp'000	Rp'000
Advance for purchase of land	262,571,174	335,353,630	219,923,798	14,541,258
Advance for purchase of property and equipment and investment properties	10,558,997	2,414,410	29,597,538	9,392,381
Total	273,130,171	337,768,040	249,521,336	23,933,639

Advance for purchase of land are mainly advance for land in Kasablanka and Gandaria area, Jakarta and Keputih area, Surabaya.

12. INVENTORIES

Current Assets

	June 30, 2014	December 31,		
	(Unaudited)	2013	2012	2011
	Rp'000	Rp'000	Rp'000	Rp'000
Real Estate Assets:				
Land lot already developed:				
Laguna Regency	27,165,252	10,903,030	7,697,338	1,846,855
Laguna Indah	17,384,739	17,354,517	17,524,779	17,286,440
Virginia Regency	14,108,998	17,434,983	14,157,561	14,546,325
Royal Villa	2,152,427	1,721,253	1,674,104	1,582,749
Westwood Villa	1,100,425	1,088,898	1,071,157	1,052,433
Riviera Villa	1,135,343	1,056,284	984,298	962,504
Taman Mutiara	639,065	698,642	909,797	893,812
Land and buildings ready for sale:				
Palm Beach	67,187,103	-	-	-
Pakuwon Town Square	4,416,369	7,163,374	14,104,561	17,187,331
Taman Permata	194,856	138,247	138,247	132,073
Model units	-	-	-	2,433,363
Total	135,484,577	57,559,228	58,261,842	57,923,885
Condominiums and offices unit:				
Superblock Kota Kasablanka	156,411,208	61,783,117	-	-
Superblock Gandaria City	12,408,833	12,408,833	15,141,313	-
Regensi Condominium	3,219,972	4,619,972	5,121,302	4,107,621
Total	172,040,013	78,811,922	20,262,615	4,107,621
Land and buildings under development:				
Grand Island	228,925,747	157,079,912	68,409,938	-
Superblock Kota Kasablanka	157,989,971	302,825,630	470,937,675	452,375,118
TP 5	175,350,971	118,172,151	30,799,408	-
Grand Pakuwon (Tandes)	175,336,073	33,013,580	542,127	-
Edu City	91,853,519	132,382,838	70,282,341	-
Pakuwon Town Square	34,286,620	36,944,438	37,845,732	32,702,175
Central Business District (CBD)	5,949,402	5,897,987	2,591,757	19,837,123
Palm Beach	-	121,345,271	193,198,196	186,176,727
Superblock Gandaria City	-	-	-	55,787,508
Others	4,077,209	2,532,232	4,475,711	10,515,952
Total	873,769,512	910,194,039	879,082,885	757,394,603
Total	1,181,294,102	1,046,565,189	957,607,342	819,426,109
Others	5,392,466	4,515,587	5,564,034	3,120,864
Total	1,186,686,568	1,051,080,776	963,171,376	822,546,973

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

Borrowing cost capitalized for the six-month periods ended June 30, 2014 and 2013 amounted to Rp 9,145,000 thousand and Rp 20,465,960 thousand, respectively, with capitalization rate at 11% and 10%, respectively. Borrowing cost capitalized for the years ended December 2013, 2012 and 2011 amounted to Rp 41,895,071 thousand, Rp 32,418,242 thousand and Rp 12,690,422 thousand, respectively, with capitalization rate at 10%, 11% and 11%, respectively.

Land with HGB No. 938/Menteng Dalam covering 7,595 square meters and HGB No. 1772/Menteng Dalam covering 14,590 square meters are used as collateral for the EPH's loan with Bank Mandiri (Note 21).

As of December 31, 2011, land with HGB No. 961 covering 7,435 square meters is used as collateral for the AW's loan with Bank ICBC (Note 21).

Land and buildings (Superblock Gandaria City and Kota Kasablanka) and real estate assets were insured together with property and equipment (Note 14).

As of June 30, 2014, December 31, 2013, 2012 and 2011, real estate assets that have not been recognized as sales but are attached to sale and purchase agreement amounted to Rp 164,978,291 thousand, Rp 192,175,400 thousand, Rp 241,765,330 thousand and Rp 84,450,984 thousand, respectively.

Based on the review of the real estate assets at the end of the period, management believes that there was no indication of decrease in the value of real estate assets.

Other inventory represents stock of food and beverages for hotel and supplies for shopping centre.

Noncurrent assets

	June 30, 2014 (Unaudited)	December 31, 2013	2012	2011
	Rp'000	Rp'000	Rp'000	Rp'000
Land not yet develop:				
Location:				
East Surabaya	470,199,890	299,507,617	161,870,378	142,095,574
West Surabaya	141,450,228	139,027,441	132,118,591	127,763,826
Embong Malang, Central Surabaya	-	-	4,975,535	4,975,535
Total	611,650,118	438,535,058	298,964,504	274,834,935

The total land not yet developed measures 3,500,553 square meters as of June 30, 2014 and 3,328,618 square meters, 2,935,585 square meters and 2,771,586 square meters as of December 31, 2013, 2012 and 2011, respectively.

The legal right over the land is mainly in the form of Building Use Rights (HGBs) under the name of the Company, AW, and EPH and has a period of 20 to 30 years which will expire between 2032 to 2042. As of June 30, 2014, 21.04% of the real estate assets is still in the process of conversion to HGB.

13. INVESTMENT PROPERTIES

	Unaudited				
	January 1, 2014	Additions	Deductions	Reclassifications	June 30, 2014
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Cost:					
Land	1,079,622,774	59,657,341	-	935,527	1,140,215,642
Buildings and facilities	2,953,417,993	6,288,360	-	10,012,657	2,969,719,010
Machinery and equipment	174,122,624	184,585	-	-	174,307,209
Construction in progress - building	107,274,964	71,384,638	-	(559,895)	178,099,707
Total	4,314,438,355	137,514,924	-	10,388,289	4,462,341,568
Accumulated depreciation:					
Buildings and facilities	502,428,358	73,366,580	-	-	575,794,938
Machinery and equipment	109,303,108	4,498,130	-	-	113,801,238
Total	611,731,466	77,864,710	-	-	689,596,176
Net Book Value	3,702,706,889				3,772,745,392

	January 1, 2013	Additions	Deductions	Reclassifications	December 31, 2013
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Cost:					
Land	843,457,323	200,696,915	-	35,468,536	1,079,622,774
Buildings and facilities	2,776,204,532	142,055,415	-	35,158,046	2,953,417,993
Machinery and equipment	169,245,497	4,877,127	-	-	174,122,624
Construction in progress - building	30,579,591	76,063,943	-	631,430	107,274,964
Total	3,819,486,943	423,693,400	-	71,258,012	4,314,438,355
Accumulated depreciation:					
Buildings and facilities	354,524,580	147,009,543	-	894,235	502,428,358
Machinery and equipment	99,865,153	9,437,955	-	-	109,303,108
Total	454,389,733	156,447,498	-	894,235	611,731,466
Net Book Value	3,365,097,210				3,702,706,889

	January 1, 2012	Additions	Deductions	Reclassifications	December 31, 2012
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Cost:					
Land	561,115,683	98,949,418	-	183,392,222	843,457,323
Buildings and facilities	1,698,554,121	454,622,194	46,927,905	669,956,122	2,776,204,532
Machinery and equipment	177,842,371	3,137,879	11,734,753	-	169,245,497
Construction in progress - building	-	25,515,847	-	5,063,744	30,579,591
Total	2,437,512,175	582,225,338	58,662,658	858,412,088	3,819,486,943
Accumulated depreciation:					
Buildings and facilities	301,219,941	100,949,736	46,927,905	(717,192)	354,524,580
Machinery and equipment	102,247,498	9,352,408	11,734,753	-	99,865,153
Total	403,467,439	110,302,144	58,662,658	(717,192)	454,389,733
Net Book Value	2,034,044,736				3,365,097,210

	January 1, 2011	Additions	Deductions	Reclassifications	December 31, 2011
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Cost:					
Land	555,415,626	-	-	5,700,057	561,115,683
Buildings and facilities	1,590,533,803	44,560,740	-	63,459,578	1,698,554,121
Machinery and equipment	168,993,529	8,848,842	-	-	177,842,371
Total	2,314,942,958	53,409,582	-	69,159,635	2,437,512,175
Accumulated depreciation:					
Buildings and facilities	222,941,663	78,278,278	-	-	301,219,941
Machinery and equipment	92,748,007	9,499,491	-	-	102,247,498
Total	315,689,670	87,777,769	-	-	403,467,439
Net Book Value	1,999,253,288				2,034,044,736

Depreciation expense for the six-month periods ended June 30, 2014 and 2013 amounted to Rp 77,864,710 thousand and Rp 76,731,742 thousand, respectively, and for the years ended December 31, 2013, 2012 and 2011 amounted to Rp 156,447,498 thousand, Rp 110,302,144 thousand and Rp 87,777,769 thousand, respectively, which were recorded in direct costs-building expenses (Note 28).

The investment properties represents the land, buildings and machines of Tunjungan Plaza I (Plaza East), Tunjungan Plaza III (Plaza Central), Tunjungan Plaza IV (Plaza West), Eastcoast Center, Gandaria City Mall and Kota Kasablanka Mall.

Construction in progress building consists of mall building located in TP V, Surabaya, with recorded cost constituting 41.13% of the contract price and is estimated to be completed in the second quarter of 2015. Management believes there is no hindrance to complete the construction.

Borrowing cost capitalized in 2012 and 2011 amounted to Rp 43,982,523 thousand and Rp 48,772,807 thousand, respectively, with capitalization rate of 7% and 11% in 2012 and 2011, respectively.

The fair value of the investment properties and property and equipment as of June 30, 2014 amounted to Rp 13,156,000,000 thousand. The valuation was determined by management based on income approach method.

Rental and service charges revenue from investment properties in six-month periods ended June 30, 2014 and 2013 amounted to Rp 534,478,051 thousand and Rp 440,896,786 thousand, respectively, and for the years ended December 31, 2013, 2012 and 2011 amounted to Rp 948,925,692 thousand, Rp 597,672,655 thousand and Rp 475,317,329 thousand, respectively (Note 27).

Building expenses from investment properties in six-month periods ended June 30, 2014 and 2013 amounted to Rp 310,971,686 thousand and Rp 260,627,459 thousand, respectively, and for the years ended December 31, 2013, 2012 and 2011 amounted to Rp 550,370,590 thousand, Rp 352,462,623 thousand, and Rp 274,329,152 thousand, respectively (Note 28).

As of June 30, 2014, December 31, 2013, 2012 and 2011, the land, building and insurance claim over Tunjungan Plaza I (Plaza East) and Tunjungan Plaza III (Plaza Central) are used as collateral for the loan with Bank CIMB Niaga in 2011 and together with Bank ICBC Indonesia and Bank Central Asia in 2012, 2013 and 2014 (Note 21).

As of June 30, 2014, December 31, 2013 and 2012, land with HGB Certificate No. 937 and 939 are used as collateral for the loan with Bank CIMB Niaga (Note 21).

As of December 31, 2011, land with HGB No. 828 and 1190 are used as collateral for the loan with Bank Mega (Note 21).

At June 30, 2014, investment properties which were reclassified from real estate assets amounted to Rp 10,948,184 thousand, and Rp 559,895 thousand was reclassified to real estate assets due to change in management intention.

In 2013 and 2012, additional investment properties which were reclassified from real estate assets amounted to Rp 31,988,618 thousand and Rp 3,454,932 thousand, respectively, and addition from reclassification of property and equipment amounted to Rp 39,269,394 thousand and Rp 854,957,156 thousand, respectively. In 2013, accumulated depreciation reclassified from property and equipment and to real estate assets amounted to Rp 1,164,910 thousand and Rp 270,675 thousand, respectively. In 2012, accumulated depreciation reclassified to property and equipment amounted to Rp 717,192 thousand. This reclassification is due to change in management's intention.

On December 31, 2011, investment properties reclassified from property and equipment and to real estate assets amounted to Rp 76,267,809 thousand and Rp 7,108,174 thousand, respectively.

As of June 30, 2014, December 31, 2013, 2012 and 2011, investment properties were insured together with property and equipment (Note 14).

14. PROPERTY AND EQUIPMENT

	Unaudited				
	January 1, 2014	Additions	Deductions	Reclassifications	June 30, 2014
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Cost:					
Direct acquisition					
Land	148,081,286	-	-	-	148,081,286
Buildings and facilities	519,748,592	1,615,835	-	-	521,364,427
Machinery and equipment	28,946,902	34,500	-	-	28,981,402
Motor vehicles	24,711,386	3,032,305	508,000	-	27,235,691
Office equipment	73,494,056	6,420,048	-	-	79,914,104
Interior design	37,431,392	-	-	-	37,431,392
Show unit	4,062,863	22,076	-	-	4,084,939
Construction in progress					
Buildings and facilities	197,277,637	48,200,557	-	-	245,478,194
Total	1,033,754,114	59,325,321	508,000	-	1,092,571,435
Accumulated depreciation:					
Direct acquisition					
Buildings and facilities	241,926,409	9,105,043	-	-	251,031,452
Machinery and equipment	26,213,178	729,652	-	-	26,942,830
Motor vehicles	16,050,071	2,152,564	508,000	-	17,694,635
Office equipment	51,721,136	4,895,301	-	-	56,616,437
Interior design	23,966,795	1,350,909	-	-	25,317,704
Show unit	780,672	507,927	-	-	1,288,599
Total	360,658,261	18,741,396	508,000	-	378,891,657
Net Book Value	673,095,853				713,679,778

	January 1, 2013	Additions	Deductions	Reclassifications	December 31, 2013
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Cost:					
Direct acquisition					
Land	320,767,674	28,264	-	(172,714,652)	148,081,286
Buildings and facilities	530,305,621	762,010	-	(11,319,039)	519,748,592
Machinery and equipment	28,937,902	9,000	-	-	28,946,902
Motor vehicles	23,557,787	3,860,819	2,707,220	-	24,711,386
Office equipment	60,361,286	13,258,416	125,646	-	73,494,056
Interior design	37,431,392	-	-	-	37,431,392
Show unit	3,588,587	2,391,436	1,917,160	-	4,062,863
Construction in progress					
Buildings and facilities	169,979,709	27,970,884	-	(672,956)	197,277,637
Total	1,174,929,958	48,280,829	4,750,026	(184,706,647)	1,033,754,114
Accumulated depreciation:					
Direct acquisition					
Buildings and facilities	225,122,561	17,968,758	-	(1,164,910)	241,926,409
Machinery and equipment	24,756,049	1,457,129	-	-	26,213,178
Motor vehicles	15,144,433	3,612,858	2,707,220	-	16,050,071
Office equipment	43,734,433	8,100,785	114,082	-	51,721,136
Interior design	21,264,978	2,701,817	-	-	23,966,795
Show unit	359,577	2,338,255	1,917,160	-	780,672
Total	330,382,031	36,179,602	4,738,462	(1,164,910)	360,658,261
Net Book Value	844,547,927				673,095,853

	January 1, 2012	Additions	Deductions	Reclassifications	December 31, 2012
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Cost:					
Direct acquisition					
Land	486,065,111	17,726,062	-	(183,023,499)	320,767,674
Buildings and facilities	511,859,106	5,643,865	-	12,802,650	530,305,621
Machinery and equipment	28,936,372	1,530	-	-	28,937,902
Motor vehicles	19,130,188	5,706,399	1,278,800	-	23,557,787
Office equipment	50,796,053	9,612,621	47,388	-	60,361,286
Interior design	39,369,329	29,642	1,967,579	-	37,431,392
Show unit	-	3,522,351	-	66,236	3,588,587
Construction in progress					
Buildings and facilities	824,265,751	40,347,434	-	(694,633,476)	169,979,709
Total	1,960,421,910	82,589,904	3,293,767	(864,788,089)	1,174,929,958
Accumulated depreciation:					
Direct acquisition					
Buildings and facilities	206,701,433	17,703,936	-	717,192	225,122,561
Machinery and equipment	23,291,300	1,464,749	-	-	24,756,049
Motor vehicles	13,877,578	2,545,655	1,278,800	-	15,144,433
Office equipment	37,708,995	6,039,037	13,599	-	43,734,433
Interior design	19,550,541	3,682,016	1,967,579	-	21,264,978
Show unit	-	359,577	-	-	359,577
Total	301,129,847	31,794,970	3,259,978	717,192	330,382,031
Net Book Value	1,659,292,063				844,547,927

	January 1, 2011	Additions	Deductions	Reclassifications	December 31, 2011
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Cost:					
Direct acquisition					
Land	488,556,300	2,207,818	-	(4,699,007)	486,065,111
Buildings and facilities	465,303,775	1,219,328	-	45,336,003	511,859,106
Machinery and equipment	28,867,802	100,545	31,975	-	28,936,372
Motor vehicles	16,579,294	2,991,557	440,663	-	19,130,188
Office equipment	45,261,810	5,716,064	181,821	-	50,796,053
Interior design	34,956,660	-	-	4,412,669	39,369,329
Construction in progress					
Buildings and facilities	646,498,259	58,080,107	-	119,687,385	824,265,751
Total	1,726,023,900	70,315,419	654,459	164,737,050	1,960,421,910
Accumulated depreciation:					
Direct acquisition					
Buildings and facilities	190,653,097	16,048,336	-	-	206,701,433
Machinery and equipment	21,869,790	1,446,499	24,989	-	23,291,300
Motor vehicles	12,463,792	1,854,449	440,663	-	13,877,578
Office equipment	33,020,932	4,811,453	123,390	-	37,708,995
Interior design	16,683,413	2,867,128	-	-	19,550,541
Total	274,691,024	27,027,865	589,042	-	301,129,847
Net Book Value	1,451,332,876				1,659,292,063

Depreciation expense was allocated to the following:

	2014 (Six-month) (Unaudited) Rp'000	2013 (Six-month) (Unaudited) Rp'000	2013 (One year) Rp'000	2012 (One year) Rp'000	2011 (One year) Rp'000
Direct costs - building expenses (Note 28)	871,614	811,271	1,602,190	2,702,322	3,783,295
Hotel operating expenses (Note 28)	9,654,916	9,674,066	19,348,133	19,348,133	19,259,697
General and administrative expenses (Note 30)	7,706,939	6,150,472	12,891,024	9,384,939	3,984,873
Selling expenses (Note 29)	507,927	1,981,361	2,338,255	359,576	-
Total	18,741,396	18,617,170	36,179,602	31,794,970	27,027,865

Construction in progress consists of projects located in Jakarta, which include hotel building located in Superblock Gandaria City owned by AW, with the recorded cost constituting 31.12% of contract price and is estimated to be completed in 2015. Subsidiary's management believes there is no hindrance to complete the construction.

On December 31, 2013, property and equipment reclassified to investment properties and real estate assets amounted to Rp 39,269,394 thousand and Rp 145,437,253 thousand, respectively. Accumulated depreciation reclassified to investment properties amounted to Rp 1,164,910 thousand. Reclassification is due to change in management intention.

On December 31, 2012, buildings in progress intended to generate future rental with carrying amount of Rp 854,957,156 thousand was reclassified to investment properties (Note 13). Property and equipment amounting to Rp 9,830,933 thousand is reclassified to real estate assets. Additional accumulated depreciation amounting to Rp 717,192 thousand comes from investment properties (Note 13).

On December 31, 2011, property and equipment reclassified to investment properties and from real estate assets amounted to Rp 76,267,809 thousand and Rp 241,004,859 thousand, respectively.

The Company, AW and EPH own several parcels of land located in Kelurahan Kaliasin and Kedungdoro, Surabaya and also in Gandaria and in Jalan Casablanca, Jakarta with legal rights in the form of Building Use Rights (HGBs) for a period of 20 to 30 years which will expire between 2026 to 2037. 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 were used as collateral for Series C Bonds in 2011 (Note 22).

Cost of property and equipment which were fully depreciated but still used by the Group amounted to Rp 46,828,413 thousand as of June 30, 2014 and Rp 43,151,716 thousand, Rp 40,686,015 thousand, and Rp 28,435,324 thousand, as of December 31, 2013, 2012 and 2011, respectively.

Investment properties, real estate assets, and property and equipment, except for land, were insured against certain risks, among other property all risk, public liability, terrorism and sabotage with several third parties insurance companies as follows:

	June 30, 2014 (Unaudited)	December 31, 2013	December 31, 2012	December 31, 2011
	Rp'000	Rp'000	Rp'000	Rp'000
Sum insured				
Rupiah	8,709,913,543	6,299,413,543	4,100,880,500	1,943,199,900
U.S. Dollar (US$ 1,019,450,000 at June 30, 2014, US$ 859,850,000 at December 31, 2013, US$ 621,050,000 at December 31, 2012 and US$ 544,250,000 at December 31, 2011	12,201,797,050	10,480,711,650	6,005,553,500	3,999,441,400
Total	20,911,710,593	16,780,125,193	10,106,434,000	5,942,641,300
Carrying amount of assets				
Property and equipment	565,598,492	523,061,439	523,780,253	1,173,226,952
Investment properties	2,632,529,749	2,600,293,172	2,521,639,887	1,472,929,053
Real estate assets	585,749,314	494,111,154	471,507,771	508,162,626
Total	3,783,877,555	3,617,465,765	3,516,927,911	3,154,318,631

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

Based on the review of the property and equipment at the end of the year, management believes that there was no indication of impairment on property and equipment.

15. BANK LOANS

	December 31, 2012	December 31, 2011
	Rp'000	Rp'000
Bank ICBC Indonesia		
EPH	1,000,000	104,500,000
AW	-	27,204,000
Total	1,000,000	131,704,000

EPH

In October 2010, EPH obtained fixed loan credit facility in the form of Fixed Loan On Demand Basis from PT Bank ICBC Indonesia with maximum facility of Rp 100,000,000 thousand and which is due in 12 months. The outstanding loan amounted to Rp 500,000 thousand as of December 31, 2012. This loan is settled on May 24, 2013. This loan was not extended.

On March 28, 2011, EPH obtained fixed loan credit facility in the form of Fixed Loan On Demand Basis with maximum facility of Rp 100,000,000 thousand and which is due in 12 months. The loan outstanding amounted to Rp 500,000 thousand as of December 31, 2012 and was settled on May 24, 2013. On June 13, 2013, the plafond of this facility increased to Rp 230,000,000 thousand with interest rate at 7.25% per annum to be adjusted according to the prevailing market rate set by the bank. The facility will be expired on May 24, 2014.

AW

On March 26, 2010, AW obtained credit facility from Bank ICBC Indonesia for the purpose of refinancing the project Gandaria Office 8 amounting to US$ 4,000,000 with floating interest, on December 31, 2011 the interest rate was 6% per annum. The credit facility is due in 12 months and can be extended.

On December 31, 2011, the loan outstanding amounted to US$ 3,000,000 due on March 29, 2012 with floating interest rate of 6%. This loan is secured together with AW's ICBC long-term loan (Note 21).

In April 2012, AW has settled all liabilities related to Bank ICBC Indonesia loan.

16. TRADE ACCOUNTS PAYABLE TO THIRD PARTIES

	June 30, 2014 (Unaudited)	December 31, 2013	2012	2011
	Rp'000	Rp'000	Rp'000	Rp'000
a. By debtor				
Third parties	105,438,989	54,754,091	33,928,967	65,240,747
b. By Currency				
Rupiah	83,049,769	45,312,621	32,683,071	52,022,671
U.S. Dollar	21,837,718	9,148,619	1,244,963	12,751,475
Others	551,502	292,851	933	466,601
Total	105,438,989	54,754,091	33,928,967	65,240,747

17. TAXES PAYABLE

	June 30, 2014 (Unaudited)	December 31, 2013	2012	2011
	Rp'000	Rp'000	Rp'000	Rp'000
The Company:				
Final income tax	7,048,821	4,268,446	3,989,170	3,941,476
Value added tax	-	2,992,950	1,563,470	7,622,954
Other income taxes:				
Article 21/26	1,453,153	1,453,425	1,022,704	2,237,876
Article 23	68,267	50,603	45,056	31,585
Taxes on promotional activities	11,250	-	2,113	42,888
Hotel and restaurant tax	1,557,992	1,513,598	1,375,019	378,039
The subsidiaries:				
Final income tax	14,635,673	18,426,825	17,919,584	16,398,738
Value added tax	12,856,377	21,029,157	2,458,484	3,968,432
Current tax (Note 33)	-	1,634	-	47,111
Other income taxes:				
Article 21/26	4,932,774	3,678,228	394,573	484,533
Article 23	104,691	188,194	142,125	34,927
Taxes on promotional activities	-	141,711	-	-
Total	42,668,998	53,744,771	28,912,298	35,188,559

18. ACCRUED EXPENSES

	June 30, 2014 (Unaudited)	December 31, 2013	December 31, 2012	December 31, 2011
	Rp'000	Rp'000	Rp'000	Rp'000
Interest and penalty payable on banks loans and bonds (Note 21)	27,207,242	29,430,422	30,218,547	17,273,616
Electricity, water and gas	15,951,119	14,401,537	10,824,943	7,377,120
Land and building taxes	9,491,136	-	-	-
Parking	4,978,041	3,556,178	3,928,013	1,282,172
Security	3,998,809	4,012,743	2,537,867	117,259
Loss and breakage	2,834,917	2,803,023	2,688,221	2,103,453
Salary	2,366,403	2,835,285	2,430,633	2,487,860
Insurance	1,786,718	206,410	1,080	4,082
Professional fee	1,526,394	4,124,632	1,280,795	5,125,761
Others	16,350,022	13,659,402	8,352,621	6,432,839
Total	86,490,801	75,029,632	62,262,720	42,204,162

Other accrued expenses mainly represent accrual for cleaning service and hotel's operator fee.

19. UNEARNED INCOME

	June 30, 2014 (Unaudited)	December 31, 2013	December 31, 2012	December 31, 2011
	Rp'000	Rp'000	Rp'000	Rp'000
Space rental	556,142,347	516,225,268	471,977,958	356,338,621
Others	19,542,212	12,589,068	16,735,456	22,290,681
Total	575,684,559	528,814,336	488,713,414	378,629,302
Realizable within one year	(490,490,632)	(446,681,644)	(424,758,403)	(160,099,987)
Long-term portion	85,193,927	82,132,692	63,955,011	218,529,315

20. ADVANCES FROM CUSTOMERS

	June 30, 2014 (Unaudited)	December 31, 2013	December 31, 2012	December 31, 2011
	Rp'000	Rp'000	Rp'000	Rp'000
Apartment and office building	1,091,761,552	1,143,810,868	759,439,654	312,912,741
Land and buildings	452,813,912	624,253,889	402,962,984	297,120,282
Total	1,544,575,464	1,768,064,757	1,162,402,638	610,033,023

Advances from customer mainly represents 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 mainly represents advance payments received by TP V, Educity and TP VI, the Company's projects in Surabaya, and Kota Kasablanka, EPH project, from customers for pre-sale of condominiums and office buildings.

21. LONG-TERM BANK LOANS

	June 30, 2014 (Unaudited)	December 31, 2013	December 31, 2012	December 31, 2011
	Rp'000	Rp'000	Rp'000	Rp'000
Rupiah				
Bank CIMB Niaga	781,850,696	835,522,839	902,811,274	723,913,278
Bank Mandiri	280,000,000	360,000,000	398,400,000	226,289,493
Bank Central Asia	304,176,690	325,543,313	346,376,712	-
Bank ICBC Indonesia	226,236,394	243,323,190	277,379,414	124,000,000
Bank Mega	-	-	-	45,000,000
Total	1,592,263,780	1,764,389,342	1,924,967,400	1,119,202,771
Less: current maturities	(412,582,918)	(373,959,300)	(262,170,196)	(165,569,150)
Long-term portion	1,179,680,862	1,390,430,042	1,662,797,204	953,633,621

The bank loans are repayable as follows:

	June 30, 2014 (Unaudited)	December 31, 2013	December 31, 2012	December 31, 2011
	Rp'000	Rp'000	Rp'000	Rp'000
Due in the year				
2012	-	-	-	165,569,150
2013	-	-	265,078,791	320,138,300
2014	203,117,653	376,594,549	376,594,549	339,473,894
2015	516,320,827	516,320,826	414,720,827	105,000,000
2016	449,797,722	449,797,722	449,797,722	189,021,427
After 2017	427,838,436	427,838,436	427,838,436	-
Total	1,597,074,638	1,770,551,533	1,934,030,325	1,119,202,771
Unamortized transaction cost	(4,810,858)	(6,162,191)	(9,062,925)	-
Carrying value	1,592,263,780	1,764,389,342	1,924,967,400	1,119,202,771

The amortized cost of the loans are as follows:

	June 30, 2014 (Unaudited)	December 31, 2013	December 31, 2012	December 31, 2011
	Rp'000	Rp'000	Rp'000	Rp'000
Long term bank loans	1,592,263,780	1,764,389,342	1,924,967,400	1,119,202,771
Accrued interest (Note 18)	27,207,242	29,430,422	30,218,547	11,363,305
Total	1,619,471,022	1,793,819,764	1,955,185,947	1,130,566,076

Accrued interest are recorded in accrued expenses in the consolidated statements of financial position.

Bank CIMB Niaga

	June 30, 2014 (Unaudited)	December 31, 2013	December 31, 2012	December 31, 2011
	Rp'000	Rp'000	Rp'000	Rp'000
EPH	535,000,000	570,000,000	600,000,000	409,021,428
The Company	246,850,696	265,522,839	302,811,274	314,891,850
Total	781,850,696	835,522,839	902,811,274	723,913,278

EPH

EPH has investment loan facility, as well as letter of credit (LC) and Letter of Credit with Domestic Documentation (SKBDN). These facilities are in the form of Tranche A : Investment Facility 1 and Tranche B : Investment Facility 2 with floating interest rate. On June 30, 2014, the interest rate for both facilities was set at 11.25%. Maximum drawdown for each facility is Rp 300,000,000 thousand for financing for the construction of shopping mall in Kota Kasablanka. The loan will mature on December 13, 2017.

As of June 30, 2014, this loan facility has been fully drawn.

This loan is secured with HGB certificate No. 937 and 939 located in Menteng Dalam, Jakarta (Note 13).

The loan agreement provides several requirements for EPH to comply, such as to maintain bank account balance in creditor bank at a certain balance. As of June 30, 2014, EPH has complied with all requirements.

The Company

a. In 2012, the Company obtained a loan facility of Rp 305,630,325 thousand, due in 5 years, including grace period of 6 months, with interest rate set at 11.25% per annum, payable quarterly. The loan facility is repayable quarterly which starts at the end of the grace period based on certain installment.

   The loan is secured by the following (Note 7):

   - Paripassu for the first priority security rights over Tunjungan Plaza I (Plaza East) and Tunjungan Plaza III (Plaza Central) with mínimum value of 125% from the loan facility.

   - First 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).

   - First 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).

   - Paripassu for first priority of fiduciary security rental income of Tunjungan Plaza I (Plaza East) and Tunjungan Plaza III (Plaza Central).

   The above collateral are attached in paripassu with loan facility obtained from Bank ICBC Indonesia of Rp 280,000,000 thousand and from Bank Central Asia amounting to Rp 350,000,000 thousand.

b. In 2009, the Company obtained 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, with a floating interest.

   The loan is secured by the following:

   - Priority security rights over Tunjungan Plaza I (Plaza East) and Tunjungan Plaza III (Plaza Central) with a minimum value of 150% from the credit facility.

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

   - 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).

   On April 29, 2012, the above loan was fully paid.

The loan agreement also provides certain negative covenants and financial ratio that the Company must comply which are the same with Bank Central Asia and Bank ICBC Indonesia.

The loan agreement provides several requirements; among other things are to submit quarterly report to notify if there is security or company assets subject to dispute, to open an escrow account at the bank appointed by the creditor, and to insure the security assets. The Company is prohibited to do the following without obtaining written consent, among other things, providing mortgage of its assets to another party, reducing the capital of the Company, enter into transactions outside the ordinary course of business that are unfavorable to the Company, changing the purpose, objective, business activities, forms/legal status and dissolve the Company and invest or divest in companies other than the Company's main activities.

The Company is required to maintain certain financial ratio Maximal Bank Loan to EBITDA, Maximal Leverage, and Minimal DSCR.

As of June 30, 2014, the Company has complied with all obligation, negative covenants and financial ratios required by the bank.

Bank Mandiri

In June 2011, EPH obtained a Special Loan Facility from Bank Mandiri with a maximum credit of Rp 500,000,000 thousand, due in 4 years and 6 months, including grace period of 18 months from June 17, 2011 until December 16, 2015. The interest rate per annum is a floating rate of 10.50%, payable monthly.

This credit facility is secured by land owned by EPH with HGB certificate No. 938/Menteng Dalam and No. 1772/Menteng Dalam (Note 12), trade accounts receivable from sale of office and apartment in Kota Kasablanka amounting to Rp 250,000,000 thousand maximum (Note 7), Corporate Guarantee and Deficit Cash Flow Guarantee from the Company.

Bank Central Asia

Based on Credit Facility Agreement No. 118 dated March 28, 2012, the Company obtained an investment credit facility from Bank Central Asia amounting to Rp 350,000,000 thousand for loan refinancing and construction of shopping centers and will mature 5 years from the first drawdown. As of December 31, 2012, the Company has drawn all of the facility. Interest rate per annum is 11.25%.

The collateral for this loan facility is tied in paripassu with loan from Bank CIMB Niaga and Bank ICBC Indonesia.

On June 30, 2014, the Company has complied with all obligation, negative covenant and financial ratios required by the bank.

Bank ICBC Indonesia

	June 30, 2014 (Unaudited)	December 31, 2013	2012	2011
	Rp'000	Rp'000	Rp'000	Rp'000
The Company	226,236,394	243,323,190	277,379,414	85,000,000
AW	-	-	-	39,000,000
Total	226,236,394	243,323,190	277,379,414	124,000,000

The Company

a. On March 28, 2012, the Company obtained:

- Fixed loan on installment amounting to Rp 180,000,000 thousand for construction of shopping centers. The loan will mature in 5 years from the first drawdown. Interest rate per annum is 11.25%.
- Fixed loan on demand amounting to Rp 100,000,000 thousand for loan refinancing. The loan will mature in 3 years from the first drawdown. Interest rate per annum is 11.25%.

As of December 31, 2012, all loan facility amounting to Rp 280,000,000 thousand have been fully drawn.

The collateral for this loan facility is attached in paripassu with Bank CIMB and Bank Central Asia's loan facilities.

b. On June 9, 2009, the Company obtained a working capital loan with a maximum credit limit of Rp 35,000,000 thousand. As of December 31, 2011, this loan facility had been fully drawn. Interest rate per annum prior to settlement was 7%. The loan was settled on June 9, 2012.

c. On October 26, 2009, the Company obtained a working capital loan with a maximum credit limit of Rp 100,000,000 thousand with 8.65% interest rate per annum. As of December 31, 2011, Rp 50,000,000 thousand of this loan facility has been utilized. The loan facility was settled on September 17, 2012.

In 2011, the credit facilities are secured by trade accounts receivable from the sale of housing units in Pakuwon City Surabaya (Note 7).

The loan agreement also provides the same negative covenants as BCA and Bank CIMB Niaga that the Company must comply.

As of June 30, 2014, the Company has complied with all negative covenants and financial ratios required by the bank.

<u>AW</u>

On March 26, 2010, AW obtained credit facilities from Bank ICBC Indonesia for the purpose of refinancing the project Gandaria Office 8 amounting to Rp 34,000,000 thousand and Rp 20,000,000 thousand, both with a floating interest rate and on December 31, 2011, the interest rate was 10.5%. The loan will mature in 36 months from the date of the first disbursement of the loan facility. This bank loan is repayable based on certain installment.

The loan is secured by HGB No. 961 covering of 7,435 square meters of land area located in Jakarta (Note 12).

The loan agreement also provides certain negative covenants that AW must comply.

This loan facility has been settled in April 2012.

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 floating rate, with the rate at December 31, 2011 set at 13%, which is paid monthly. Under the agreement, this credit facility will be used to finance the Eastcoast Center (formerly Pakuwon Center) construction.

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

In 2011, this credit facility is secured by 6,886 square meters of land which is part of 114,680 square meters of land with HGB Certificate No. 828 and No. 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 13).

On 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 provides certain negative covenants that the Company must comply.

This loan facility has been settled in February 2012.

22. BONDS PAYABLE

	December 31, 2011 Rp'000
2015 Notes - net of unamortized bond issuance costs	360,290,197
Bonds resulting from restructured loans:	
Series C Bonds (US$ 183,111 at December 31, 2011)	1,660,454
Total	361,950,651
Less: current maturities	(1,660,454)
Noncurrent	360,290,197

2015 Notes

Based on agreement dated November 30, 2009, PJBV issued 2015 Notes. This agreement is effective on November 14, 2009. The 2015 Notes are unsecured, unrated securities, paying a combination of cash and PIK coupon wherein all the securities will be repayable on maturity. The 2015 Notes will mature on May 14, 2015 and is guaranteed by the Company and AW. Interest is payable in cash and the issuance of additional notes in principal amount equal to the amount of certain interest rates.

The balance of the 2015 Notes consists of the following:

	December 31, 2011 Rp'000
Nominal value	394,020,692
Unamortized bond issuance costs	(33,730,495)
Net	360,290,197

The terms of the Notes also include certain requirement among others:

- If there is delay in repayment, PJBV has to pay the interest on past due principal and interest using specified interest rate.
- The Company and PJBV are not allowed to do loan subordination.
- The Group is not allowed to pay dividend, obtain new loans, pledge its assets without written approval from the custodian.

In April 2012, the Company has settled all the liabilities related to 2015 Notes.

Series C Bonds

Series C Bonds issued to Bank Pan Indonesia (Panin) as of December 31, 2011 amounted to US$ 183,111 (equivalent to Rp 1,660,454 thousand).

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%

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 comprising Sheraton Surabaya Hotel & Towers, located in Kelurahan Kedungdoro, Surabaya (Note 14).

- Receivables, claims and rights over proceeds from the hotel operations (Note 7) and proceeds from insurance claim.

The Company is restricted to do certain action without the prior written approval of bond holders.

On March 6, 2012, the Company has settled all liabilities related to Series C Bonds.

23. MANDATORY CONVERTIBLE NOTES (MCN) PAYABLE

	June 30, 2014 (Unaudited)	December 31, 2013	2012	2011
	Rp'000	Rp'000	Rp'000	Rp'000
Nominal value (US$ 58,000,000)	694,202,000	706,962,000	560,860,000	525,944,000
Unamortized discount (US$ 3,778,983 on June 30, 2014, US$ 4,652,598 on December 31, 2013, US$ 6,332,626 on December 31, 2012 and US$ 7,948,038 on December 31, 2011)	(45,230,653)	(56,710,519)	(61,236,493)	(72,072,807)
Total	648,971,347	650,251,481	499,623,507	453,871,193

On August 1, 2006, AW, a subsidiary, issued MCN to UOB Kay Hian Finance Limited amounting to US$ 58,000,000. These MCNs 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.

24. CAPITAL STOCK

Name of Stockholders	June 30, 2014 (Unaudited) Number of Shares	Percentage of Ownership	Total Paid-up Capital Stock
		%	Rp'000
Burgami Investments Limited	10,063,591,200	20.90	251,589,780
PT. Pakuwon Arthaniaga	8,067,864,000	16.75	201,696,600
Concord Media Investment Ltd	3,556,800,000	7.39	88,920,000
Raylight Investment Limited	3,441,204,000	7.15	86,030,100
GIC S-A Government of Singapore	2,434,518,413	5.06	60,862,960
Alexander Tedja (President Commissioner)	7,488,000	0.02	187,200
Irene Tedja (Director)	4,391,100	0.01	109,778
Richard Adisastra (President Director)	131,040	0.00	3,276
Public (less than 5% each)	20,583,614,647	42.72	514,590,366
Total	48,159,602,400	100.00	1,203,990,060

	December 31, 2013		
Name of Stockholders	Number of Shares	Percentage of Ownership	Total Paid-up Capital Stock
		%	Rp'000
Burgami Investments Limited	10,063,591,200	20.90	251,589,780
PT. Pakuwon Arthaniaga	8,067,864,000	16.75	201,696,600
Concord Media Investment Ltd	3,556,800,000	7.39	88,920,000
Raylight Investment Limited	3,441,204,000	7.15	86,030,100
Alexander Tedja (President Commissioner)	7,488,000	0.02	187,200
Irene Tedja (Director)	4,660,000	0.01	116,500
Richard Adisastra (President Director)	131,040	0.00	3,276
Public (less than 5% each)	23,017,864,160	47.79	575,446,604
Total	48,159,602,400	100.00	1,203,990,060

	December 31, 2012		
Name of Stockholders	Number of Shares	Percentage of Ownership	Total Paid-up Capital Stock
		%	Rp'000
Burgami Investments Limited	10,063,591,200	20.90	251,589,780
PT. Pakuwon Arthaniaga	8,067,864,000	16.75	201,696,600
BSL Investment Inc.	3,741,599,600	7.77	93,539,990
Concord Media Investment Ltd	3,556,800,000	7.39	88,920,000
Raylight Investment Limited	3,441,204,000	7.15	86,030,100
Alexander Tedja (President Commissioner)	7,488,000	0.02	187,200
Irene Tedja (Director)	3,823,000	0.01	95,575
Richard Adisastra (President Director)	131,040	0.00	3,276
Public (less than 5% each)	19,277,101,560	40.03	481,927,539
Total	48,159,602,400	100.00	1,203,990,060

	December 31, 2011		
Name of Stockholders	Number of Shares	Percentage of Ownership	Total Paid-up Capital Stock
		%	Rp'000
BSL Investment Inc.	2,666,277,900	22.15	266,627,790
Burgami Investments Limited	2,515,897,800	20.90	251,589,780
PT. Pakuwon Arthaniaga	2,016,966,000	16.75	201,696,600
Concord Media Investment Ltd	889,200,000	7.39	88,920,000
Raylight Investment Limited	860,301,000	7.15	86,030,100
Alexander Tedja (President Commissioner)	1,872,000	0.02	187,200
Irene Tedja (Director)	955,750	0.01	95,575
Richard Adisastra (President Director)	32,760	0.00	3,276
Public (less than 5% each)	3,088,397,390	25.66	308,839,739
Total	12,039,900,600	100.00	1,203,990,060

Based on the Company Extraordinary General Meeting of Stockholders dated June 12, 2014, the stockholders approved the issuance of new shares through Rights Issue without Pre-emptive Rights (PMTHMETD) at maximum 10% from subscribed and paid-up capital (maximum of 4,815,960,240 shares). PMTHMETD can be done at once or gradual within two years period since the approval from the Company's stockholders. All of the Company's shares will be listed at BEI.

Based on the Extraordinary General Meeting of Stockholders as stated in notarial deed No. 28 dated March 13, 2012 from Esther Marcia Sulaiman, notary in Jakarta, the stockholder approved the Company's stock split with ratio 1:4 which will change the Company's par value per share from Rp 100 per share to Rp 25 per share. On April 4, 2012, all the shares has been recorded at the Indonesia Stock Exchange.

At the extraordinary General Meeting of Stockholders as Stated in notarial deed No. 4 dated December 1, 2011 from Esther Mercia Sulaiman S.H., notary in Jakarta, the stockholder approved the issuance of new shares through of Rights Issue with Pre-emptive Rights. The Company issued 2,006,650,100 common shares with nominal value Rp 100 per share and at an exercise price of Rp 650 per share.

Cash Dividend and General Reserve

a. Based on the Company General Meeting of Stockholders dated June 12, 2014, the stockholders approved cash dividend distribution for the year 2013 amounting to Rp 216,718,211 thousand and have given the power and authority to the board of directors to determine the procedure and timing of distribution of the dividends in accordance with the regulation and to form cash reserve from net income amounting to Rp 1,000,000 thousand. At reporting date, no cash dividend have been paid and are recorded under dividend payable.

b. Based on General Meeting of Stockholders dated June 25, 2013, as stated in notarial deed No. 37 dated June 25, 2013, of Esther Marcia Sulaiman S.H., notary in Jakarta, the stockholders approved cash dividend distribution amounting to Rp 168,558,608 thousand and to appropriate Rp 1,000,000 thousand from net income as reserve.

c. Based on General Meeting of Stockholder dated June 29, 2012, as stated in notarial deed No. 49 dated June 29, 2012 from Esther Marcia Sulaiman S.H., notary in Jakarta, the stockholder approved cash dividend distribution amounting to Rp 70.000.000 thousand and to appropriate Rp 1,000,000 thousand from net income as reserve.

d. Based on letter dated September 20, 2012 to Bapepam-LK and BEI No. 09/PJ-CS/IX/2012 and 10/PJ-CS/IX/2012, every shareholder is entitled to Rp 1.45 per share, thus, the total dividend distribution amounted to Rp 69,831,423 thousand.

As of June 30, 2014, December 31, 2013 and 2012, the remaining amount of dividend payable amounting to Rp 217,172,220 thousand, Rp 525,630 thousand and Rp 944,641 thousand, respectively.

25. ADDITIONAL PAID-IN CAPITAL

	Rp'000
Additional paid-in capital from Limited Oferring III of 2,006,650,100 shares through Rights Issue with preemptive rights with par value of Rp 100 per share, at an offering price of Rp 650 per share	1,103,657,555
Less stock issuance cost	(4,295,046)
Balance as of December 31, 2012 and 2011	1,099,362,509
Difference in value of restructuring transaction among entity under common control	(737,168,406)
Balance as of June 30, 2014 and December 31, 2013	362,194,103

26. NONCONTROLLING INTERESTS

	June 30, 2014 (Unaudited)	December 31, 2013	December 31, 2012	December 31, 2011
	Rp'000	Rp'000	Rp'000	Rp'000
a. Noncontrolling interest in net asset of subsidiaries				
AW	155,891,406	159,393,251	157,282,691	139,203,668
GPS	49,346,807	49,379,106	49,219,193	-
PR (formerly RLJM)	17,849,325	17,385,904	15,944,541	-
Others	-	-	-	1
Total	223,087,538	226,158,261	222,446,425	139,203,669

	2014 (Six-month) (Unaudited)	2013 (Six-month) (Unaudited)	2013 (One year)	2012 (One year)	2011 (One year)
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
b. Net income (loss) for the period atributable to:					
Noncontrolling interest					
AW	16,498,156	7,559,346	2,110,559	18,079,022	31,672,440
PR (formerly RLJM)	463,421	268,040	1,441,362	224,541	-
GPS	(32,300)	88,818	175,515	203,593	-
Total	16,929,277	7,916,204	3,727,436	18,507,156	31,672,440

27. NET REVENUES

	2014 (Six-month) (Unaudited)	2013 (Six-month) (Unaudited)	2013 (One year)	2012 (One year)	2011 (One year)
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Rental and service charges:					
Space rental	371,263,799	310,366,669	673,523,217	417,762,852	329,850,390
Service charges	163,214,252	130,530,117	275,402,475	179,909,803	145,466,939
Subtotal	534,478,051	440,896,786	948,925,692	597,672,655	475,317,329
Sale of condominiums and offices	710,989,547	791,746,501	1,216,521,566	1,021,567,779	578,671,359
Hotel revenues	78,264,559	76,564,512	154,159,255	139,585,141	125,609,045
Sale of land and buildings	364,661,120	154,297,903	373,263,695	197,007,303	139,056,347
Other operating revenues:					
Electricity and water billing	122,349,542	99,192,664	209,524,912	129,515,715	100,016,203
Parking fee	49,062,170	37,865,444	81,137,044	42,019,823	31,332,963
Others	20,511,095	25,277,977	46,264,987	38,028,466	28,101,389
Subtotal	191,922,807	162,336,085	336,926,943	209,564,004	159,450,555
Total	1,880,316,084	1,625,841,787	3,029,797,151	2,165,396,882	1,478,104,635

There are no sales and revenue from individual customers which represent more than 10% of the net sales.

There are no sales and revenue generated from related parties.

28. COST OF REVENUES

	2014 (Six-month) (Unaudited) Rp'000	2013 (Six-month) (Unaudited) Rp'000	2013 (One year) Rp'000	2012 (One year) Rp'000	2011 (One year) Rp'000
Direct Costs					
Building expenses:					
Electricity, water and gas	142,221,220	110,007,227	240,575,192	155,284,591	120,109,793
Depreciation (Notes 13 and 14)	78,736,324	77,543,013	158,049,688	113,004,466	91,561,064
Parking management	19,953,139	15,586,317	32,640,681	16,303,440	9,731,167
Security	17,700,633	14,162,929	32,316,435	19,101,199	14,118,265
Cleaning	15,654,011	13,711,487	28,862,756	16,670,708	12,290,691
Land and building taxes	14,504,625	7,568,057	18,413,012	9,295,120	10,310,715
Repairs and maintenance	13,078,261	16,679,336	27,901,572	14,664,666	8,037,609
Insurance	3,513,328	1,930,132	4,782,924	3,597,224	2,122,875
Others	5,610,145	3,515,696	6,828,330	4,541,209	6,046,973
Total building expenses	310,971,686	260,704,194	550,370,590	352,462,623	274,329,152
Personnel expenses	41,452,131	26,141,701	59,620,096	47,155,728	31,183,586
Hotel operating expenses:					
Hotel department	16,205,689	14,084,106	31,818,530	29,768,643	25,995,271
Salary and allowances	11,719,139	9,601,083	19,514,783	16,627,416	15,023,855
Depreciation (Note 14)	9,654,916	9,674,066	19,348,133	19,348,133	19,259,697
Electricity, water and gas	9,572,318	10,008,524	19,808,433	19,375,454	19,172,169
Total hotel operating expenses	47,152,062	43,367,779	90,489,879	85,119,646	79,450,992
Total direct costs	399,575,879	330,213,674	700,480,565	484,737,997	384,963,730
Costs of sales:					
Condominiums and offices	252,393,832	299,888,262	461,814,969	368,732,296	301,815,180
Land and buildings	67,897,897	50,019,476	102,583,047	78,007,056	56,626,131
Total cost of revenues	719,867,608	680,121,412	1,264,878,581	931,477,349	743,405,041

29. SELLING EXPENSES

	2014 (Six-month) (Unaudited) Rp'000	2013 (Six-month) (Unaudited) Rp'000	2013 (One year) Rp'000	2012 (One year) Rp'000	2011 (One year) Rp'000
Commission and incentive	22,839,562	15,762,875	31,668,362	8,529,533	1,721,246
Salaries and allowances	13,995,140	10,452,949	23,796,258	12,171,598	11,055,552
Events	13,088,485	13,411,601	27,789,221	13,720,087	4,451,047
Advertising and promotion	10,746,371	8,364,576	20,575,693	38,153,841	24,200,363
KPR provision and KPA	1,070,106	4,103,544	8,487,628	1,497,199	118,720
Hotel marketing	537,288	635,764	1,515,583	1,200,324	998,590
Depreciation (Note 14)	507,927	1,981,361	2,338,255	359,576	-
Others	2,632,419	5,134,689	6,333,680	2,880,155	1,123,718
Total	65,417,298	59,847,359	122,504,680	78,512,313	43,669,236

30. GENERAL AND ADMINISTRATIVE EXPENSES

	2014 (Six-month) (Unaudited)	2013 (Six-month) (Unaudited)	2013 (One year)	2012 (One year)	2011 (One year)
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Salaries and allowances	21,911,697	21,371,016	51,227,571	37,672,091	31,507,118
Post-employment benefits (Note 35)	8,286,492	11,498,042	17,791,904	12,737,645	5,563,836
Depreciation (Note 14)	7,706,939	6,150,472	12,891,024	9,384,939	3,984,873
Office expenses	4,894,107	5,228,918	10,142,376	6,391,748	8,775,806
Professional fees	4,442,375	2,506,618	14,276,746	5,833,201	5,116,444
Hotel operator's fees	3,521,693	3,914,508	7,277,311	6,563,987	5,000,243
Travelling expenses	2,697,920	1,925,342	4,576,979	2,763,942	1,383,912
Security	1,041,401	705,197	1,371,450	561,608	476,802
Repair and maintenance	959,743	942,311	2,433,607	2,029,882	763,658
Entertainment	531,581	481,562	1,479,021	1,503,818	489,847
Others	6,791,158	2,986,822	7,048,714	7,640,655	3,829,806
Total	62,785,106	57,710,808	130,516,703	93,083,516	66,892,345

31. FINANCE COSTS

	2014 (Six-month) (Unaudited)	2013 (Six-month) (Unaudited)	2013 (One year)	2012 (One year)	2011 (One year)
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Interest on:					
Bank loans	85,313,628	78,349,394	160,707,841	105,712,410	62,140,414
Mandatory Convertible Notes					
Discount amortization	10,456,295	8,340,500	20,477,865	15,621,032	14,085,148
Senior Secured Notes	-	-	-	55,736,721	79,553,403
Bonds payable	-	-	-	36,306	11,220,011
Others	4,323,353	4,561,713	7,393,945	3,194,302	4,432,303
Total	100,093,276	91,251,607	188,579,651	180,300,771	171,431,279

32. INTEREST INCOME

	2014 (Six-month) (Unaudited)	2013 (Six-month) (Unaudited)	2013 (One year)	2012 (One year)	2011 (One year)
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Time deposits	83,829,082	43,243,606	110,276,065	42,102,056	22,107,612
Others	10,154,496	1,892,585	5,118,407	6,709,065	2,361,000
Total	93,983,578	45,136,191	115,394,472	48,811,121	24,468,612

33. INCOME TAX

The net tax expense of the Group consist of the following:

	2014 (Six-month) (Unaudited) Rp'000	2013 (Six-month) (Unaudited) Rp'000	2013 (One year) Rp'000	2012 (One year) Rp'000	2011 (One year) Rp'000
Current tax expense					
Final income tax of the Company	58,044,192	34,794,603	71,176,330	46,825,046	37,759,538
Final income tax of the subsidiaries	59,814,722	66,111,280	122,444,189	86,870,565	52,154,541
Nonfinal income tax of the subsidiaries	-	-	145,008	-	290,988
Total current tax expense	117,858,914	100,905,883	193,765,527	133,695,611	90,205,067
Deferred tax expense					
The Company	(25,870)	558,010	1,079,245	961,180	1,134,034
Subsidiaries	(52,369)	(109,293)	(200,597)	(47,862)	-
Total deferred tax expense	(78,239)	448,717	878,648	913,318	1,134,034
Tax expense - net	117,780,675	101,354,600	194,644,175	134,608,929	91,339,101

Current tax – Nonfinal Income Tax

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

	2014 (Six-month) (Unaudited) Rp'000	2013 (Six-month) (Unaudited) Rp'000	2013 (One year) Rp'000	2012 (One year) Rp'000	2011 (One year) Rp'000
Income before tax per consolidated statements of comprehensive income	1,040,435,134	774,771,077	1,331,191,716	901,104,834	469,870,548
Income before tax from income subject to final tax	(628,225,294)	(276,165,586)	(608,349,964)	(330,405,947)	(277,639,511)
Net income before tax of subsidiaries after consolidation adjustments	(411,311,272)	(498,555,313)	(728,163,618)	(657,309,134)	(301,427,069)
Loss before tax of the Company - net of income already subjected to final tax	898,568	50,178	(5,321,866)	(86,610,247)	(109,196,032)
Temporary differences:					
Reserve for placement of hotel's furniture, fixture and equipment	1,536,759	314,833	32,953	1,436,967	2,059,623
Provision for post-employment benefits	504,862	477,636	987,138	824,173	577,421
Impairment losses recognized (reversal) on receivable	456,209	(12,805)	31,338	92,128	(37,663)
Depreciation	(2,394,348)	(3,011,708)	(5,368,410)	(6,197,987)	(7,135,516)
Net	103,482	(2,232,044)	(4,316,981)	(3,844,719)	(4,536,135)
Non deductible expense					
Interest expense	26,337,496	27,771,452	55,244,509	83,455,372	91,187,563
Foreign exchange difference on income subject to final income tax	-	-	-	5,934,802	2,470,963
Interest income already subjected to final income tax	(25,332,042)	(21,275,877)	(48,764,330)	(26,712,728)	(9,858,241)
Equity in net income of associates	(1,499,472)	(505,012)	(1,517,027)	(487,879)	(640,572)
Other expense	784,013	648,713	1,338,360	689,584	549,637
Net	289,995	6,639,276	6,301,512	62,879,151	83,709,350
Current year fiscal loss	1,292,045	4,457,410	(3,337,335)	(27,575,815)	(30,022,817)
Fiscal loss carryforward	(122,442,800)	(126,820,858)	(126,820,858)	(99,245,043)	(69,222,226)
Fiscal loss 2008 correction in accordance with tax assessment letter	-	7,715,393	7,715,393	-	-
Fiscal loss carryforward of the Company	(121,150,755)	(114,648,055)	(122,442,800)	(126,820,858)	(99,245,043)

Current tax payable represents tax payable of PSW and PJBV amounting to Rp 1,634 thousand and Rp 47,111 thousand in 2013 and 2011, respectively (Note 17).

The Company's fiscal loss in 2013, 2012 and 2011 are in accordance with the Annual Corporate Tax Return (SPT) filed to the Tax Office.

Deferred Tax

The details of the Group's deferred tax assets and liabilities are as follows:

	Unaudited		
	January 1, 2014	Credited (charged) to income for the year	June 30, 2014
	Rp'000	Rp'000	Rp'000
The Company			
Deferred tax assets (liability):			
Provision for post-employment benefits	1,790,498	126,215	1,916,713
Reserve for placement of hotel's furniture, fixture and equipment	1,844,146	384,190	2,228,336
Allowance for impairment losses	31,947	114,052	145,999
Depreciation	(25,112,946)	(598,587)	(25,711,533)
Deferred tax liabilities - net	(21,446,355)	25,870	(21,420,485)
GPS			
Deferred tax assets	248,459	52,369	300,828

	January 1, 2013	Credited (charged) to income for the year	December 31, 2013
	Rp'000	Rp'000	Rp'000
The Company			
Deferred tax assets (liability):			
Provision for post-employment benefits	1,543,714	246,784	1,790,498
Reserve for placement of hotel's furniture, fixture and equipment	1,835,908	8,238	1,844,146
Allowance for impairment losses	24,112	7,835	31,947
Depreciation	(23,770,844)	(1,342,102)	(25,112,946)
Deferred tax liabilities - net	(20,367,110)	(1,079,245)	(21,446,355)
GPS			
Deferred tax assets	47,862	200,597	248,459

	January 1, 2012	Credited (charged) to income for the year	December 31, 2012
	Rp'000	Rp'000	Rp'000
The Company			
Deferred tax assets (liability):			
Provision for post-employment benefits	1,337,671	206,043	1,543,714
Reserve for placement of hotel's furniture, fixture and equipment	1,476,666	359,242	1,835,908
Allowance for impairment losses	1,080	23,032	24,112
Depreciation	(22,221,347)	(1,549,497)	(23,770,844)
Deferred tax liabilities - net	(19,405,930)	(961,180)	(20,367,110)
GPS			
Deferred tax assets	-	47,862	47,862

	January 1, 2011	Credited (charged) to income for the year	December 31, 2011
	Rp'000	Rp'000	Rp'000
The Company			
Deferred tax assets (liability):			
Provision for post-employment benefits	1,193,316	144,355	1,337,671
Reserve for placement of hotel's furniture, fixture and equipment	961,760	514,906	1,476,666
Allowance for impairment losses	10,496	(9,416)	1,080
Depreciation	(20,437,468)	(1,783,879)	(22,221,347)
Deferred tax liabilities - net	(18,271,896)	(1,134,034)	(19,405,930)

The fiscal loss can be utilized against the taxable income for the period of five years subsequent to the year the fiscal loss was incurred. Management considers that the Company's fiscal loss up to June 30, 2014 cannot yet be utilized against future taxable income, therefore the Company does not recognize deferred tax asset.

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 of income subjected to final tax is as follows:

	2014 (Six-month) (Unaudited)	2013 (Six-month) (Unaudited)	2013 (One year)	2012 (One year)	2011 (One year)
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Income before tax per consolidated statements of comprehensive income	1,040,435,134	774,771,077	1,331,191,716	901,104,834	469,870,548
Income before tax which already subjected to final income tax	(1,041,988,429)	(779,408,896)	(1,346,974,318)	(989,421,270)	(577,902,628)
Consolidation loss before tax net of income subject to final tax	(1,553,295)	(4,637,819)	(15,782,602)	(88,316,436)	(108,032,080)
Tax benefit (expense) at effective tax rate	388,324	1,159,455	3,800,642	22,079,109	27,008,020
Tax effect of:					
Non deductible expense	215,795	(1,271,727)	(3,467,034)	(15,272,282)	(20,927,338)
Unrecognized fiscal loss	(525,880)	(336,443)	(1,357,264)	(7,720,145)	(7,505,704)
Net	(310,085)	(1,608,170)	(4,824,298)	(22,992,427)	(28,433,042)
Total nonfinal tax expense consolidation	78,239	(448,717)	(1,023,656)	(913,318)	(1,425,022)
Final income tax consolidation	(117,858,914)	(100,905,883)	(193,620,519)	(133,695,611)	(89,914,079)
Total Tax Expense	(117,780,675)	(101,354,600)	(194,644,175)	(134,608,929)	(91,339,101)

34. EARNINGS PER SHARE

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

	2014 (Six-month) (Unaudited) Rp'000	2013 (Six-month) (Unaudited) Rp'000	2013 (One year) Rp'000	2012 (One year) Rp'000	2011 (One year) Rp'000
Net income for the computation of basic earnings per share	905,725,182	665,500,273	1,132,820,105	747,988,749	346,859,007
Earnings for computation of diluted earnings per share	873,275,380	655,829,508	1,132,820,105 *)	718,631,235	276,131,578

Number of shares	2014 (Six-month) (Unaudited) Shares	2013 (Six-month) (Unaudited) Shares	2013 (One year) Shares	2012 (One year) Shares	2011 (One year) Shares
Weighted average number of ordinary shares for computation of basic earnings per share:					
Beginning balance, at Rp 100 par value per share in 2011 and 2012 and Rp 25 per value per share in 2013 and 2014	48,159,602,400	48,159,602,400	48,159,602,400	12,039,900,600	10,033,250,500
Weighted average number of shares-issued through Limited Public Offering III	-	-	-	-	21,990,686
Stock split 1:4 (Note 24)	-	-	-	36,119,701,800	30,165,723,558
Total weighted average number of ordinary shares for the calculation of basic and dilluted earnings per share	48,159,602,400	48,159,602,400	48,159,602,400	48,159,602,400	40,220,964,744

*) The potentially ordinary shares are anti-dilutive, thus the diluted earnings per share presented is the same as basic earnings per share.

The weighted average number of shares for the computation of basic and diluted earnings per share was adjusted to reflect the effect of the mandatory convertible notes of the subsidiary (AW).

The computation of weighted average number of shares in 2011 already included the effect of the stock split on April 4, 2012 (Note 24).

35. POST-EMPLOYMENT BENEFITS OBLIGATION

The Group provides post-employment benefits to 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 1,506, 1,486, 1,380 and 1,152 as of June 30, 2014, December 31, 2013, 2012 and 2011, respectively.

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. Expenses arising from the contributions amounting to Rp 693,906 thousand and Rp 628.021 thousand for the six-month periods ended June 30, 2014 and 2013, respectively, and Rp 1,251,423 thousand, Rp 1,078,023 thousand and Rp 1,020,808 thousand for the years ended December 31, 2013, 2012 and 2011, respectively, were recorded under salaries and allowances.

Amounts recognized in income in respect of the defined benefit plan are as follows:

	2014 (Six-month) (Unaudited)	2013 (Six-month) (Unaudited)	2013 (One year)	2012 (One year)	2011 (One year)
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Current service cost	6,374,283	7,923,059	13,881,898	11,023,833	6,030,187
Interest cost	2,228,285	1,459,698	2,960,546	2,327,207	2,015,993
Past service cost	59,913	59,913	119,826	119,826	119,826
Effect of curtailment	(822,949)	(1,183,221)	(2,704,928)	(1,945,153)	(2,384,936)
Amortization of actuarial losses (gains)	(313,128)	295,807	591,776	232,545	(250,715)
Others	760,088	2,942,786	2,942,786	979,387	33,481
Total (Note 30)	8,286,492	11,498,042	17,791,904	12,737,645	5,563,836

The amounts included in the consolidated statements of financial position arising from the Group's obligation in respect of the pension plan is as follows:

	June 30, 2014 (Unaudited)	December 31, 2013	2012	2011
	Rp'000	Rp'000	Rp'000	Rp'000
Present value of unfunded liability	74,528,670	62,434,864	58,321,764	42,169,941
Unrecognized actuarial gain (losses)	(903,856)	3,384,386	(9,531,088)	(3,816,959)
Past service cost (nonvested)	(155,672)	(219,579)	(347,445)	(516,868)
Net liability	73,469,142	65,599,671	48,443,231	37,836,114

Movements in the present value of the defined benefit obligation in the current year were as follows:

	2014 (Six-month) (Unaudited)	2013 (One year)	2012 (One year)	2011 (One year)
	Rp'000	Rp'000	Rp'000	Rp'000
Opening defined benefit obligation	62,434,864	58,321,764	42,169,941	28,867,113
Current service cost	6,374,283	13,881,898	11,023,833	6,030,187
Interest cost	2,228,285	2,960,546	2,327,207	2,015,993
Actuarial losses (gains)	4,011,268	(11,965,316)	6,294,393	7,457,865
Adjustment	760,088	2,942,786	1,061,812	406,504
Gains on curtailment	(863,097)	(3,071,351)	(2,342,470)	(2,233,793)
Benefits paid	(417,021)	(635,463)	(2,212,952)	(373,928)
Closing defined benefit obligation	74,528,670	62,434,864	58,321,764	42,169,941

The history of experience adjustments is as follows:

	June 30, 2014 (Unaudited)	December 31, 2013	2012	2011	2010
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Present value of defined benefit obligation	74,528,670	62,434,864	58,321,764	42,169,941	28,867,113
Experience adjustments on plan liabilities	2,985,679	8,974,841	2,835,771	(277,280)	848,518

The post-employment benefits cost of the Group was calculated by independent actuaries, PT. Padma Radya Aktuaria and PT Dian Artha Tama, using the following key assumptions:

	June 30, 2014 (Unaudited)	December 31, 2013	2012	2011
Discount rate per annum	8.00%-8.50%	8.50%-8.75%	5.25% - 5.5%	6% - 6.5%
Salary increment rate per annum	10%	10%	10%	10%
Proportion of normal retirement	100%	100%	100%	100%
Normal retirement age	55 years	55 years	55 years	55 years

36. ACQUISITION OF THE SUBSIDIARIES

Year 2012

On June 15, 2012, based on notarial deed No. 134, from Buntario Tigris S.H., notary in Jakarta, the Company bought 150 shares or 25% ownership in PT Grama Pramesi Sidhi (GPS) from third party for Rp 15,000 thousand.

On September 18, 2012 with notarial deed No. 221 from Buntario Tigris S.H., GPS increased authorized and subscribed capital to 50,98% GPS shares. On April 2013, the Company increased its ownership to 51.00%.

GPS has not yet started its activity, therefore the fair value of net asset which is the right of the Company at the acquisition date is equal to the acquisition cost.

The net cash inflow on acqusition amounted to Rp 45,000 thousand (acquisition cost paid with cash Rp 15,000 thousand less cash acquired of Rp 60,000 thousand).

Year 2011

In December 2011, the Company acquired 99.99% ownership in EPH with an acquisition cost of Rp 1,300,000,000 thousand from PT Pakuwon Permai (PP), a related party and an entity under common control.

The book value of EPH’s net assets on acquisition date amounted to Rp 562,831,593 thousand. The difference of Rp 737,168,406 thousand between the book value of the acquired net assets and the acquisition cost is recorded in equity as difference in value of restructuring transaction among entities under common control.

The acquisition cost was paid in cash amounting to Rp 1,300,000 thousand.

37. RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

Nature of Relationship

a. Burgami Investments Limited, PT Pakuwon Arthaniaga, Concord Media Investment Ltd, GIC S-A Government of Singapore and Raylight Investment Limited are the Company’s shareholder.

b. Alexander Tedja, Irene Tedja and Richard Adisastra are the Company’s shareholders and also key management personnel.

c. PT Pakuwon Darma is an entity that is controlled by a key management personel of the Company.

d. PT Bumi Pranata Laksana and PT Centrum Utama Prima are associates of the Company.

e. PT Surya Citra Medika (SCM) is associate of PSW. PT Graha Mitra Insani and PT Surya Mitra Insani are subsidiaries of SCM.

f. PT Artisan Surya Kreasi (ASK) is an entity that is controlled by key management personnels of the Company.

Transaction with Related Parties

In the normal course of business, the Group entered into certain transactions with related parties, including the following:

a. The Group provides short-term benefit to the Commissioners and Directors of the Group as follows:

	2014 (Six-month) (Unaudited) Rp'000	2013 (Six-month) (Unaudited) Rp'000	2013 (One year) Rp'000	2012 (One year) Rp'000	2011 (One year) Rp'000
Commisioners					
Salaries	1,267,424	1,190,745	2,516,159	2,186,912	1,666,912
Others benefit	-	-	162,000	142,000	100,000
Total	1,267,424	1,190,745	2,678,159	2,328,912	1,766,912
Directors					
Salaries	3,770,088	2,690,923	6,230,498	5,561,806	4,310,125
Retirement	-	-	-	1,913,067	-
Others benefit	280,968	1,677,849	7,556,165	3,801,233	572,028
Total	4,051,056	4,368,772	13,786,663	11,276,106	4,882,153
Total	5,318,480	5,559,517	16,464,822	13,605,018	6,649,065

b. The Company also entered into nontrade transactions with related parties. At the reporting dates, receivable arising from these transactions is presented as other accounts receivable from related parties as described in Note 8.

c. In November 2013, the Company entered into exchange agreement with ASK as stated in Note 39k.

38. SEGMENT INFORMATION

Operating segments are identified based on the information reviewed by the chief operating decision maker used for the purpose of resources allocation and assessment of operating segments performance: a) office and shopping center business, b) real estate and c) hospitality.

Segment information is presented below:

	June 30, 2014 (Unaudited)				
	Office and shopping center	Real estate	Hospitality	Eliminations	Consolidated
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Net Revenue					
External sales and revenues	725,331,065	1,076,720,460	78,264,559	-	1,880,316,084
Internal sales and revenues	10,367,565	-	-	(10,367,565)	-
Total Net Revenues	735,698,630	1,076,720,460	78,264,559	(10,367,565)	1,880,316,084
Segment result	375,776,331	756,216,339	28,455,806	-	1,160,448,476
Selling expenses					(65,417,298)
General and administrative expenses					(62,785,106)
Finance costs					(100,093,276)
Interest income					93,983,578
Gain on foreign exchange					9,274,015
Equity in net earnings of associates					(264,327)
Others					5,289,072
Income before tax					1,040,435,134
OTHER INFORMATION					
ASSETS					
Segment assets	3,549,389,121	2,993,533,151	401,983,091	-	6,944,905,363
Unallocated assets					2,952,069,356
Consolidated total assets					9,896,974,719
LIABILITIES					
Segment liabilities	1,667,377,275	2,128,023,292	37,879,465	(13,108,251)	3,820,171,781
Unallocated liabilities					1,290,357,808
Consolidated total liabilities					5,110,529,589
Addition to property and equipment and investment properties	148,454,050	481,669	47,904,526	-	196,840,245
Unallocated addition to property and equipment and investment properties					-
Total					196,840,245
Depreciation and amortization	85,846,364	1,104,826	9,654,916	-	96,606,106
Unallocated depreciation and amortization					-
Total					96,606,106

	June 30, 2013 (Unaudited)				
	Office and shopping center	Real estate	Hospitality	Eliminations	Consolidated
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Net Revenue					
External sales and revenues	598,522,177	950,755,098	76,564,512	-	1,625,841,787
Internal sales and revenues	11,075,262	-	-	(11,075,262)	-
Total Net Revenues	609,597,439	950,755,098	76,564,512	(11,075,262)	1,625,841,787
Segment result	314,432,176	600,846,851	30,441,348	-	945,720,375
Selling expenses					(59,847,359)
General and administrative expenses					(57,710,808)
Finance costs					(91,251,607)
Interests income					45,136,191
Loss on foreign exchange					(11,368,520)
Equity in net income of associates					505,012
Others					3,587,793
Income before tax					774,771,077

	December 31, 2013				
	Office and shopping center	Real estate	Hospitality	Eliminations	Consolidated
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Net Revenue					
External sales and revenues	1,279,876,000	1,595,761,896	154,159,255	-	3,029,797,151
Internal sales and revenues	21,630,864	-	-	(21,630,864)	-
Total Net Revenues	1,301,506,864	1,595,761,896	154,159,255	(21,630,864)	3,029,797,151
Segment result	675,466,231	1,031,363,880	58,088,459	-	1,764,918,570
Selling expenses					(122,504,680)
General and administrative expenses					(130,516,703)
Finance costs					(188,579,651)
Interest income					115,394,472
Loss on foreign exchange					(101,724,497)
Equity in net loss of associates					(10,184,574)
Others					4,388,779
Income before tax					1,331,191,716
OTHER INFORMATION					
ASSETS					
Segment assets	3,292,091,532	2,830,174,888	384,316,570	-	6,506,582,990
Unallocated assets					2,791,662,418
Consolidated total assets					9,298,245,408
LIABILITIES					
Segment liabilities	1,649,655,308	2,395,920,628	37,586,140	(13,939,841)	4,069,222,235
Unallocated liabilities					1,126,514,291
Consolidated total liabilities					5,195,736,526
Additions to property and equipment and investment properties	428,128,577	4,223,702	27,861,953	-	460,214,232
Unallocated addition to property and equipment and investment properties					11,759,997
Total					471,974,229
Depreciation and amortization	171,641,692	1,637,275	19,348,133	-	192,627,100
Unallocated depreciation and amortization					-
Total					192,627,100

	December 31, 2012				
	Office and shopping center	Real estate	Hospitality	Eliminations	Consolidated
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Net Revenue					
External sales and revenues	802,988,043	1,222,823,698	139,585,141	-	2,165,396,882
Internal sales and revenues	19,539,852	-	-	(19,539,852)	-
Total Net Revenues	822,527,895	1,222,823,698	139,585,141	(19,539,852)	2,165,396,882
Segment result	388,140,799	776,084,345	69,694,389	-	1,233,919,533
Selling expenses					(78,512,313)
General and administrative expenses					(93,083,516)
Finance costs					(180,300,771)
Interest income					48,811,121
Loss on foreign exchange					(34,924,413)
Equity in net earnings of associates					487,879
Others					4,707,314
Income before tax					901,104,834
OTHER INFORMATION					
ASSETS					
Segment assets	3,339,613,394	2,066,415,772	333,720,830	-	5,739,749,996
Unallocated assets					1,826,069,920
Consolidated total assets					7,565,819,916
LIABILITIES					
Segment liabilities	1,842,875,902	1,451,737,436	36,085,169	(14,025,573)	3,316,672,934
Unallocated liabilities					1,114,611,433
Consolidated total liabilities					4,431,284,367
Addition to property and equipment and investment properties	521,135,778	668,912	431,688	-	522,236,378
Unallocated addition to property and equipment and investment properties					142,578,864
Total					664,815,242
Depreciation and amortization	114,563,195	1,281,995	19,348,133	-	135,193,323
Unallocated depreciation and amortization					6,903,791
Total					142,097,114

	December 31, 2011				
	Office and shopping center	Real estate	Hospitality	Eliminations	Consolidated
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Net Revenue					
External sales and revenues	632,178,347	720,317,243	125,609,045	-	1,478,104,635
Internal sales and revenues	19,172,169	-	-	(19,172,169)	-
Total Net Revenues	651,350,516	720,317,243	125,609,045	(19,172,169)	1,478,104,635
Segment result	333,630,676	359,966,896	41,102,022	-	734,699,594
Selling expenses					(43,669,236)
General and administrative expenses					(66,892,345)
Finance costs					(171,431,279)
Interests income					24,468,612
Loss on foreign exchange					(6,738,451)
Equity in net earnings of associates					640,572
Others					(1,206,919)
Income before tax					469,870,548
OTHER INFORMATION					
ASSETS					
Segment assets	3,136,372,234	1,364,488,377	28,198,261	(33,730,495)	4,495,328,377
Unallocated assets					1,249,382,658
Consolidated total assets					5,744,711,035
LIABILITIES					
Segment liabilities	1,473,855,858	996,155,081	32,003,377	(462,880,849)	2,039,133,467
Unallocated liabilities					1,332,442,101
Consolidated total liabilities					3,371,575,568
Addition to property and equipment and investment properties	120,184,423	2,207,790	1,332,788	-	123,725,001
Depreciation and amortization	93,781,348	1,764,589	19,259,697	-	114,805,634

39. COMMITMENTS

a. On June 17, 2014, AW signed credit facility agreement with BNI with maximum credit limit amounting to Rp 316,261,000,000. The purpose of this loan is for hotel construction in Superblok Gandaria City. The loan bears 1 month JIBOR + 2.85% margin and will mature in 7 years from the signing date. As of the issuance date of the financial statements, AW has not used the facility.

b. The Company entered into a build, operate and transfer (BOT) agreement with Bank Mandiri to construct a shopping center and an office building 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 February 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.

On February 21, 2012, the Company has handed over the BOT asset to Bank Mandiri.

Along with the handover, the Company entered into agreement with Bank Mandiri regarding the temporary use of Menara Mandiri until February 20, 2013.

On November 23, 2012, the agreement was extended until February 20, 2014. The compensation for the agreement amounting to Rp 2,500,000 thousand per annum was recorded as direct cost-building expenses.

On April 2, 2014, the agreement was extended until February 20, 2015. The compensation for agreement amounted to Rp 3,380,000 thousand per annum.

c. The agreement relating to the operations of Sheraton Surabaya Hotel & Towers is a management agreement with Indo Pacific Sheraton (IPS), to operate and manage the Hotel. As provided in the agreement, incentive fee shall be computed at 3.75% 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 will terminate on December 31, 2016.

d. The Group entered into agreements with several banks, wherein such banks will provide credit facilities to the buyers of residential houses, land, apartments, shop houses and office houses.

   In the agreements, the Group will be fully responsible and act as guarantor for the payment of all amounts due to the Bank including principal and other costs incurred in the loan agreements made by and between the Buyer / Debtor with the Bank (buy back guarantee) if the buyer / debtor has not signed Deed of Sale and Purchase (AJB), Deed of Mortgage Agreement (APHT), Attorney Charge of Mortgage (SKMHT) and buyers neglect its obligation to pay the installment for several months i.e. three to six months (which is set in each agreement) in succession to the Bank. The Group provides guarantee if the Deed of Sale and Purchase between the Company or its subsidiaries with the buyer has not been signed. This guarantee can not be withdrawn or revoked if the AJB on the Right certificate, SKMHT, and APHT have not been signed and have not been submitted and accepted by the bank.

   The proceeds from the consumers availment of the above credit facility will be placed as restricted time deposits under the name of the Group, 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 6).

e. On February 14, 2012, the Company entered into contracts with main contractor which is PT Pembangunan Perumahan Tbk for the construction of the Educity Apartment phase I, consisting of two towers. On September 25, 2012, the Company made the project amandment phase II for the construction of two additional towers of Educity Apartment. On March 29, 2013, the main contractor agreed the second amendment for variation order, therefore, the contract value for the overall project amounted to Rp 489,830,000 thousand. The contract period has a term of until December 2014.

f. EPH entered into contracts with various suppliers and contractors for the construction and development of the Kota Kasablanka project. The significant contracts have contract price of about Rp 163,459,635 thousand, US$ 1,857,800 and SGD 74,000 in 2014 with varying contract periods.

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

h. 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).

i. On January 21, 2013, the Company entered into contract with main contractor which is PT Pembangunan Perumahan Tbk for the construction of Tunjungan Plaza V and Tunjungan Plaza IV (Hotel). The contract value for the overall project is Rp 171,940,000 thousand. The contract period has a term of until April 2015.

j. On June 14, 2013, the Company entered into contract with main contractor which is PT Pembangunan Perumahan Tbk for the construction of Flyover Railway in Tandes. The contract value for the overall project is Rp 74,258,338 thousand. The contract period has a term of until 2014.

k. Based on Exchange Agreement No. 47 dated November 26, 2013 with notary Justiana, SH, in Surabaya, the Company entered into an agreement with ASK to exchange the land ownership in connection with land consolidation purpose, as such each party may develop their own respective area. The exchanged land is 230,172 square meters located in Keputih.

   As of December 31, 2013, land owned by the Company whose ownership has been exchanged is 194,892 square meters while the land owned by PT Artisan Surya Kreasi whose ownership has been transferred is 193,918 square metres. This exchange of land ownership has been stated on Addendum of Exchange Agreement No. 64 dated November 30, 2013 with notary Justiana, SH, notary in Surabaya.

   During the period from January to June 2014, there are no land exchange transactions.

l. In December 2013, the Company entered into agreement with PT Indo Pacific Sheraton related to operations of Four Points by Sheraton Surabaya Hotel. As provided in the agreement, operating fee shall be computed at 6% of Adjusted Gross Operating Profit (AGOP), as defined in the agreement, if Gross Operating Profit (GOP) is greater than 35%; or 7% of AGOP if GOP is less than or equal to 45%; or 8% of AGOP if GOP is greater than 45%. This agreement is effective since December 16, 2013 for the period of 20 years.

m. In December 2013, AW entered into agreement with PT Indo Pacific Sheraton related to operations of Sheraton Jakarta Gandaria City Hotel. As provided in the agreement, operating fee shall be computed at 6% of Adjusted Gross Operating Profit (AGOP), as defined in the agreement, if Gross Operating Profit (GOP) is less than or equal to 35%; or 7% of AGOP if GOP is greater than 35% but less than or equal to 40%; or 8% of AGOP if GOP is greater than 40% of Total Revenues (TR). This agreement is effective since December 16, 2013 for the period of 20 years.

n. On June 24, 2014, based on Notarial Deed No. 4 dated June 24, 2014 of Putut Mahendra, S.H., notary in Jakarta, the Company agreed to provide corporate guarantee for SMI and GMI's bank loan to BCA proportionally with the other shareholders.

40. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

On June 30, 2014, December 31, 2013, 2012 and 2011, the Group had monetary assets and liabilities denominated in foreign currency as follows:

		June 30, 2014 (Unaudited)		December 31, 2013		December 31, 2012		December 31, 2011	
		Foreign currency	Equivalent in Rp'000	Foreign currency	Equivalent in Rp'000	Foreign currency	Equivalent in Rp'000	Foreign currency	Equivalent in Rp'000
Assets									
Cash and cash equivalents	US$	18,824,461	225,309,979	18,005,561	219,469,778	6,310,103	61,018,694	7,958,496	72,176,608
	EUR	-	-	-	-	-	-	2,576	30,241
Other financial assets	US$	59,467	711,762	36,681	447,100	36,607	353,994	25,682	232,886
Trade account receivable from third parties	US$	273,507	3,273,609	246,618	3,006,027	164,234	1,588,142	-	-
Other accounts receivables from third parties	EUR	-	-	-	-	76,527	980,295	-	-
Total assets			229,295,350		222,922,905		63,941,125		72,439,735
Liabilities									
Trade account payable to third parties	US$	1,824,523	21,837,718	750,564	9,148,619	128,745	1,244,963	1,406,206	12,751,475
	SGD	54,757	524,712	13,750	132,385	118	933	-	-
	EUR	1,640	26,790	9,484	159,539	-	-	39,748	466,601
	YEN	-	-	7,983	927	-	-	-	-
Accrued expenses	US$	248,453	2,973,731	439,321	5,354,884	158,855	1,536,123	838,027	7,599,222
Bank loan	US$	-	-	-	-	-	-	3,000,000	27,204,000
Tenants' deposit	US$	1,544,899	18,490,890	1,347,238	16,421,487	-	-	-	-
Bonds payable	US$	-	-	-	-	-	-	39,915,157	361,950,651
Mandatory convertible notes payable	US$	54,221,017	648,971,347	53,347,402	650,251,481	51,667,374	499,623,507	50,051,962	453,871,193
Total liabilities			692,825,188		681,469,322		502,405,526		863,843,142
Net Liabilities			(463,529,838)		(458,546,417)		(438,464,401)		(791,403,407)

The Group incurred foreign exchange gain of Rp 9,274,015 thousand for the six-month period ended June 30, 2014 and, foreign exchange loss of Rp 11,368,520 thousand, Rp 101,724,497 thousand, Rp 34,924,413 thousand and Rp 6,738,451 thousand for the six-month period ended June 30, 2013, and the years ended December 31, 2013, 2012 and 2011, respectively.

The conversion rates used by the Group on June 30, 2014, December 31, 2013, 2012 and 2011 are as follows:

		December 31,		
Foreign currencies	June 30, 2014	2013	2012	2011
	Rp	Rp	Rp	Rp
US$ 1	11,969.00	12,189.00	9,670.00	9,068.00
EUR 1	16,332.91	16,821.00	12,809.86	11,738.99
SGD 1	9,582.50	9,628.00	7,907.12	6,974.33
YEN 1	118.75	116.17	111.96	-

41. SUPPLEMENTAL DISCLOSURES ON NONCASH INVESTING AND FINANCING ACTIVITIES

	2014 (Six-month) (Unaudited)	2013 (Six-month) (Unaudited)	2013 (One year)	2012 (One year)	2011 (One year)
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Increase in real estate assets through incurrence of liabilities	-	-	22,836,119	7,923,869	53,669,617
Reclassification from advances for investment properties and property and equipment	53,898,328	-	-	-	-
Increase in investment properties and property and equipment through incurrence of liabilities	12,040,072	706,507	11,876,128	6,453,983	6,489,809
Reclassification from real estate assets to investment properties	10,948,184	13,623,338	31,717,942	3,454,932	-
Reclassification from property and equipment to real estate assets	-	-	145,437,253	9,830,934	38,043,421
Dividend payable	217,172,220	168,691,012	525,630	944,641	-
Reclassification from real estate assets to property and equipment	-	-	-	-	279,048,280
Accrued stock issuance cost	-	-	-	-	2,894,300
Reclassification from property and equipment to investment properties	-	20,097,801	38,104,484	867,759,805	76,267,809
Reclassification from investment properties to property and equipment	-	-	-	12,802,650	-
Reclassification from investment properties to real estate assets	559,895	-	-	-	7,108,174

42. CATEGORIES AND CLASSES OF FINANCIAL INSTRUMENTS

	June 30, 2014 (Unaudited)		December 31, 2013	
	Loans and receivables	Liabilities at amortized cost	Loans and receivables	Liabilities at amortized cost
	Rp'000	Rp'000	Rp'000	Rp'000
Current Financial Assets				
Cash and cash equivalents	2,280,127,393	-	2,126,205,589	-
Other financial assets	240,918,689	-	147,055,281	-
Trade account receivable from third parties	177,895,279	-	149,289,157	-
Other accounts receivable from third parties	27,686,462	-	17,625,933	-
Non-current Financial Assets				
Other accounts receivable from related parties	812,458	-	56,312,458	-
Other noncurrent financial asset	112,978,305	-	108,966,331	-
Current Financial Liabilities				
Trade accounts payable to third parties	-	105,438,989	-	54,754,091
Other accounts payable to third parties	-	49,674,558	-	69,730,827
Dividend payable	-	217,172,220	-	525,630
Accrued expenses	-	86,490,801	-	75,029,632
Current maturities of long-term bank loans	-	412,582,918	-	373,959,300
Non-current Financial Liabilities				
Long-term bank loans - net of current maturities	-	1,179,680,862	-	1,390,430,042
Tenants' deposits	-	140,625,333	-	132,848,479
Mandatory convertible notes payable	-	648,971,347	-	650,251,481
Total	2,840,418,586	2,840,637,028	2,605,454,749	2,747,529,482

	December 31, 2012		December 31, 2011	
	Loans and receivables	Liabilities at amortized cost	Loans and receivables	Liabilities at amortized cost
	Rp'000	Rp'000	Rp'000	Rp'000
Current Financial Assets				
Cash and cash equivalents	1,315,146,118	-	621,021,073	-
Other financial assets	97,720,159	-	69,688,800	-
Trade account receivable from third parties	127,672,383	-	108,926,033	-
Other accounts receivable from third parties	10,836,883	-	7,870,085	-
Non-current Financial Assets				
Other noncurrent financial asset	96,779,561	-	21,983,226	-
Current Financial Liabilities				
Bank loans	-	1,000,000	-	131,704,000
Trade accounts payable to third parties	-	33,928,967	-	65,240,747
Other accounts payable to third parties	-	34,564,133	-	32,470,408
Dividend payable	-	944,641	-	-
Accrued expenses	-	62,262,720	-	42,204,162
Current maturities of long-term liabilities				
Bank loans	-	262,170,196	-	165,569,150
Bonds payable	-	-	-	1,660,454
Non-current Financial Liabilities				
Long-term liabilities - net of current maturities				
Bank loans	-	1,662,797,204	-	953,633,621
Bonds payable	-	-	-	360,290,197
Tenants' deposits	-	114,650,107	-	74,771,475
Mandatory convertible notes payable	-	499,623,507	-	453,871,193
Total	1,648,155,104	2,671,941,475	829,489,217	2,281,415,407

43. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

a. Capital Risk Management

The Group manages capital risk to ensure that it will be able to continue as going concern and to maximize the profits of the shareholders through the optimization of the balance of debt and equity. The Group’s capital structure consists of cash and cash equivalents (Note 5), debts (Notes 15, 21 and 22) and equity, consisting of capital stock (Note 24), additional paid-in capital (Note 25), retained earnings and noncontrolling interests (Note 26).

The Board of Directors of the Group periodically reviews the Group's capital structure. As part of this review, the Board of Directors considers the cost of capital and related risk.

The gearing ratio as of June 30, 2014, December 31, 2013, 2012 and 2011 are as follows:

	June 30, 2014 (Unaudited)	December 31, 2013	December 31, 2012	December 31, 2011
	Rp'000	Rp'000	Rp'000	Rp'000
Debt	1,592,263,780	1,764,389,342	1,925,967,400	1,612,857,422
Cash and cash equivalents	2,280,127,393	2,126,205,589	1,315,146,118	621,021,073
Net debt	(687,863,613)	(361,816,247)	610,821,282	991,836,349
Equity	4,788,445,130	4,102,508,882	3,134,535,549	2,373,135,467
Net debt to equity ratio	-14.37%	-8.82%	19.49%	41.79%

b. Financial risk management objectives and policies

The Group's overall financial risk management and policies seek to ensure that adequate financial resources are available for operation and development of its business, while managing exposure to foreign exchange risk, interest rate risk, credit and liquidity risks. The Group operates within defined guidelines that are approved by the Board.

i. Foreign currency risk management

The Group is exposed to the effect of foreign currency exchange rate fluctuation mainly because of foreign currency denominated transactions such as borowings and accrued interest on such borrowings.

Foreign currency sensitivity analysis

The Group is mainly exposed to the U.S. Dollar. The Group's monetary assets and liabilities open position at June 30, 2014, December 31, 2013, 2012 and 2011 are detailed in Note 40.

The following table details the Group's sensitivity to an 5% increase and decrease in the Rupiah against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for an 5% change in foreign currency rates. The sensitivity analysis includes external loans. A positive number below indicates an increase in profit where the Rupiah strengthens 5% against the relevant currency. For an 5% weakening of the Rupiah against the relevant currency, there would be a comparable impact on the profit, and the balances below would be negative.

	US$ impact
	Rp'000
Profit or loss, net of tax	17,361,688

This is mainly attributable to the exposure to outstanding US$ denominated accounts payable at the end of the reporting period.

ii. Interest rate risk management

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

The Group's exposure to interest rate risk relates principally to the bank loans which carry variable interest rate and which are included in the liquidity risk table in section iv below.

To manage the interest rate risk, the Group has a policy of obtaining financing that would provide an appropriate mix of floating and fix interest rate. The Group is monitoring the movement of interest rates and combining the fixed and floating rate loans properly to minimize the negative impact on the Company.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit net of tax for the period ended June 30, 2014 would decrease/increase by Rp 7,333,996 thousand. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

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 Group.

The Group'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 Group places its bank balances and time deposits with credit worthy financial institutions. The Group minimizes its credit risk on trade receivables from property buyers by imposing penalties for late payment, cancellation of the sale with fines, and repossesion 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 Group may end all provision of services for the leased unit in case of delinquent payments.

The Group has policies to obtain sustainable growth in revenue by minimizing losses due to credit risk exposure. Accordingly, the Group has 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 reporting date is largely difference at recognition of revenue based on percentage of completion of the project net of amounts already paid by the buyer.

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 Group manages liquidity risk by maintaining cash and cash equivalents sufficient to meet the Group commitments for normal operations, regularly evaluating cash flow projections and actual cash flows, and scheduling the date of maturity of assets and financial liabilities.

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods as of June 30, 2014. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	June 30, 2014 (Unaudited)						
	Weighted average effective interest rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
		Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Liabilities							
Non-interest bearing							
Trade accounts payable to third parties		105,438,989	-	-	-	-	105,438,989
Other accounts payable to third parties		49,674,558	-	-	-	-	49,674,558
Dividend payable		454,009	216,718,211	-	-	-	217,172,220
Accrued expenses		86,490,801	-	-	-	-	86,490,801
Tenants' deposits		-	-	-	140,625,333	-	140,625,333
Mandatory convertible notes payable		-	-	-	648,971,347	-	648,971,347
Variable interest rate instruments							
Long-term bank loans	11.10%	15,195,125	130,737,300	428,286,577	1,341,385,505	-	1,915,604,507
Total		257,253,482	347,455,511	428,286,577	2,130,982,185	-	3,163,977,755

	December 31, 2013						
	Weighted average effective interest rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
		Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Liabilities							
Non-interest bearing							
Trade accounts payable to third parties		54,754,091	-	-	-	-	54,754,091
Other accounts payable to third parties		69,730,827	-	-	-	-	69,730,827
Dividend payable		525,630	-	-	-	-	525,630
Accrued expenses		75,029,632	-	-	-	-	75,029,632
Tenants' deposits		-	-	-	132,848,479	-	132,848,479
Mandatory convertible notes payable		-	-	-	650,251,481	-	650,251,481
Variable interest rate instruments							
Long-term bank loans	10.24%	46,494,454	84,024,844	418,492,194	1,626,110,480	-	2,175,121,972
Total		246,534,634	84,024,844	418,492,194	2,409,210,440	-	3,158,262,112

	December 31, 2012						
	Weighted average effective interest rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
		Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Liabilities							
Non-interest bearing							
Trade accounts payable to third parties		33,928,967	-	-	-	-	33,928,967
Other accounts payable to third parties		34,564,133	-	-	-	-	34,564,133
Dividend payable		944,641	-	-	-	-	944,641
Accrued expenses		62,262,720	-	-	-	-	62,262,720
Tenants' deposits		-	-	-	114,650,107	-	114,650,107
Mandatory convertible notes payable		-	-	-	499,623,507	-	499,623,507
Variable interest rate instruments							
Bank loans	8.24%	-	-	1,082,352	-	-	1,082,352
Long-term bank loans	10.54%	34,921,288	93,279,099	340,145,287	2,071,457,788	-	2,539,803,462
Total		166,621,749	93,279,099	341,227,639	2,685,731,402	-	3,286,859,889

	December 31, 2011						
	Weighted average effective interest rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
		Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Liabilities							
Non-interest bearing							
Trade accounts payable to third parties		65,240,747	-	-	-	-	65,240,747
Other accounts payable to third parties		32,470,408	-	-	-	-	32,470,408
Accrued expenses		42,204,162	-	-	-	-	42,204,162
Tenants' deposits		-	-	-	74,771,475	-	74,771,475
Mandatory convertible notes payable		-	-	-	453,871,193	-	453,871,193
Variable interest rate instruments							
Bank loans	7.33%	914,400	1,778,582	136,539,351	-	-	139,232,333
Long-term bank loans	11.19%	11,037,113	34,943,854	238,195,694	1,114,622,701	45,077,941	1,443,877,303
Total		151,866,830	36,722,436	374,735,045	1,643,265,369	45,077,941	2,251,667,621

The amounts included above for variable interest rate financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

c. Fair value of financial instruments

Fair value of financial instruments carried at amortized cost

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	June 30, 2014 (Unaudited)		December 31, 2013		December 31, 2012		December 31, 2011	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Mandatory convertible notes payable	648,971,347	516,483,346	650,251,481	501,979,435	499,623,507	372,261,772	453,871,793	342,488,635

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial liability are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions for similar instruments.

44. EVENT AFTER THE REPORTING PERIOD

On July 2, 2014, PPPL issued bond amounting US$ 168,000,000 Senior Unsecured Notes due 2019 (the “2019 Notes”) at the interest rate of 7.125% per annum. The bond’s were sold at 100% of the bond’s nominal value on the issue date and listed on the Singapore Exchange Securities Trading Limited with The Bank of New York Mellon, London Branch as trustee.

The 2019 Notes will be used for the repayment of outstanding amounts under certain loan facilities provided to the Company and/or for acquisitions and/or for working capital and general corporate purposes.

Based on indenture dated July 2, 2014, Pakuwon Prima Pte. Ltd., as issuer, the Company and certain subsidiaries (AW, EPH, GPS and PR) as Parent and Subsidiary Guarantors, respectively, for the issuance of the 2019 Notes.

45. MANAGEMENT RESPONSIBILITY AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The preparation and fair presentation of the consolidated financial statements on pages 5 to 72 were the responsibilities of the management and were approved and authorized for issue by the Board of Directors on July 15, 2014.