PT. PAKUWON JATI Tbk.
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2009 AND 2008

PT. PAKUWON JATI Tbk. AND ITS SUBSIDIARIES
TABLE OF CONTENTS

PT. PAKUWON JATI Tbk. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2009 AND 2008

	Notes	2009	2008
		Rp'000	Rp'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3g,4	334,948,004	269,947,908
Fund for replacement of hotel's furniture, fixtures and equipment	3h,4	3,129,603	2,253,187
Trade accounts receivable from third parties-net of allowance for doubtful accounts of Rp 909,943 thousand in 2009 and Rp 1,861,265 thousand in 2008	3i,5	36,936,615	43,489,058
Other accounts receivable from third parties		5,420,702	1,865,794
Inventories	3j	2,405,375	3,465,952
Prepaid taxes	3x,12	29,406,866	70,414,259
Advance and prepaid expenses	3k	10,544,871	4,283,120
Total Current Assests		422,792,035	395,719,278
NONCURRENT ASSETS			
Restricted time deposits	6	127,789,200	247,120,090
Deferred tax assets - net	3x	318,411	5,922,349
Real estate assets	3l,7		
Real estate inventories		782,317,270	657,344,003
Land not yet developed		218,759,625	218,309,392
Investment properties - net of accumulated depreciation of Rp 209,659,779 thousand in 2009 and Rp 186,228,675 thousand in 2008	2a,3m,8	619,866,830	593,343,174
Property and equipment-net of accumulated depreciation of Rp 243,937,784 thousand in 2009 and Rp 220,215,557 thousand in 2008	2a,3n,9	1,491,384,884	1,247,824,222
Property and equipment under build, operate and transfer (BOT) scheme - net of accumulated depreciation of Rp 52,786,405 thousand in 2009 and Rp 49,170,385 thousand in 2008	3o,10	5,876,252	9,492,273
Deferred charges - landrights	3r	829,237	-
Other assets		-	5,983,531
Total Noncurrent Assets		3,247,141,710	2,985,339,034
TOTAL ASSETS		3,669,933,745	3,381,058,312

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

PT. PAKUWON JATI Tbk. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2009 AND 2008

	Notes	2009	2008
		Rp'000	Rp'000
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade accounts payable	11		
Related party	3e	2,647,601	10,641,510
Third parties		85,659,459	40,145,496
Other account payable		16,327,126	10,902,867
Taxes payable	3x,12	7,633,647	11,510,873
Current portion of accrued expenses	13	56,356,719	53,483,926
Reserve for replacement of hotel's furniture, fixtures and equipment	3h,4	3,129,603	2,253,187
Current portion of unearned income	3s,3w,14	124,067,745	113,962,681
Bank loan	16	35,000,000	-
Current maturities of long-term liabilities			
Bank loan	16	3,650,000	-
Other account payable	3t,17	2,968,119	3,486,675
Bonds payable	3t,3u,18	273,313,992	39,737,700
Total Current Liabilities		610,754,010	286,124,915
NONCURRENT LIABILITIES			
Long term accrued expense - net of current portion	13	87,981,270	90,027,346
Long term unearned income - net of current portion	3s,3w,14	47,824,023	42,201,593
Advances from customers	3w,15	193,679,478	214,462,594
Post employment benefit obligation	3v	30,115,338	28,714,395
Deferred tax liability	3x	10,400,537	-
Long term liabilities - net of current maturities			
Other account payable	3t,17	6,150,399	24,743,226
Bonds payable	3t,3u,18	829,365,526	1,060,234,454
Tenant's deposits		65,153,754	50,865,743
Mandatory convertible notes payable	19	451,581,076	424,109,098
Total Noncurrent Liabilities		1,722,251,400	1,935,358,449
MINORITY INTEREST IN NET ASSETS OF SUBSIDIARIES	3b,3c,20	98,068,274	82,509,965
EQUITY			
Capital stock - Rp 100 par value per share			
Authorized - 12,500,000,000 shares			
Subscribed and paid-up - 10,033,250,500 shares	21,22	1,003,325,050	1,003,325,050
Retained earnings		235,535,010	73,739,933
Total Equity		1,238,860,060	1,077,064,983
TOTAL LIABILITIES AND EQUITY		3,669,933,745	3,381,058,312

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

PT. PAKUWON JATI Tbk. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2009 AND 2008

	Notes	2009	2008
		Rp'000	Rp'000
SALES AND REVENUES	3q,3w,23	535,654,797	326,322,815
DIRECT COSTS AND COST OF SALES	3w,24	283,618,769	162,460,747
GROSS PROFIT		252,036,028	163,862,068
OPERATING EXPENSES	3w,25		
General and administrative		20,227,382	24,237,200
Marketing		16,853,280	21,847,547
Total Operating Expenses		37,080,662	46,084,746
INCOME FROM OPERATIONS		214,955,366	117,777,322
OTHER INCOME (CHARGES)			
Interest Income	3w,26	18,315,113	18,101,627
Reversal of allowance for doubtful accounts - net	3i	1,378,355	-
Gain on foreign exchange-net	3d	96,187,862	8,345,646
Financial charges	27	(51,949,370)	(66,680,571)
Gain on sale of equipment	3n	72,264	-
Others - net	17	(656,185)	4,791,242
Other income (charges)-net		63,348,039	(35,442,056)
INCOME BEFORE TAX		278,303,406	82,335,266
TAX EXPENSE	3x,12		
Current Tax		(30,650,835)	(17,791,242)
Deferred Tax		(966,985)	(1,062,488)
		(31,617,821)	(18,853,730)
INCOME BEFORE MINORITY INTEREST IN NET INCOME (LOSS) OF SUBSIDIARIES		246,685,585	63,481,536
MINORITY INTEREST IN NET (INCOME) LOSS OF SUBSIDIARIES	3b,3c,20	(11,750,505)	189,069
NET INCOME		234,935,080	63,670,605
EARNING PER SHARE	3y,28		
(In full Rupiah)			
Basic		23.42	6.35
Diluted		21.08	7.37

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

PT. PAKUWON JATI Tbk. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2009 AND 2008

	Notes	Paid-up capital stock	Additional paid-in capital	Revaluation increment in property and equipment	Retained earning	Total equity
		Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Balance as of January 1, 2008		771,788,500	166,933,000	542,682,951	(468,010,073)	1,013,394,378
Issuance of bonus shares from :						
Additional paid-in capital	21,22	166,933,000	(166,933,000)	-	-	-
Revaluation increment in property and equipment	9,21	64,603,550	-	(64,603,550)	-	-
Reclassification of revaluation increment in property and equipment caused by implementation of PSAK 16 (Revised 2007)	2a,3n,8,9	-	-	(478,079,401)	478,079,401	-
Net income for the year		-	-	-	63,670,605	63,670,605
Balance as of September 30, 2008		1,003,325,050	-	-	73,739,933	1,077,064,983
Balance as of January 1, 2009		1,003,325,050	-	-	599,930	1,003,924,980
Net income for the year		-	-	-	234,935,080	234,935,080
Balance as of September 30, 2009		1,003,325,050	-	-	235,535,010	1,238,860,060

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

PT. PAKUWON JATI Tbk. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE PERIODS ENDED SEPTEMBER 30, 2009 AND 2008

	2009 Rp'000	2008 Rp'000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from customers	544,503,414	494,583,011
Cash paid to contractors of the subsidiary's project in order to construct real estate assets	(40,498,924)	(90,581,875)
Cash paid to suppliers, employees and others	(214,462,291)	(228,714,501)
Cash generated from operations	289,542,199	175,286,635
Interest received	16,598,876	15,171,823
Interest and bank charges paid	(101,366,964)	(85,326,399)
Income tax paid	(6,680,010)	(4,410,059)
Net Cash Provided by Operating Activities	198,094,100	100,722,000
CASH FLOW FROM INVESTING ACTIVITIES		
Withdrawal of restricted time deposits	144,178,329	308,431,156
Acquisition of investment properties and property and equipment	(262,764,832)	(246,969,610)
Net Cash Provided by Investing Activities	(118,586,503)	61,461,546
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of bonds payable	(38,838,804)	(37,296,651)
Proceeds from bank loan	35,000,000	-
Net Cash Used in Financing Activities	(3,838,804)	(37,296,651)
NET INCREASE IN CASH AND CASH EQUIVALEN	75,668,793	124,886,895
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	268,515,724	146,830,225
Effect of foreign exchange rate changes	(6,106,910)	483,975
CASH AND CASH EQUIVALENTS AT END OF PERIOD	338,077,607	272,201,095

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

1. GENERAL

a. Establishment and General Information

PT. Pakuwon Jati Tbk. (the “Company”) was established based on Notarial Deed No. 281 dated September 20, 1982 of Kartini Muljadi, SH notary in Jakarta. The Deed of Establishment was approved by the Minister of Justice in his Decision Letter No. C2-308.HT.01.TH.83, dated January 17, 1983, and was published in the State Gazette No. 28, dated April 8, 1983 Supplement No. 420. The Company’s Articles of Association have been amended several times, most recently by Notarial Deed No. 87 dated February 23, 2009, of Noor Irawati, SH., notary in Surabaya, concerning the new Company’s management. The amendment was approved by Minister of Justice and Human Rights in his Decision Letter No. AHU-AH.01.10-12074 dated August 3, 2009.

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

According to Article 3 of the Company’s Articles of Association, the scope of its activities is to engage in the operations of (1) shopping center named as Tunjungan Plaza, (2) business center named as Menara Mandiri, (3) five-star hotel named as Sheraton Surabaya Hotel and Towers (the Hotel), and (4) real estate business Pakuwon City (formerly Laguna Indah Housing) and industrial estate (which is not yet operating and will change to residential estate), which are all situated in Surabaya. The Company started commercial operations in May 1986. The Company had average total number of employees of 1.417 in 2009 and 1.437 in 2008.

The Company’s management at September 30, 2009 and 2008 consisted of the following:

	September 30, 2009	September 30, 2008
President Commissioner	Alexander Tedja	Alexander Tedja
Commissioner		Acub Zainal (Deceased)
Independent Commissioner	Drs. Agus Soesanto	I Nyoman Budhiarta, S.E. (Deceased)
	Dr Dyah Prajnyaparamitha Duarsa	Drs. Agus Soesanto
President Director	Ir. Richard Adisastra	Ir. Richard Adisastra
Directors	A.S. Ridwan Suhendra	A.S. Ridwan Suhendra
	Omar Ishananto, S.H.	Omar Ishananto, S.H.
	Drs. Minarto	Drs. Minarto

The Company’s audit committee at September 30, 2009 and 2008 consisted of the following:

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

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 2009	Percentage of Ownership 2008	Total Asset as of September 30, 2009 (before elimination)
					Rp'000
PT Artisan Wahyu (AW)	Jakarta, Indonesia	Property Development of Gandaria City	83,33%	83,33%	1,383,490,144
PT. Pakuwon Sentra Wisata (PSW)	Surabaya, Indonesia	Dormant	99.99%	99.99%	3,319,241
PT. Regency Laguna Jasamedika (RLJM)	Surabaya, Indonesia	Dormant	99.99%	99.99%	16,042,040
Pakuwon Jati Finance, B.V. (PJBV)	Netherlands	Financial Services	100.00%	100.00%	1,128,024,735

Based on Notarial Deed No. 4 dated March 2, 2007 of Esther Mercia Sulaiman, SH., notary in Jakarta, the Company has acquired 83.33% equity ownership of AW through the purchase of 80,000 new shares with an acquisition cost of US$ 80,000,000 (equivalent to Rp 728,400,000,000) which was accounted using the purchase method (Note 29).

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

Shares

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

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

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

Based on Extraordinary General Meeting of Stockholders dated October 17, 2005, the stockholders agreed to increase the subscribed and paid-up capital stock by 247,000,000 shares without preemptive right to existing stockholders according to Bapepam's Regulation No. IX.D.4.

In 2007, the Company completed a stock split (Note 21).

In 2008, the Company issued bonus shares arising from additional paid in capital and a part of the revaluation increment in property and equipment (Note 21 and 22). As of September 30, 2009, all of the Company's shares totaling 10.033.250.500 shares have been listed in the Indonesia Stock Exchange. (formerly Jakarta Stock Exchange and Surabaya Stock Exchange).

Bonds

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

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

2. ADOPTION OF REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (PSAK)

a. Standards effective in the current period

In the current year, the Company and subsidiaries adopted the following revised PSAK which are effective for financial statements beginning on or after January 1, 2008:

PSAK 13 (Revised 2007) Investment Property

The revisions to PSAK 13 have had no impact on the Company and subsidiaries' accounting policy. The principal change to the standard, which allows the use of fair value or cost model in measuring investment property subsequent to initial recognition, has no impact on these financial statements because on initial adoption of the standard, management has chosen to use the cost model and it has been the Company and its subsidiaries' policy under the old PSAK to measure investment property subsequent to initial recognition using the cost model. For presentation purposes, in September 30, 2008, land, building and facilities with machinery and equipment with a carrying amount of Rp 593.343.174 thousand is reclassified in the balance sheet to investment properties.

PSAK 16 (Revised 2007) Property and Equipment

The revised PSAK 16 permits the use of fair value or cost model in measuring property and equipment subsequent to initial recognition, and requires among other things the component approach in depreciating the asset and a review at least annually of the residual value and useful life of the asset. On initial adoption the management has chosen to continue using the cost model. However, management has determined that it was not practicable to estimate the effect of the component approach and the changes in residual value of the asset either retroactively or prospectively from any earlier date. Accordingly, the adoption of this standard has not resulted in a change in the prior year carrying amount of the property and equipment. For certain assets that have been revalued in prior year in accordance with government regulation, the revaluation amount is considered as deemed cost for the purpose of applying PSAK 16, and the balance of revaluation surplus of Rp 478.079.401 thousand previously presented as a separate item in equity, was reclassified to retained earnings on initial adoption of the standard.

PSAK 30 (Revised 2007), Leases

The adoption of the revised PSAK 30 resulted in a change in accounting policy for leases. The principal change to the standard, which is the finance or operating lease classification of the arrangement depending on the transfer of substantially all the risks and rewards, had no impact on prior year financial statements. Management has determined that there are no significant operating leases on initial adoption that would have been classified as finance lease under the revised standard.

b. Standards in issue not yet adopted

PSAK 50 (Revised 2006), Financial Instruments: Presentation and Disclosures

In December 2006, DSAK issued PSAK 50 (Revised 2006), Financial Instruments: Presentation and Disclosures, which supersedes the presentation and disclosure requirements of PSAK 50 (1998), Accounting for Investments in Certain Securities, and PSAK 55 (Revised 1999), Accounting for Derivatives and Hedging Activities.

The objective of the revised standard is to establish principles for the presentation and disclosures of financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of the related interests, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset. The principles in this standard complement the principles for recognizing and measuring financial assets and financial liabilities in PSAK 55 (Revised 2006), Financial Instruments: Recognition and Measurement.

This standard should be applied prospectively for periods beginning on or after January 1, 2010.

PSAK 55 (Revised 2006), Financial Instruments: Recognition and Measurement

In December 2006, DSAK issued PSAK 55 (Revised 2006), Financial Instruments: Recognition and Measurement.

This standard establishes the principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The standard also provides guidance on derecognition, when financial assets and liabilities may be measured at fair value, how to determine fair value and assess impairment, as well as hedge accounting.

This standard supersedes the principles of financial instruments recognition and measurement prescribed in certain previously issued accounting standards.

Entities shall apply this standard prospectively for financial statements covering the periods beginning on or after January 1, 2010. Early application is permitted.

PSAK 14 (Revised 2008), Inventory

In September 2008, DSAK issued the revised accounting standard for inventory which supersedes PSAK 14, Inventory.

The principal changes to the standard include among other things the requirement to use the same cost formula for all inventories having similar nature and use to the entity, and for purchase of inventories with deferred settlement term, the difference between the purchase price for normal credit terms and the amount paid is recognized over the period of financing.

This standard is effective for financial statements beginning on or after January 1, 2009. Earlier application is encouraged.

Management is evaluating the effect of these standards on the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidated Financial Statement Presentation

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

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

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

b. Principles of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries (Note 1b). Control is achieved where the Company has the power to govern the financial and operating policies of the investee entity so as to obtain benefits from its activities. Control is also presumed to exist when the Company owns directly or indirectly through subsidiaries, more than 50% of the voting rights.

The minority interest consists of the amount of those interest at the date of original business combination (Note 3c) and minority's share of movements in equity since the date of the business combination. Any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

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

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

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

c. Business Combinations

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

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. When the cost of acquisition is less than the interest in the fair values of the identifiable assets and liabilities acquired as at the date of acquisition (i.e. discount on acquisition), the fair values of the acquired non-monetary assets are reduced proportionately until all the excess is eliminated.

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

d. Foreign Currency Transactions and Translation

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

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

e. Transactions with Related Parties

Related parties consist of the following:

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

2) associates;

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

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

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

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

f. Use of Estimates

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

g. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and in banks and all unrestricted investments with maturities of three months or less from the date of placement.

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

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

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

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

i. Allowance for Doubtful Accounts

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

j. Inventories

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

k. Prepaid Expenses

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

l. Real Estate Assets

Real Estate Inventories

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

The cost of land under development consists of the cost of land for development, direct and indirect costs related to the development of real estate assets and borrowing costs. The cost of land under development is transferred to the buildings (houses) under construction account when the development is completed or is transferred to the land account when it is ready for sale, based on the area of saleable lots.

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

Land Not Yet Developed

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

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

m. Investment Properties

Investment properties are properties (land or a building – 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 life of the investment properties as follows:

	Years
Building and facilities	5-30
Machinary and equipment	5-20

Land is stated at cost and is not depreciated.

n. Property and Equipment - Direct Acquisitions

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

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

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

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

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

Land is stated at cost and is not depreciated.

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

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

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

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

p. Impairment of an asset

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

q. Leases

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

As Lessor

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

As Lessee

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

r. Deferred Charges for Landrights

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

s. Unearned Income

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

t. Debt Restructuring

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

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

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

u. Issuance Costs of Bonds

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

v. Post-Employment Benefits

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

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

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

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

w. Revenue and Expense Recognition

Space Rental Revenue and Service Charges

Revenues from space rental and service charges are recognized based on the terms of the contract. Revenues from parking and hotel operations are recognized when the services are rendered.

Revenue from Real Estate

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

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

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

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

If any of the above criteria are not met, the payments received from the buyers are recognized as advances from customers and recorded using the deposit method until all the criteria are met.

Revenue from sale of condominium and office building

Revenues from sale of condominium and office building are recognized using the percentage of completion method, when all of the following criteria are met:
- The construction has progressed beyond the preliminary stage, or at least the foundation of the building has been completed.
- Cumulative payments equal or exceed 20% of the agreed sales price and the refund period has expired; and
- All of the revenues and costs can be reasonably estimated.

If any of the above criteria are not met, all payments received from the buyers are recorded as advances from customers received using the deposit method, until all the criteria are met.

Interest income

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

Expenses

Expenses are recognized when incurred (accrual basis).

x. Income Tax

Final Income Tax

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

Non-Final Income Tax

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

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

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

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

y. Earnings (Loss) per Share

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

Diluted earnings (loss) per share is computed by the weighted average number of share 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 earnings (loss) per share for all periods presented is adjusted retrospectively.

z. Segment Information

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

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

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

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

4. CASH AND CASH EQUIVALENTS

	2009	2008
	Rp'000	Rp'000
Cash	3,280,009	1,957,128
Bank		
Rupiah		
Bank Central Asia	11,470,519	3,965,499
Bank Mandiri	6,827,482	4,935,191
Bank Danamon Indonesia	5,142,114	3,565,478
Bank Internasional Indonesia	2,005,317	495,159
Bank CIMB Niaga (formerly Bank Lippo)	1,434,096	3,224,828
Bank Mega	987,884	59,246
Bank Rakyat Indonesia	519,987	180,130
Others (below Rp 10 million)	97,852	9,376
U.S. Dollar		
ING Asia Private Bank Limited	4,689,885	2,824,331
Bank Danamon Indonesia	3,646,165	519,688
Bank Mandiri	2,919,642	686,825
Bank of New York	890,411	861,780
JP Morgan	708,016	-
Bank CIMB Niaga (formerly Bank Lippo)	206,611	97,964
Bank Panin	19,900	23,655
Others (below Rp 10 million)	9,981	7,039
Euro		
ING Asia Private Bank Limited	121,578	22,269
Time deposits		
Rupiah		
Bank Danamon Indonesia	68,937,806	20,844,562
Bank Permata	68,014,409	-
Bank Internasional Indonesia	44,252,787	125,406,724
Bank Mandiri	5,360,671	5,735,714
Bank Mega	3,208,245	18,268,473
Bank Rakyat Indonesia	1,746,394	1,449,594
U.S. Dollar		
Bank Danamon Indonesia	87,452,037	32,819,339
Bank Mega	11,003,463	38,230,470
UBS AG, Singapura	2,931,545	-
Bank Mandiri	192,800	190,120
Bank DBS Indonesia	-	5,820,513
Total cash and cash equivalents	338,077,607	272,201,095
Fund for replacement of hotel's furniture, fixtures and equipment	(3,129,603)	(2,253,187)
Net	334,948,004	269,947,908
Interest rates per annum on time deposits		
Rupiah	5.75 % - 9.50 %	8.00 % - 12.00 %
U.S. Dollar	2.50%	4.00% - 4.25 %

5. TRADE ACCOUNTS RECEIVABLE FROM THIRD PARTIES

	2009	2008
	Rp'000	Rp'000
a. **By Business Segment:**		
Sale of land and buildings	18,187,744	24,813,323
Space rental and others	13,492,884	14,615,123
Hotel	6,165,930	5,921,877
Total	37,846,558	45,350,323
Allowance for doubtful accounts	(909,943)	(1,861,265)
Net	36,936,615	43,489,058
b. **By Age Category:**		
	26,828,553	34,827,260
Current		
1 - 30 days	6,155,125	4,344,855
31 - 60 days	1,257,861	2,192,995
61 - 90 days	410,762	1,023,442
More than 90 days	3,194,257	2,961,771
Total	37,846,558	45,350,323
Allowance for doubtful accounts	(909,943)	(1,861,265)
Net	36,936,615	43,489,058
Changes in the allowance for doubtful accounts:		
Beginning balance	2,288,298	3,314,438
Provision (reversal of allowance)	(1,378,355)	(1,453,173)
Ending balance	909,943	1,861,265

All trade accounts receivable in 2009 and 2008 are in Rupiah currency.

Management believes that the allowance for doubtful accounts is adequate to cover possible losses on uncollectible accounts.

Management also believes that there is no significant risk associated to the above receivables.

Trade accounts receivable from hotel operations amounting to Rp 6,165,930 thousand and Rp 5,921,877 thousand were used as collateral for Series C Bonds in 2009 and 2008 (Note 18).

6. RESTRICTED TIME DEPOSITS

	2009	2008
	Rp'000	Rp'000
The Subsidiary (AW)		
ING Asia Private Bank Limited, Singapore (US$ 13,059,963.97)	-	122,476,342
Total	-	122,476,342
The Company		
UBS AG, Singapore (US$ 13,200,000)	127,789,200	124,643,748
Total	127,789,200	247,120,090
Interest rate per annum	2.11 %	3.01 % - 4.03 %

Time deposits owned by AW represent proceeds from the issuance of the subsidiary's capital stock and restricted only for the construction of Superblock Gandaria City. As of September 30, 2009, the deposit has been withdrawn and transferred to cash and cash equivalents account.

Time deposits owned by the Company represent restricted time deposit that will be used for the payment of interest of Senior Secured Note in November 2009 (Note 18).

7. REAL ESTATE ASSETS

Real Estate Inventories

	2009	2008
	Rp'000	Rp'000
Land lot already developed		
Laguna Indah	17,532,230	17,532,230
Virginia Regency	13,925,014	14,081,539
Laguna Regency	2,056,216	2,262,197
Royal Villa	1,641,547	1,641,547
Riviera Villa	1,050,292	1,047,606
Westwood Villa	951,308	951,308
Taman Mutiara	934,842	1,008,628
Land and buildings ready for sale		
Pakuwon Town Square	7,082,636	-
Model unit	2,424,342	2,424,341
Taman Permata	130,219	130,219
Total	47,728,646	41,079,615
Condominium unit:		
Kondominium Regency	4,939,780	5,912,316
Land under development:		
Superblock Gandaria City	548,160,535	482,847,791
Palm Beach	121,633,547	81,955,866
Pakuwon Town Square	59,854,763	45,548,415
Total	729,648,844	610,352,072
Total	782,317,270	657,344,003

Land Not Yet Developed

	2009	2008
	Rp'000	Rp'000
Location:		
East Surabaya	120,318,642	120,923,505
North Surabaya	75,255,460	74,201,858
West Surabaya	18,060,877	18,060,877
Embong Malang, Central Surabaya	5,124,646	5,123,152
Total	218,759,625	218,309,392

The total land not yet developed measures 2,571,191 square meters in 2009 and 2,582,206 square meters in 2008. Other than Superblock Gandaria City which is located in Jakarta, all real estate inventories are located in Surabaya, East Java.

In 2009, borrowing costs capitalized to land and building under development (Superblock Gandaria City) consisting of interest expense amounted to Rp 24,090,708 thousand.

In 2008, borrowing costs capitalized to land and building under development (Superblock Gandaria City) amounted to Rp 22,939,499 thousand consisting of interest expense of Rp 21,477,482 thousand and loss on foreign exchange of

Rp 1,462,017 thousand.

As of September 30, 2009 and 2008, land and building under development (Superblock Gandaria City) was covered by contractor all risk insurance with PT MAA General Assurance for US$ 144,300,000.

8. INVESTMENT PROPERTIES

	January 1, 2009	Additions	Deductions	Reclassification	September 30, 2009
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Cost:					
Land	242,326,057	-	-	-	242,326,057
Building and facilities	440,488,092	3,780,978	-	-	444,269,070
Machinery and equipment	140,391,293	2,540,189	-	-	142,931,482
Total	823,205,442	6,321,167	-	-	829,526,609
Accumulated depreciation:					
Building and facilities	126,212,282	12,087,830	-	-	138,300,112
Machinery and equipment	65,618,499	5,741,168	-	-	71,359,667
Total	191,830,781	17,828,998	-	-	209,659,779
Net Book Value	631,374,661				619,866,830

	January 1, 2008	Additions	Deductions	Reclassification	September 30, 2008
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Cost:					
Land	236,858,454	3,502,603	-	-	240,361,057
Building and facilities	403,166,619	1,173,431	-	-	404,340,050
Machinery and equipment	134,430,524	1,476,266	1,036,048	-	134,870,742
Total	774,455,597	6,152,300	1,036,048	-	779,571,849
Accumulated depreciation:					
Building and facilities	112,031,285	10,393,749	-	-	122,425,034
Machinery and equipment	58,806,704	5,277,533	280,596	-	63,803,641
Total	170,837,989	15,671,282	280,596	-	186,228,675
Net Book Value	603,617,608				593,343,174

The fair value of the investment properties as of September 30 2009 amounted to Rp 2,037,000,000 thousand based on management assessment. The valuation was done based on cost and revenue method.

Depreciation amounting to Rp 17,828,998 thousand and Rp 15,671,282 thousand for the periods ended September 30, 2009 and 2008 respectively were recorded under direct costs-building expenses (Note 24).

Certain investment properties were revalued in 1999. On initial adoption of PSAK 13 (Revised 2007), the revalued amount of those assets are considered as deemed cost and the balance of the revaluation increment, which was previously recorded as part of equity, is reclassified to retained earnings.

As of September 30, 2009 and 2008, the investment properties were insured along with property and equipment.

In 2009 and 2008, the land and building comprising Tunjungan Plaza I and III with HGB Nos. 446, 206, 266, 284, 286, 293, and 299 are used as collateral for Senior Secured Notes (Note 18).

9. PROPERTY AND EQUIPMENT

	January 1, 2009	Additions	Deductions	Reclassification	September 30, 2009
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Cost:					
Land	499,521,866	18,217,166	-	-	517,739,032
Buildings and facilities	464,038,117	-	-	877,416	464,915,532
Machinery and equipment	28,867,803	-	-	-	28,867,803
Motor vehicles	13,336,782	143,800	56,078	-	13,424,504
Office equipment	32,709,129	773,910	140,981	(83,033)	33,259,025
Interior design	33,393,585	-	-	-	33,393,585
Construction in progress					
Buildings and facilities	600,135,344	44,465,260	-	(877,416)	643,723,189
Total	1,672,002,625	63,600,136	197,059	(83,033)	1,735,322,669
Accumulated depreciation					
Buildings and facilities	158,953,619	11,850,882	-	-	170,804,501
Machinery and equipment	18,725,683	1,198,164	-	-	19,923,847
Motor vehicles	9,877,714	1,156,116	41,628	-	10,992,202
Office equipment	27,409,329	1,500,627	-	83,033	28,826,923
Interior design	11,535,265	1,855,045	-	-	13,390,310
Total	226,501,611	17,560,834	41,628	83,033	243,937,784
Net Book Value	1,445,501,014				1,491,384,884

	January 1, 2008	Additions	Deductions	Reclassification	September 30, 2008
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Cost:					
Land	445,308,312	39,219,191	-	-	484,527,503
Buildings and facilities	463,765,664	270,916	-	-	464,036,580
Machinery and equipment	28,828,981	59,921	21,099	-	28,867,803
Motor vehicles	12,739,482	803,700	-	-	13,543,182
Office equipment	29,798,453	2,344,457	-	-	32,142,911
Interior design	11,273,253	1,108,584	-	-	12,381,838
Construction in progress					
Buildings and facilities	184,776,589	247,763,374	-	-	432,539,963
Total	1,176,490,734	291,570,143	21,099	-	1,468,039,779
Accumulated depreciation					
Buildings and facilities	143,166,622	11,838,851	-	-	155,005,473
Machinery and equipment	17,139,871	1,202,039	15,952	-	18,325,958
Motor vehicles	8,134,131	1,435,255	-	-	9,569,386
Office equipment	25,637,527	1,287,920	-	-	26,925,447
Interior design	10,161,113	228,178	-	-	10,389,293
Total	204,239,264	15,992,243	15,952	-	220,215,557
Net Book Value	972,251,470				1,247,824,222

In 2006 and 1999, the Company revalued part of its property and equipment. The revaluation was based on government rules. In 2006, the Company revalued land where the Sheraton Surabaya Hotel & Tower is located and two (2) parcels of land situated beside the Hotel, with net revaluation increment amounting to Rp 50,999,400 thousand. For the revaluation of property and equipment, the Company obtained approval from the Tax Office for Listed Companies on December 26, 2006 through its Decision Letter No. 2027/WPJ.07/BD.04/2006. In 1999, the Company revalued part of its property and equipment as of December 31, 1998 with net revaluation increment in property and equipment amounting to Rp 491,683,551 thousand. The Company obtained approval from the Tax Office for Listed Companies in its Decision Letter No. 021/WPJ.06/KP.0404/1999 dated May 20, 1999. On September

30, 2009 and 2008, the balance of the net revaluation increment in property and equipment were recorded as part of equity amounting to Rp 542,682,951 thousand.

In 2008, revaluation increment amounting to Rp 64,603,550 thousand was used in the issuance of bonus share (Note 21).

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

Depreciation amounting to Rp 17,560,834 thousand in 2009 and Rp 15,992,243 thousand in 2008 were recorded under direct cost-building expenses and under hotel operating expenses (Note 24).

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

In 2009, borrowing costs capitalized to construction in progress consisting of interest expense amounted to Rp 40,348,377 thousand.

In 2008, borrowing costs capitalized to construction in progress amounted to Rp 26,342,683 thousand consisting of interest expense of Rp 24,663,769 thousand and gain on foreign exchange of Rp 1,678,914 thousand.

The Company and AW owns several parcels of land located in Kelurahan Kaliasin and Kedungdoro, Surabaya and in Gandaria with legal rights in the form of Building Use Rights (HGBs) for a period of 10 to 30 years from 2010 to 2032. Management believes that there will be no difficulty in the extension of the landrights since all parcels of land were acquired legally and supported by sufficient evidence of ownership.

In 2009 and 2008, land with HGB Nos. 265, 275 and 294 together with Sheraton Surabaya Hotel & Towers thereon are used as collateral for Series A and C Bonds. Land with HGB Nos. 183, 282, 290, 292, 300 and 458 together with the Tunjungan Plaza IV buildings thereon are used as collateral for Bonds Payable I.

In 2008, Pakuwon Center location consisting of land with HGB Nos. 828 and 1190 measures 6,886 m^2 in Pakuwon City are used as collateral for Bank Mega Loan.

At September 30, 2009 and 2008, investment properties, property and equipment and property and equipment under build, operate and transfer (BOT) scheme, except land, were insured as follows:

- Tunjungan Plaza I and II / Menara Mandiri, Tunjungan Plaza III, Tunjungan Plaza IV, Central Plant and Laguna Square (Pakuwon City) were covered by property-all-risk insurance with PT. AIU Indonesia for US$ 67,240,000 and Rp 26,000,000 thousand as of September 30, 2009 and with PT. Zurich Insurance Indonesia for US$ 83,900,000 and Rp 15,000,000 thousand as of September 30, 2008. Sheraton Surabaya Hotel & Towers was covered by property-all-risk insurance with PT. Asuransi AIU Indonesia as of September 30, 2009 for US$ 28,000,000 and with PT. Asuransi Allianz Utama Indonesia as of September 30, 2008 for US$ 35,000,000. These properties were also insured against terrorism and sabotage with PT. Asuransi Bintang Tbk for US$ 95,200,000 and US$ 118,900,000 as of September 30, 2009 and 2008 respectively.

- Tunjungan Plaza I, II / Menara Mandiri, III and IV, Central Plant and Laguna Square (Pakuwon City) were covered by Public Liability insurance with PT. AIU Indonesia and PT. Asuransi Allianz Indonesia in 2009 and 2008 for US$ 1,000,000 and US$ 250,000 respectively. Sheraton Surabaya Hotel & Towers was covered by Public Liability insurance with PT. ACE INA Insurance in 2008 for US$ 10,000,000.

- Some of the vehicles were insured with PT. Asuransi AIU Indonesia and PT. Asuransi Allianz Utama Indonesia in 2009 and 2008 for Rp 2,094,000 thousand and Rp 2,226,000 thousand.

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

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

	January 1, 2009	Additions	Deductions	September 30, 2009
	Rp'000	Rp'000	Rp'000	Rp'000
Cost::				
Buildings	46,927,905	-	-	46,927,905
Machinery and equipment	11,734,753	-	-	11,734,753
Total	58,662,658	-	-	58,662,658
Accumulated depreciation:				
Building	39,956,905	2,271,961	-	42,228,866
Machinery and equipment	10,117,484	440,055	-	10,557,539
Total	50,074,389	2,712,016	-	52,786,405
Net Book Value	8,588,269			5,876,252

	January 2008	Additions	Deductions	September 30, 2008
	Rp'000	Rp'000	Rp'000	Rp'000
Cost:				
Buildings	46,927,905	-	-	46,927,905
Machinery and equipment	11,734,753	-	-	11,734,753
Total	58,662,658	-	-	58,662,658
Accumulated depreciation:				
Buildings	36,927,621	2,271,962	-	39,199,583
Machinery and equipment	9,530,748	440,054	-	9,970,802
Total	46,458,370	2,712,016	-	49,170,386
Net Book Value	12,204,288			9,492,273

Amortization expense amounting to Rp 2,712,016 thousand in 2009 and 2008 respectively was presented under direct costs-building expenses (Note 24).

As of September 30, 2009 and 2008, the property and equipment under BOT scheme were insured along with property and equipment (Note 9).

11. TRADE ACCOUNTS PAYABLE

	2009	2008
	Rp'000	Rp'000
Related party		
PT. Pakuwon Darma	2,647,601	10,641,510
Third party	85,659,459	40,145,496
Total Trade Accounts Payable	88,307,059	50,787,006

12. TAXES PAYABLE, PREPAID TAXES AND TAX EXPENSES

Taxes Payable

	2009	2008
	Rp'000	Rp'000
The Company:		
Value added tax	1,580,703	4,030,132
Final income tax	784,085	526,577
Income tax - article 21	286,822	23,064
Income tax - article 23/26	119,880	127,083
Taxes on promotional activities	104,680	41,099
Hotel and restaurant tax	1,067,872	552,761
The subsidiaries:		
Value added tax	-	5,563,874
Current tax	-	233,978
Income tax - article 21	30,439	30,542
Income tax - article 23/26	3,446,617	381,153
Other	212,550	610
Total	7,633,647	11,510,873

Details of final income tax payable are as follows:

	2009	2008
	Rp'000	Rp'000
The Company:		
Final income tax	20,620,012	17,430,114
Less:		
Amount withheld by third parties	(13,155,917)	(12,493,478)
Payment by the Company	(6,680,010)	(4,410,059)
Final income tax payable	784,085	526,577

Prepaid Taxes

	2009	2008
	Rp'000	Rp'000
The Company		
Final income tax of unearned rental income and service charge	13,284,965	11,729,589
Value added tax	-	49,831
Income tax - article 22	19,970	2,450
Income tax - article 23	-	30,809
The Subsidiaries		
Value added tax	16,101,931	57,630,966
Income tax - article 23	-	938,585
Others	-	32,029
Total	29,406,866	70,414,259

Tax Expenses

	2009 Rp'000	2008 Rp'000
Current tax expense		
Final income tax		
The Company	20,620,012	17,430,114
Subsidiary	10,031,711	-
Nonfinal income tax		
Subsidiary	(887)	361,128
Total current tax expense	30,650,835	17,791,242
Deferred tax expense		
The Company	966,985	1,062,488
Subsidiary	-	-
Total deferred tax expense	966,985	1,062,488
Net tax expense	31,617,821	18,853,730

13. ACCRUED EXPENSES

	2009 Rp'000	2008 Rp'000
Interest and penalty payable on bonds (Note 18)	137,948,296	138,494,522
Electricity, water, and gas	1,049,605	952,925
Others	5,340,088	4,063,825
Total	144,337,989	143,511,272
Current portion	(56,356,719)	(53,483,926)
Long-term portion	87,981,270	90,027,346

14. UNEARNED INCOME

	2009 Rp'000	2008 Rp'000
Space rental	161,457,254	144,798,478
Others	10,434,515	11,365,796
Total	171,891,769	156,164,274
Current portion	(124,067,745)	(113,962,681)
Long-term portion	47,824,023	42,201,593

15. ADVANCES FROM CUSTOMERS

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

16. BANK LOAN

In September 2009, the Company obtained a term loan facility from Bank ICBC Indonesia used as a working capital (AR Financing) amounting to Rp 35,000,000 thousand due in 1 year. Interest rate per annum is at 12.5% with floating rate, which is paid monthly. Under the agreement, this AR Financing is secured by receivables of land lot and building (houses) units sold in Pakuwon City.

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. Interest rate per annum is at 15% with floating rate, which is paid monthly. Under the agreement, this credit facility will be used to finance the Pakuwon Center construction. As of September 30, 2009, the Company has already used Rp 3,650,000 thousand of the credit facility.

The Company shall open an escrow account in Bank Mega as saving account for all Pakuwon Center and commercial unit Pakuwon Town Square rental revenue. The Company should maintain minimum fund balance in the escrow account of 30% of Pakuwon Town Square revenue.

The bank loan is secured by first priority security rights of 6,866 square meters land which a part of 114,680 square meters land with HGB Certificate Nos. 828 and 1190/Kelurahan Kejawan Putih Tambak with area of 19,366 square meters and 95.314 square meters, respectively. This land is the location of Pakuwon Center building construction site which is located in Pakuwon City in Surabaya. Both HGB certificates expire on July 11, 2014.

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

17. OTHER ACCOUNTS PAYABLE

	2009	2008
	Rp'000	Rp'000
Deferred gain on restructured bonds, from:		
Reduction of interest and write-off of penalty on Bonds I	3,928,710	5,674,803
Settlement with real estate inventory	-	15,688,220
Interest payable on Series C Bonds	2,029,239	3,706,309
Others	3,160,569	3,160,569
Total	9,118,518	28,229,901
Current maturities from:		
Reduction of interest and write-off of penalty on Bonds I	1,746,093	1,746,093
Interest payable on Series C Bonds	1,222,026	1,740,582
Total	2,968,119	3,486,675
Long-term portion	6,150,399	24,743,226

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

The conditions for the settlement of the obligation through real estate assets have been fully met, hence the Company accounted for the remaining gain in 2008. In 2007, the Company accounted for the gain of Rp 7,993,912 thousand. The realized gain was presented as part of the other income.

Interest payable on Series C Bonds represents the difference between the nominal value of Series C Bonds and the future cash payments of the related restructured loan (Note 18) and will be realized on due date of each interest payable.

18. BONDS PAYABLE

	2009	2008
	Rp'000	Rp'000
Senior Secured Notes - net of unamortized bond issuance costs	1,046,480,788	1,004,478,218
Bonds payable (in Rupiah)		
Bonds I	38,482,500	71,467,500
Series C Bonds US$ 1.830.000 in 2009 and US$ 2.562.000 in 2008	17,716,230	24,026,436
Total	1,102,679,518	1,099,972,154
Current maturities	(273,313,992)	(39,737,700)
Long-term Bond Payable	829,365,526	1,060,234,454

Senior Secured Notes

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

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

The funds generated from the issuance of bonds were used for the repayments of certain existing debts and the acquisition of 83.33% of AW, through the purchase of new shares (Note 29).

Based on “account management agreement” dated 16 Desember 2006, the Company would deposit the net proceeds from the issue of the Notes into an offshore account in Singapore. The acquisition portion in Pakuwon Offshore Account will be paid to AW on the date the acquisition is completed and AW will deposit these proceeds into an offshore account in Singapore.

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

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

Based on the ratings issued by Moody’s Investors Service, Inc. on March 16, 2009 and Fitch on October 22, 2009, the bonds are rated Caa1 and C/RR4 respectively.

The Senior Secured Notes payable consists of the following:

	2009	2008
	Rp'000	Rp'000
Nominal value (US$ 110.000.000)	1,064,910,000	1,031,580,000
Unamortized bond issuance costs	(18,429,212)	(27,101,782)
Net	1,046,480,788	1,004,478,218

The Senior Secured Notes are secured by:

- First priority security rights over Tunjungan Plaza I and III (Note 8).
- Fiduciary security of all movable assets located in Tunjungan Plaza I and III.
- Fiduciary security of all claims under insurance and reinsurance policies maintained on the land and buildings comprising Tunjungan Plaza I and III.
- A pledge of the Company's shares in AW.
- Several offshore accounts and an onshore account to be managed by Account Managers in accordance with the Account Management Agreement.

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

Bonds Payable I

In 1996, the Company issued Bonds I totaling Rp 150,000,000 thousand, with interest at 19.125% per annum. The maturity date of these bonds has been extended up to September 28, 2011 based on Bondholders' General Meeting (RUPO) in 2003. The bonds were intended for the project development for Tunjungan Plaza IV. Bonds I are secured by HGB Certificate Nos. 183, 282, 290, 292, 300 and 458, covering a total area of 0.885 hectares located in Kelurahan Kedungdoro, Surabaya, together with the buildings thereon (Note 8 and 9).

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

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

   i. Schedule of payment of bond principal as follows :
      - 2005 amounting to Rp 16,492,500 thousand
      - 2007 amounting to Rp 21,990,000 thousand
      - 2009 amounting to Rp 32,985,000 thousand
      - 2011 amounting to Rp 38,482,500 thousand

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

   iii. Interest-free cash payment of interest in arrears amounting to Rp 102,303,802 thousand through installment of 2% per annum depending on the cash flow position of the Company and the remaining will be paid in the ninth year through refinancing. The past due interest was presented under accrued expenses (Note 13).

   iv. Write-off of penalty for the late payment of coupon nos. 8, 9, and 10 amounting to Rp 519,456 thousand

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

   As of December 31, 2008, the Company failed to meet certain financial ratio required. As stated in the credit agreement, upon failure by the Company to meet the above requirement, the bank can declare the the loans be payable on demand. On February 12, 2009, the Company has sent the letter to PT Bank Rakyat Indonesia (Persero) Tbk. (BRI) as the Trustee for the Bonds Payable I for a waiver of the financial covenants. On February 26, 2009, the Company received the letter from BRI stating that the waiver has been approved under a certain condition stated in the letter.

In 2009, the Company paid installments amounting to Rp 32,985,000 thousand thus Bond I payable amounted to Rp 38,482,500 thousand.

Based on the ratings issued by Fitch, the Bond I payable as of October 22, 2009 is rated C.

Series C Bonds

The balance of Series C Bonds issued to Bank Pan Indonesia (Panin) as of September 30, 2009 and 2008 amounted to US$ 1,830,000 or equivalent Rp 17,716,230 thousand and US$ 2,562,000 or equivalent Rp 24,026,436 thousand respectively. Payments to Series C Bonds in 2009 and 2008 each amounted US$ 549,000.

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

Series C Bonds bear interest at the following rates per annum:

- 1st year : 5%
- 2nd year : 6%
- 3rd year : 7%
- 4th to 7th year : 8%

Series A and C Bonds are secured by:

- The Company's HGBs with certificate Nos. 265, 275 and 294 covering a total area of 17,979 square meters together with the building thereon, located in Kelurahan Kedungdoro, Surabaya

- Receivables, claims and rights over proceeds from the hotel operations and proceeds from insurance claim.

19. MANDATORY CONVERTIBLE NOTES (MCN) PAYABLE

	2009	2008
	Rp'000	Rp'000
Nominal value (US$ 58,000,000)	561,498,000	543,924,000
Unamortized discount (US$ 11,353,881.24 in 2009 and US$ 12,776,167.86 in 2008)	(109,916,924)	(119,814,902)
Total	451,581,076	424,109,098

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

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

20. MINORITY INTEREST IN SUBSIDIARIES

	2009	2008
	Rp'000	Rp'000
a. Minority interest in net assets of subsidiaries		
AW	98,068,273	82,509,964
Others	1	1
Total	98,068,274	82,509,965
b. Minority interest in net (income) loss of subsidiaries		
AW	(11,750,505)	189,069
Others	-	-
Total	(11,750,505)	189,069

21. CAPITAL STOCK

Name of stockholder	2009 and 2008 Number of Shares	Percentage of Ownership	Total Paid-up Capital Stock
		%	Rp'000
BSL Investment Inc.	2,221,898,250	22.14	222,189,825
Burgami Investments Ltd	2,096,581,500	20.90	209,658,150
PT. Pakuwon Arthaniaga	1,520,032,460	15.15	152,003,246
Concord Media Investment Ltd (CMIL)	741,000,000	7.38	74,100,000
Raylight Investments Limited	716,917,500	7.15	71,691,750
Sino Connect Investments Limited	429,000,000	4.28	42,900,000
Oakhill Capital Limited	390,000,000	3.89	39,000,000
PT. Pakuwon Trijaya	164,658,000	1.64	16,465,800
Alexander Tedja (President Commissioner)	1,872,000	0.02	187,200
Richard Adisastra (President Director)	27,300	0.00	2,730
Public (less than 5%)	1,751,263,490	17.45	175,126,349
Total	10,033,250,500	100.00	1,003,325,050

The changes in the shares outstanding for 2009 and 2008 are as follows:

	Number of shares
Balance as of January 1, 2008	7,717,885,000
Increase from the issuance of bonus shares	2,315,365,500
Balance as of September 30, 2009 and 2008	10,033,250,500

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

22. ADDITIONAL PAID-IN CAPITAL

	2009 and 2008
	Rp'000
Additional paid-in capital from:	
Sale of the Company's shares through public offering in 1989	18,900,000
Rights offering I to stockholders in 1991	50,000,000
Rights offering II to stockholders in 1994	115,500,000
Distribution of 35,000,000 bonus shares in 1992	(35,000,000)
Total	149,400,000
Conversion of bonds into shares in 2006	
Total proceeds from the issuance of 876,577,000 shares	455,821,500
Total par value	(438,288,500)
Excess proceeds	17,533,000
Balance as of June 30, 2008	166,933,000
Bonus shares issuance in 2008	(166,933,000)
Balance as of June 30, 2009	-

23. SALES AND REVENUES

	2009	2008
	Rp'000	Rp'000
Rental and service charges:		
Space rental	136,633,957	124,991,142
Service charges	54,121,709	47,715,390
Subtotal	190,755,666	172,706,532
Hotel revenues	70,916,064	64,786,354
Sale of land lots and buildings	8,604,517	40,874,606
Sale of condominiums and office	215,399,244	850,000
Other operating revenues:		
Electricity and water billing	28,516,263	26,632,619
Parking fee	8,406,427	7,628,379
Others	13,056,615	12,844,325
Subtotal	49,979,305	47,105,323
Total	535,654,797	326,322,815

The Company has insurance for business interruption with PT Asuransi AIU Indonesia for US$ 37,300,000 in 2009 and PT. Zurich Insurance Indonesia for US$ 40,800,000 in 2008.

24. DIRECT COSTS AND COST OF SALES

	2009	2008
	Rp'000	Rp'000
Direct Costs		
Building expenses:		
Electricity, water and gas	45,647,224	49,138,833
Depreciation (Note 8 and 9)	21,681,855	19,530,606
Repairs and maintenance	4,111,187	5,667,837
Cleaning	5,039,198	4,052,289
Land and building taxes	6,636,341	3,454,696
Amortization of property and equipment under BOT scheme (Note 10)	2,712,016	2,712,016
Insurance	1,414,502	1,648,743
Others	3,208,617	3,008,879
Total building expenses	90,450,939	89,213,899
Personnel expenses	12,338,908	10,547,027
Hotel operating expenses		
Hotel department	13,785,229	13,258,114
Electricity, water and gas	12,351,024	12,760,526
Depreciation (Note 9)	13,707,977	12,132,919
Personnel expenses	8,963,030	8,591,310
Total hotel operating expenses	48,807,259	46,742,868
Total Direct Costs	151,597,106	146,503,795
Cost of sales - Land lots and buildings	3,149,399	15,667,494
Cost of sales - Condominium and office	128,872,262	289,458
Total Direct Costs and Cost of Sales	283,618,769	162,460,747

25. OPERATING EXPENSES

	2009	2008
	Rp'000	Rp'000
General and administrative:		
Salaries and allowances	7,410,078	9,224,716
Office expenses	2,222,608	3,532,258
Hotel operator's fees	2,694,730	2,259,753
Professional fees	3,061,595	1,751,711
Travelling expenses	947,191	1,438,414
Shares administration and reporting	289,953	738,850
Bank charges	874,968	1,315,538
Entertainment	446,958	333,859
Office equipment	336,524	-
Employee benefit	-	522,681
Others	1,942,778	3,119,420
Total	20,227,382	24,237,200
Marketing:		
Advertising and promotion	6,763,754	13,144,025
Events	1,654,005	2,213,882
Salaries and allowances	2,784,847	3,340,874
Others	5,650,674	3,148,766
Subtotal	16,853,280	21,847,547
Total	37,080,662	46,084,746

26. INTEREST INCOME

	2009	2008
	Rp'000	Rp'000
Time deposits	18,189,995	18,022,142
Current accounts	125,119	79,485
Total	18,315,113	18,101,627

27. FINANCIAL CHARGES

	2009	2008
	Rp'000	Rp'000
Financial charges on		
Senior Secured Note	36,454,140	53,205,376
MCNs discount amortization	10,427,128	9,712,285
Bond payable I	3,442,111	3,762,910
Bank loan	1,625,990	-
Total	51,949,370	66,680,571

28. EARNINGS PER SHARE

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

	2009	2008
	Rp'000	Rp'000
Earning (loss) for computation of basic earning (loss) per share	234,935,080	63,670,603
Earning (loss) for computation of diluted earning (loss) per share	211,484,129	73,927,996
	Shares	Shares
Weighted average number of ordinary shares for computation of basic earning (loss) per shares (thousand shares)	10,033,251	10,033,251
Weighted average number of ordinary shares for computation of diluted earning (loss) per shares (thousand shares)	10,033,251	10,033,251
	Rp	Rp
In full Rupiah		
Basic earning (loss) per share	23.42	6.35
Diluted earning (loss) per share	21.08	7.37

The weighted average number of shares for the computation of basic and diluted earning (loss) per shares, has been adjusted to reflect the effect of the bonus shares in 2008. Thus earning per share as of September 30, 2008 have been restated.

Diluted earning (loss) per share reflects the effect of the mandatory convertible notes of the subsidiary (AW).

29. ACQUISITION OF A SUBSIDIARY

On February 23, 2007 in the Extraordinary General Meeting of Stockholders, the Company's stockholders agreed to invest in 80,000 new shares of AW amounting to US$ 80,000,000.

Based on Notarial Deed No. 4 dated March 2, 2007 of Esther Mercia Sulaiman, SH. Notary in Jakarta, the Company acquired 83.33% equity ownership of 80,000 shares of AW at an acquisition cost amounting to US$ 80,000,000. The deed was approved by the Minister of Justice and Human Rights through Letter No. W7-03156-HT.01.04 dated March 26, 2007.

At the acquisition date, the Company recorded the assets and liabilities of AW at its fair values.

The assets and liabilities of AW at the acquisition date are as follows:

	Fair value	Book value prior to acquisition
	Rp'000	Rp'000
Assets		
Cash	4,667,039	4,667,039
Receivables	500	500
Prepayment and other current assets	5,175,180	5,175,180
Real estate assets	316,574,459	160,266,376
Property and equipment - net	365,026,280	185,529,144
Other noncurrent assets	15,317	15,317
Total	691,458,775	355,653,556
Liabilities		
Mandatory convertible bonds	367,220,844	531,280,000
Other liabilities	72,608,846	72,608,846
Total	439,829,690	603,888,846
Total	251,629,085	(248,235,290)
Shares issuance	728,400,000	728,400,000
Net Assets	980,029,085	480,164,710

	Rp'000
Fair value of net assets acquired (83.33%)	816,690,904
Total cost (US$ 80,000,000)	(728,400,000)
Excess of the fair value of net assets acquired over acquisition cost	88,290,904
Reduction to fair value of nonmonetary assets acquired	(88,290,904)
Negative Goodwill	-

The excess of the fair values of the net assets acquired over the acquisition cost amounting to Rp 88,290,904 thousand was eliminated by reducing proportionately the fair values of the acquired real estate assets and property and equipment.

30. RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

Nature of Relationship

PT. Pakuwon Darma has partly the same management as the Company.

Transaction with Related Parties

In 2007, the Company purchased land from PT. Pakuwon Darma measuring 101,769 square meters in Kelurahan Kalisari, Surabaya amounting to Rp 21,269,721 thousand (including VAT 10%). Such purchased land was approved by the stockholders through the Company's Extraordinary Stockholders Meeting on September 27, 2007. As of September 30, 2009 and 2008, payable arising from this transaction is presented as trade account payable (Note 11).

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

31. SEGMENT INFORMATION

Business Segments

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

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

Segment information based on business segments is presented below:

	2009				
	Office and shopping center	**Real estate (Residential, Condominium, Office)**	**Hospitality**	**Elimination**	**Consolidated**
	Rp'000	**Rp'000**	**Rp'000**	**Rp'000**	**Rp'000**
SALES/REVENUE					
External sales/revenues	234,588,818	230,149,915	70,916,064	-	535,654,797
Internal sales/revenues	12,351,024			(12,351,024)	-
Total sales / revenue	246,939,842	230,149,915	70,916,064	(12,351,024)	535,654,797
RESULT					
Segment result	138,316,009	72,593,909	5,357,691	-	216,267,609
Unallocated segment result					(1,312,243)
Unallocated expense					-
Income from operations					214,955,366
Interest income					18,315,113
Reversal of allowance for doubtful accounts - net					1,378,355
Gain on foreign exchange - net					96,187,862
Financial charges					(51,949,370)
Gain on sale of equipment					72,264
Others - net					(656,185)
Income before tax					278,303,406
Tax expense					(31,617,821)
Income before minority interest in net income of subsidiaries					246,685,585
Minority interest in net income of subsidiaries					(11,750,505)
Net income					234,935,080
OTHER INFORMATION					
ASSETS					
Segment assets	1,558,927,663	1,156,447,765	447,736,640	(1,816,665,168)	1,346,446,900
Unallocated assets					2,323,486,845
Consolidated total assets	1,558,927,663	1,156,447,765	447,736,640	(1,816,665,168)	3,669,933,745
Liabilities					
Segment liabilities	833,591,487	652,958,225	15,286,375	(1,292,491,999)	209,344,088
Unallocated liabilities					2,123,661,323
Consolidated total liabilities	833,591,487	652,958,225	15,286,375	(1,292,491,999)	2,333,005,411
Addition to property and equipment and investment property	56,600,819	13,320,484	-	-	69,921,303
Unallocated addition to property and equiment					-
Total addition to property and equipment and investment property	56,600,819	13,320,484	-	-	69,921,303
Depreciation and amortization	22,072,801	2,321,070	13,707,977	-	38,101,848
Unallocated depreciation and amortization					-
Total depreciation and amortization	22,072,801	2,321,070	13,707,977	-	38,101,848

	2008				
	Office and shopping center Rp'000	Real estate (Residential, Condominium, Office) Rp'000	Hospitality Rp'000	Elimination Rp'000	Consolidated Rp'000
SALES/REVENUE					
External sales/revenues	215,690,481	45,845,980	64,786,353	-	326,322,815
Internal sales/revenues	12,760,526	-	-	(12,760,526)	-
Total sales / revenue	228,451,007	45,845,980	64,786,353	(12,760,526)	326,322,815
RESULT					
Segment result	111,032,833	4,999,407	2,587,920	-	118,620,160
Unallocated segment result					(842,839)
Unallocated expense					-
Income from operations					117,777,322
Interest income					18,101,627
Gain on foreign exchange - net					8,345,646
Financial charges					(66,680,571)
Others - net					4,791,242
Income before tax					82,335,266
Tax expense					(18,853,730)
Income before minority interest in net income of subsidiaries					63,481,536
Minority interest in net income of subsidiaries					189,069
Net income					63,670,605
OTHER INFORMATION					
ASSETS					
Segment assets	1,496,196,889	1,040,074,094	450,593,953	(1,702,421,474)	1,284,443,462
Unallocated assets					2,096,614,850
Consolidated total assets	1,496,196,889	1,040,074,094	450,593,953	(1,702,421,474)	3,381,058,312
Liabilities					
Segment liabilities	842,561,544	572,933,476	12,061,981	(1,259,932,525)	167,624,476
Unallocated liabilities					2,053,858,888
Consolidated total liabilities	842,561,544	572,933,476	12,061,981	(1,259,932,525)	2,221,483,364
Addition to property and equipment and investment property	260,087,227	37,635,216	-	-	297,722,443
Unallocated addition to property and equiment					-
Total addition to property and equipment and investment property	260,087,227	37,635,216	-	-	297,722,443
Depreciation and amortization	17,110,592	5,132,030	12,132,919	-	34,375,541
Unallocated depreciation and amortization					-
Total depreciation and amortization	17,110,592	5,132,030	12,132,919	-	34,375,541

Geographical Segments

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

The Company did not present sales information based on geographical market because the nature of the Company's operations is to engange in the operation of business center and shopping center, real estate and hotel.

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

	The carrying amount of segment assets		Addition to property and equipment	
	2009	2008	2009	2008
	Rp'000	Rp'000	Rp'000	Rp'000
Surabaya	1,892,834,141	1,855,426,254	29,243,095	85,305,136
Jakarta	1,772,215,052	1,522,672,731	40,678,208	212,417,307
Netherlands	4,884,552	2,959,326	-	-
Total	3,669,933,745	3,381,058,312	69,921,303	297,722,443

32. COMMITMENTS

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

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

   – The Company will construct a 35,130-square-meter-building (17-storey) to be called Tunjungan Plaza II/Menara Mandiri on 5,320 square meters of land owned by Bank Mandiri, located in Jalan Basuki Rachmad, Surabaya.
   – The agreement is valid for 20 years, starting from the handover of the land by Bank Mandiri, and will end on March 22, 2012.
   – Tunjungan Plaza II/Menara Mandiri will be owned by Bank Mandiri, but the bank will grant the Company the right to manage and operate Tunjungan Plaza II/Menara Mandiri for a period of 20 years.

b. The agreements relating to the operations of Sheraton Surabaya Hotel & Towers are as follows:

   – Management agreement with Indo Pacific Sheraton (IPS) Hongkong, to operate and manage the Hotel. As provided in the agreement, incentive fee in 2009 and 2008 shall be computed at 3% of Adjusted Gross Operating Profit ("AGOP"), as defined in the agreement, if Gross Operating Profit ("GOP"), as defined in the agreement, is less than 40%; or 4.25% of AGOP if GOP is equal to or higher than 40% of Total Revenues (TR), as defined in the agreement. The operating term of this contract commenced on September 30, 1996 and terminates on December 31, 2016.

c. AW, subsidiary, entered into contracts with various suppliers and contractors for the construction and development of the Gandaria City project. The significant contracts which still in progress in 2009 have contract price of about Rp 24,931,837 thousand and US$ 1,297,680 with varying contracts periods.

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