



 **Ramayana**
PT. RAMAYANA LESTARI SENTOSA Tbk.

Annual Report **2011**

Prudence with Innovation in
Growing Trade



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Vision

As a retail chain company committed to serving the daily need of the low-to-middle income segment, we shall provide a wide range of value-for-money merchandise, offered with attentive customer service.

Mission

We shall maintain our position in our sector as Indonesia's biggest retailer with the returns, through market expansion, controlling costs, upgrading customer service, developing human resources and sustaining beneficial relationships with our business associates. Our objective is to maximize shareholder value.



History

- 1978 The first store established in Jalan Sabang.
- 1985 The first store outside of Jakarta, is located in Bandung, West Java, selling accessories, shoes and bags.
- 1989 Expanding line of toys, stationery and household appliances, with a total of 13 stores and 2,500 employees.
- 1994 Grown to 35 stores as a shopping destination stores; one stop shopping.
- 1996 Becoming a public listed company as PT Ramayana Lestari Sentosa Tbk, with total stores up to 45 stores.
- 1997 The first store was established outside of Java, which is in Bali.
- 1999 The first store was established in Sumatra, which is in Bandar Lampung.
- 2000 The first store was established in Kalimantan, which is in Banjarmasin.
- 2002 The first store was established in Sulawesi, which is in Ujung Pandang.
- 2005 Expanding the capacity of the electronic products and fast food restaurants.
- 2010 The first store was established in Papua. Ramayana reach to 106 stores.

Awards



Financial Highlights



Revenue and profit levels for the Company in 2011 were only slightly better from the previous year, whilst competition in our field of business has steadily intensified.

The year was relatively quiet, as trading became slack; this was generally seen as an effect of the economic troubles in the EU and the USA.

GDP was estimated a 6.5% as of end 2011, a figure which set Indonesia firmly within the relatively prospering BRICS nations.

Exports began to suffer from weak markets in the west and Japan, except for the energy and commodity sectors, which were stable.

Unemployment and under employment (particularly in major urban centres) continued to be a central concern, and the cause of rising crime.

Ramayana's sales depend on disposable consumer income and their salaries and other income simply did not keep up with rising prices for staple goods. 46% of our net profits come from the outer island stores, a conscious policy decision to focus our operations outward across the archipelago. Other retailers concentrating on volume and turnover had traditionally focused on the Greater Jakarta (DKI) and other major urban areas in Java / Bali, Ramayana sees the advantage of being the first to move into booming regional centres. New malls and shopping centres have been opening in a number of secondary cities across the archipelago and there is heightened consumer potential in cities in Sumatra, Kalimantan and Sulawesi.

We present here below a brief Financial Summary for the year, for our business partners and counterparts.



in Million Rupiah

	2011	2010	2009	2008	2007
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STATEMENTS OF COMPREHENSIVE INCOME

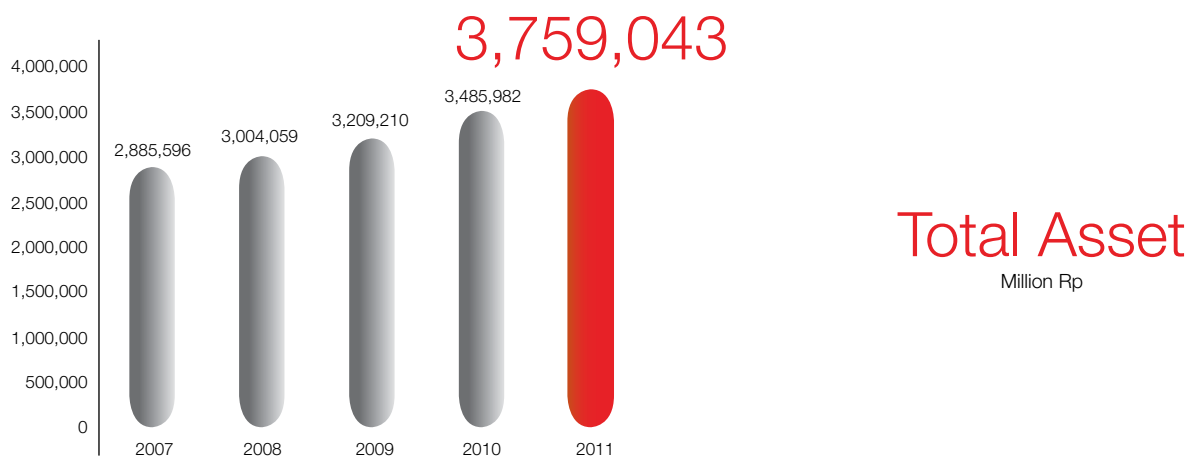
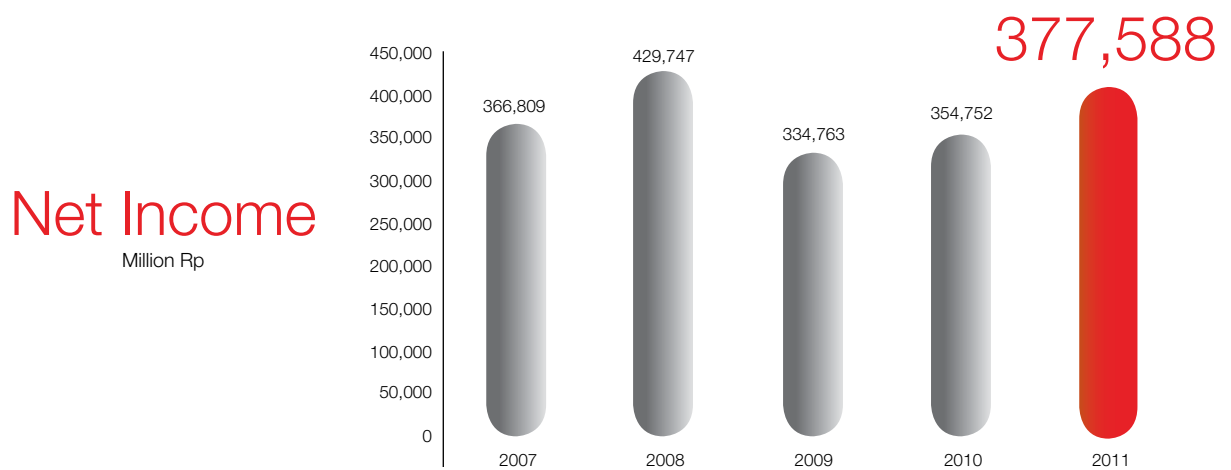
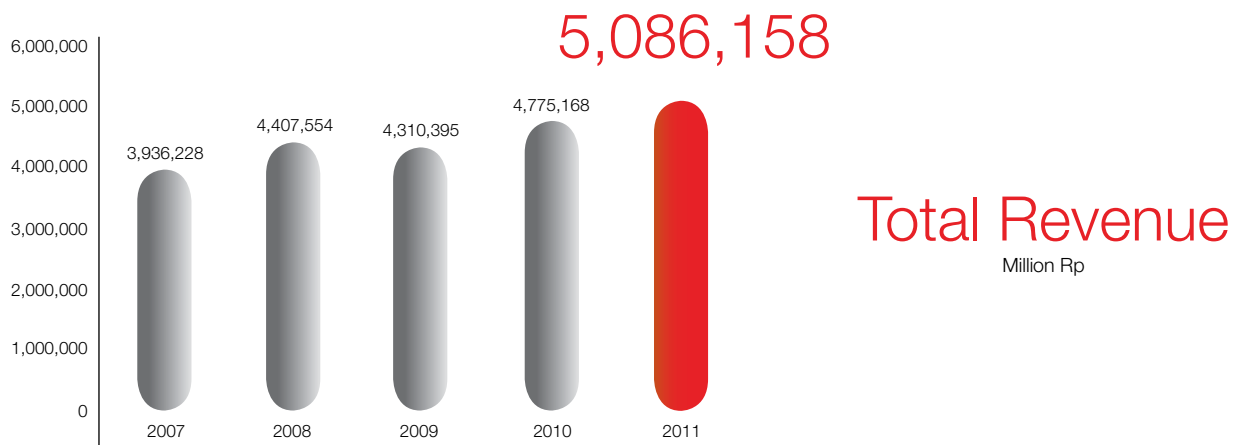
Outright Sales	4,467,995	4,258,281	3,830,788	3,927,141	3,539,376
Consignment sales	2,129,119	1,802,130	1,627,967	1,599,106	1,353,273
Cost Of Consignment Sales	1,510,956	1,285,243	1,148,360	1,118,693	956,421
Consignment On Sales Commission	618,163	516,887	479,360	480,413	396,852
Total Revenues	5,086,158	4,775,168	4,310,395	4,407,554	3,936,228
Cost of Outright Sales	3,315,084	3,116,277	2,839,025	2,883,585	2,612,111
Gross Profit	1,771,074	1,658,891	1,471,370	1,523,969	1,324,117
Operating Expenses	1,407,014	1,288,061	1,104,825	1,107,366	956,598
Income from Operation	377,582	365,122	366,545	416,603	367,519
Net Other Income	67,077	40,997	37,578	104,570	100,129
Income Before Income Tax	434,256	411,827	404,123	521,173	467,648
Income Tax Expense	56,667	57,075	69,360	91,426	100,839
Income For The Year	377,588	354,752	334,763	429,747	366,809
Number of Shares (in millions)	7,096	7,096	7,064	7,064	7,064
Basic Earnings per Share (Rp)	53	50	47	61	52

STATEMENT OF FINANCIAL POSITION

Cash and Short Term Investments	1,275,561	1,085,943	1,005,527	1,123,121	1,220,237
Inventories	715,843	729,997	640,758	475,377	498,386
Total Current Assets	2,133,254	1,940,365	1,758,933	1,706,046	1,836,007
Total Assets	3,759,043	3,485,982	3,209,210	3,004,059	2,885,596
Accounts Payable	691,049	603,190	568,527	501,115	522,437
Total Current Liabilities	780,468	680,772	626,179	571,928	625,693
Total Liabilities	917,646	805,546	736,592	676,571	731,616
Total Equity	2,841,397	2,680,436	2,472,618	2,327,488	2,153,980
Total Loan	0	0	0	0	0
Net Cash Position	1,275,561	1,085,943	1,005,527	1,123,121	1,220,237
Net Working Capital	1,352,786	1,259,593	1,132,754	1,134,118	1,210,314

FINANCIAL RATIOS

Current Year Profit on Assets (%)	10.0	10.2	10.4	14.3	12.7
Current Year Profit to Equity (%)	13.3	13.2	13.5	18.5	17.0
Current Ratio (x)	2.7	2.9	2.8	3.0	2.9
Liabilities to Equity (x)	0.3	0.3	0.3	0.3	0.3
Liabilities to Total Assets (x)	0.2	0.2	0.2	0.2	0.3
Sales to Total Assets (x)	1.8	1.7	1.7	1.8	1.7
Net Cash Position to Equity (%)	45	41	41	48	57





A Message from the Chairman

Growth of sales in outer islands rose 10.1%, for a 46.6% contribution in 2011, compared to a sales contribution of 46.1% in 2010, a year in which figures were moderately above the previous one.



Paulus Tumewu
Chairman

Dear Shareholders,

On this occasion, the 2011 Ramayana Annual Report, I convey my best wishes, on behalf of Management and staff of PT Ramayana Lestari Sentosa Tbk.

Year 2011 is the year that was satisfactory, with total revenues stood at Rp5,086 billion, up 6.5% from Rp4,775 billion in 2010.


Sales growth outside island rose 10.1%, for the contribution in 2011 of 46.6%, compared with 46.1% sales contribution in 2010, where the figure already more than the previous year.

I would like to thank the Board of Directors for its commitment for being consistent to Company's strategy, as well as its active participation in the efforts to explore new business opportunities and innovation as well as to rebalance business portfolio. Also, I would like to extend my appreciation to the Board of Directors for implementing a prudent risk management and faithful adherence to good corporate governance.

As we enter 2012, the Board of Commissioners mandates the Board of Directors to take advantage of this big opportunity by continuing its business strategy on expanding Indonesian potential market and optimizing the Company's assets including human resources.

In closing, on behalf of the Board of Commissioners, I would like to extend my gratitude to the shareholders and business partners for their trust and to the Board of Directors and employees for the active participation in the efforts to achieve sustainable performance.

I assure all shareholders that the Management Company is committed to deliver its most significant efforts to optimize shareholder value.



Paulus Tumewu
Chairman



Report From The Board of Directors

Results were satisfactory in 2011, improving somewhat over those of 2010, with 96.3% of the planned sales target being met. Political and economic stability and a level Indonesian Rupiah exchange rate over the year were positive signs, encouraging shopping. It is generally accepted that the current economic boom is driven by consumer demand, more than any other factor, and this certainly works in our favor.



Agus Makmur
President Director

Dear Shareholders,

Year 2011 was a satisfactory result, increase from 2010, with the fulfillment of 96.39% of the planned sales targets. and net income increased by 6.4% to Rp377.6 billion. Company's liquidity and balance sheet is very healthy, as reflected in the ratio of current assets to current liabilities at 2.7 times in 2011. Average same-store growth was 5% in 2011, despite there are the efforts of stringent cost control but operating expenses continue to rise. Operating expenses are Rp1,407 billion with total revenues Rp5,086 billion.

Those achievements are the result of the implementation strategy of diversifying the company consistently in the development of products and stores up to 107 in 54 cities, as well as implementing the policy - the right policy in the face of every internal and external challenges, such as the role of Indonesian workers abroad, economic and political stability of the rupiah during the year improved to encourage the ability to shop. We would like to appreciate the Government of Indonesia that have spurred economic recovery through measures such as the 2010 stimulus package.

We believe in teamwork, but still encourages competition among individuals and suppliers to deliver the best results. We also support all employees and suppliers to be proactive, innovative and encourage open communication and business development.

Continuing the values inherited by the founder, the Company constantly implement a disciplined risk management, good corporate governance, efficiency and prudent financial management.

In 2012, we will continue the business strategy by focusing on the development of new stores, new products with affordable price and quality, and encourages sales by giving more opportunity to consignment products and supermarket to diversified their products and ranges, which will create attraction to our customers to shop at Ramayana.

On behalf of the Board of Directors, we would like to express our gratitude for the attention of all shareholders, including management and staff, suppliers, customers, communities, government officials and all those who has been together as a business partner with Ramayana.



Agus Makmur
President Director



Operations' Review

There were no major changes of policy or direction in 2011, after the erratic performance of the world economy over the past couple of years we assumed a prudent wait-and-see stance.

While Ramayana remains committed to providing quality merchandise for lower and lower-middle-class Indonesian consumers across the archipelago, the huge forces shifting wealth and threatening stability across the world – considerably in Indonesia, fortunately – do not inspire attitude in business, which full of challenges. It was thus wiser to pursue a policy of cautious expansion and severe cost control.

Our product mix & display strategy is designed for easy customer access & appealing, popular style: several times a year Ramayana buyers visit major Asian capitals to study trends in fashion.

Ramayana suppliers play a key role in this process, and we consult with them on an on-going basis: most have dealt with us over a number of years, and we have a deep understanding of one another. They can also help to keep us abreast of the latest tastes and trends, and will do their best to assist us in our core objective: providing value for money.

We are not just as a fashion department store, supermarket, but also equipped with fast food that is affordable as a support and traction.

We have in fact concluded that shortfalls and abnormally high costs are to blame for the failure to revamp our supermarkets, resulting in poor sales and disappointing results. We continue to research the situation and are determined to resolve the right approach.

Operations evolve along with the shifting tastes of generations; thanks to heavy media penetration Indonesians are more aware of the outside world than ever before and we must in turn be ready to accommodate popular new trends as soon as they emerge – and to create attractive, fun apparel we can sell at the right price – while clearing a profit.

This comes down to selecting the right product mix in every department, along with fast, accurate and friendly service and the ability read the mind of the shopper with a very limited budget.

In 2011 Ramayana opened three new stores - mostly situated in Indonesia's most rapidly growing area. Growth rate of 8.9% at the end of 2011 is an encouraging sign. With 107 stores in 54 major cities we are well positioned to take advantage of economic recovery and future economic growth across the country.

Business Review

**OPERATIONAL REVIEW**

During a year of consolidation we were able to mark 96.3% of planned sales targets, with particularly strong (and surprising) performance from Jabodetabek and West Java, which in recent years have suffered from too much competition and high costs, especially with the presence of many aggressive mini market shops.

Apparently the prosperity of the low-to-middle classes and newly - discovered disposable income has found its way into our stores in this heavily - populated region of Indonesia.

While the Company had projected same-store sales growth of 8% - 10%, we were only able to realize some 5% - 6%, which is dismaying in the light of overall Indonesian retail figures of around 18% growth for the year.

While Ramayana does approximately a third of its business in food marketing, this area continues to be under attack, as the recent rise to prominence of 'mini-markets' has drawn away trade (and foot traffic) from Ramayana; in major urban areas there may be as many as a dozen or more mini-markets in the vicinity of our stores, and this definitely poses a challenge to our turnover.

Our food section is comprised of a mix of approximately 28% for foods & toiletries, with another 8% for household goods, housewares & stationery. Low gross margins and

relatively small turnover also result in the section becoming a cost center more than a profit center.

This challenge is most acute in the major cities of West Java and Central Java; the mini-market boom has yet to expand through East Java or the outer islands, though that is bound to come as well, with the competition setting up huge warehouses to enable faster and more efficient distribution.

OWNED VS. CONSIGNMENT STRATEGY – NOW & THE FUTURE

Consignment contribute 30% of total revenues. For this view, management was determined to continue to develop, support and enhance the performance of a consignment department. Although the margin on consignment, by 28%, much lower than 35% - 37% for outright Sales. Because of lower costs, especially for sales staff, inventory costs and so forth. In addition, customers appreciate the wide variety of brands to choose from. Thus we intend to allocate more area for consignment.

OPENING, CLOSING, PLANNING OF OUTLETS

During 2011 Ramayana operated 107 stores in 54 urban centers across the Indonesian archipelago. 3 of these were new outlets: Padalarang (Bandung), Garut (West Java) and Kediri (East Java). Our gross total space achieved 893,084m², representing a 8.7% increase over that of 2010. From that development, we also closed 2

of our stores in Jabodetabek area, which are in Cinere and Johar.

Realization of growth in 2011 reached 8.9%, was lower compared to the year 2010.

Yearly productivity, sales per square meter on average Rp7.8 million/m² we will continue to increase the productivity on the coming years, by doing comparisons of productivity of land and land lease to third parties or provide consignment counter in order to add the completeness of the list, in addition to the purpose to increase the productivity of companies.

Another advantage can be obtained is the customers can enjoy a variety of products to choose from.

Bearing in mind that it is possible to waste a great deal of money on advertising and promotion, with few concrete results, Management has determined over the years to focus on in-store promotions, in the form of discounts and a more favorable pricing structure.

During national's festive seasons: Lebaran, Christmas and New Year's, Ramayana optimizes sales through above-the-line strategies such as television and radio ad campaigns, display ads in local and national - coverage newspapers, outdoor billboard displays with eye-catching banners – all situated in strategic areas. Flyers are also distributed to local communities, to generate interest at street level.

Store opening sales and back-to-school programs have both proved popular with our customers, who rarely fail to respond to periodic Ramayana discount programs.

Such non-stop efforts not only serve to boost sales significantly, they also maintain a high profile for Ramayana brands nationwide and tie in with our Corporate Social Responsibility.

Sales Performance

Revenues rose by 6.5% to Rp5,086 billion from Rp4,775 billion in 2010. This growth was 7% above that of 2010.

Liquidity & Capital Resources

End of 2011, the Company's balance sheet stood absolutely debt-free and quite liquid. The current ratio for 2011 continues to reveal that the Company possesses ample funds and resources to deal with current liabilities and contingencies.

Other Income

Interest income increased by 21%, to Rp56.6 billion, during 2011. This compares with a figure of Rp46.7 billion for 2010. Gross margin was 35% for this year.

Gross Profit for the Year

Gross profit rose by 7% during 2011, to Rp1,771 billion, compared to a figure of Rp1,659 billion in 2010.

Net Income for the Year

Net income for 2011 was Rp377.6 billion.

Operating Performance

Operating expenses for 2011 rose by 9.2%, from Rp1,288 billion in 2010 to Rp1,407 billion.

This may be attributed to an over-the-board salary raise for employees, for utilities, renovation and maintenance. Costs were also incurred for transportation and travel, supplies, advertising and promotions. Cost increase is also due to the addition of three new outlets in 2011.

Ramayana's operating expense-to-total revenue ratio was 27.7%.

Outlets

We continue to grow prudently, and with particular emphasis on securing market share in the regions. Three new stores opening in 2011:

- o Padalarang, West Java
- o Garut, West Java
- o Kediri, East Java

Distribution Centers came on line in Pekanbaru and Samarinda.

Two under performing stores were closed during the year, including one Orangemart and Ramayana Cinere.

This means that a gross total of 893,083 m² and net area total of 625,192 m².

Dividends

A milestone in the Company's history was its 1996 IPO and every year since that time the Company has disbursed annual cash dividends to shareholders, ranging from 40.0% to 67.4% of the previous year's net profit, as stipulated by the Company's stated dividend policy.

At the last Annual General Shareholders' Meeting, the Company disbursed a cash dividend of Rp30 per share, equivalent to 60% of 2010 net income.

Cash & Cash Equivalent

As of end 2011, the Company's total cash and short-term investments amounted to Rp1,275.6 billion.

Shareholding Composition

Sheres

Share Capital		As of 31 December 2011	
Authorized Capital			28,000,000,000
Issued and Fully Paid Capital			7,096,000,000

Composition of Shareholders	2011	IPO
PT Ramayana Makmursentosa	55.8%	61.1%
Paulus Tumewu	3.7%	16%
Public (<5%)	40.5%	22.9%
	100%	100%

Ramayana Stock Price

In Rp except for volume

2011	Quarter	Highest	Lowest	Closing	Volume
	I	870	700	782	3,210,452
	II	850	720	775	3,473,254
	III	870	680	782	3,194,083
	IV	740	560	642	5,805,563

2010	Quarter	Highest	Lowest	Closing	Volume
	I	1000	640	838	4,927,484
	II	1010	730	862	3,315,363
	III	980	740	866	7,490,933
	IV	1020	790	879	7,488,927

History Stock Listing

Sheres

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



Corporate Planning

Looking Forward to 2012 and Beyond

Ramayana continued to exhibit profitable growth, even after the hangover of the 2008 financial crisis. Its net income rise was not as spectacular as in previous years but the Company still did reasonably well, considering the generally uncertain economic environment.

We still believe that we fulfil society's needs by acting as "The People's Store", and we will thus continue current policies, including the provision of a broad range of quality products at affordable prices.

During 2012 we expect to raise our profile, particularly in the outer islands (beyond Java), through opening new stores. We will strive to heighten operational efficiency, through strict control of all costs and heightened productivity, with the leverage offered by the new distribution centers.

We also promise to share knowledge and motivation with all business partners, for our mutual benefit.



Management Discussion & Analysis



REVENUES

The Company achieved satisfactory results in 2011, when total revenues stood at Rp5,086 billion, up 7% from Rp4,775 billion in 2010. This achievement is the result of several important initiatives of the Company and achievement is directly related to increased sales of consignment and outright sales where to outright sales in 2011 reached Rp4,468 billion, up by 5% from 2010. And an increase of 18% for consignment from the previous year.

GROSS PROFIT

Having continued its cost control efficiency measures, in 2011 the Company booked a 6.8% increase in gross profit to Rp1,771 billion from Rp1,659 billion in 2010, as well as an improvement in gross profit margin to 0.08% from 34.82% in 2011.

OPERATING EXPENSES

Operating expenses consist of Marketing Expenses, General & Administrative Expenses, and Depreciation & Amortization Expenses. Compared to the previous year, the total operating expenses increased by 9.2% from Rp1,288 billion in 2010 to Rp1,407 billion in 2011. The increase in Operating Expenses mainly took place in energy expenses, which increased as a result of basic electricity tariff adjustment in mid 2011, as well as the increase in management expenses in line with the revenue growth of the Company's expansion.

OPERATING PROFIT

The Company's operating profit for 2011 increased by 3.5% to Rp378 billion from Rp365 billion in 2010. The growth reflected that the Company had implemented the right strategy in optimizing the opportunities in the property development and investment business.

NET PROFIT

In 2011, the Company has recorded Rp377,6 billion in net income, an increase of 6% from Rp354,8 billion in 2010, while operating expenses increased by Rp119 billion. Net decrease in other expenses primarily due to increases in foreign exchange gain of Rp13 billion as a result of depreciation of the Rupiah against the U.S. dollar at Rp77 in late 2011 compared with the exchange rate of U.S. \$ worth Rp8,991 in the prior year.

STATEMENT OF FINANCIAL POSITION

Assets

As of December 31, 2011, the total assets were registered at Rp3,759 billion, which increased from Rp3,486 billion in 2010. This was due to the increase in non-current assets from Rp1,545.6 billion in 2010 to Rp1,625.8 billion in 2011 as a result of depreciation. And also the increase in current assets 9.9% from Rp1,940 billion in 2010 to Rp2,133 billion in 2011. In line with the increase in cash and account receivables by 16.4% and -6.88% respectively.

Liabilities

The Company's total liabilities in 2011 increase by 13.9% from Rp805.5 billion in 2010 to Rp917.6 billion.

Current liabilities increase by 14.6% from Rp680.8 billion in 2010 to Rp780.5 billion in 2011. Although the ratio of current assets to current liabilities slightly decreased from 2.9 times in 2010 to 2.7 times, this still reflected the Company's stable ability to meet its short-term liabilities.

Long-term liabilities increased 10% from the year 2010 a number of Rp137 billion and Rp128 billion in 2011 caused by Company's long-term lease investment.

Equity

With the Company's success in achieving 2011 net profit of Rp377.6 billion, retained earnings increased by 7.5% from Rp2,200 billion in 2010 to Rp2,365 billion in 2011. As a result, the Company's equity rose by 6% from Rp2,680 billion in 2010 to Rp2,841 billion in 2011.

Dividend

At the last Annual General Shareholders' Meeting on May 26, 2011, the Company disbursed a cash dividend of Rp30 per share, equivalent to 60% of 2010 net income, this an increased from 2009 AGM fiscal on 27 May 2010, when, the Company disbursed a cash dividend of Rp25 per share or equivalent to 53% of 2009 net income.

Updating Information Technology – Seeking Efficiency



Technology as a Profit – not a Cost – Factor

Computer technology is certainly a double-edged sword. It has made immense fortunes for a number of business sectors – banking and finance come to mind as having implemented sweeping changes, so much so that their business models of several decades ago have become unrecognizable.

Practically every large business in the world today has become information technology (IT) - intensive, and Ramayana has long pursued investments in computerized systems for all aspects of front office and back office dealings.

Networking across vast distances in real-time has immense advantages for ordering, inventory, billing, customer relations, day-to-day management operations and many other aspects of a business as large and spread out as Ramayana. With a network of over a hundred stores in just about every region of Indonesia, internet-based communications have become more appealing.

This includes data based merchandising, warehousing and store operations.

In line with the emergence of ever more powerful (and potentially cost-saving) software programs, both new hardware and contemporary programs like RP30 NCR POS and WINCOR i8, with Cisco Wireless LAN (installed in every single store) and a SUN Microsystems Server for our Head Office.

Bear in mind that Indonesia, being an archipelago spread over several time zones, has traditionally needed to invest heavily in satellite, telecommunications and computer technology, to coordinate businesses and branches across the nation.

A pro-active I.T.Department is continuously studying new ways to implement cost-effective and time-wise computer technology in our business, and to train the staff to use it properly.



Good Corporate Governance

COMPANY GOVERNANCE

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

1. Transparency

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

2. Accountability

Accountability ensures the presence of reliable mechanisms, roles, and responsibilities in professional management in coming to any decision or policy which might have significant impact on Company operations.

3. Responsibility

Responsibility refers to a clear-cut elaboration of roles of each person in achieving the same goal. It also ensures compliance with all prevailing regulations and social norms.

4. Feasibility

Feasibility ensures that all decisions and policies made by the Company are in harmony with the interests of different stakeholders, including customers, suppliers, shareholders, investors and the public.

In as much as Good Corporate Governance (GCG) is an important driving factor to ensuring a company's success, Ramayana has over the years implemented the principles and practice of Good Corporate Governance in the management of its business, in order to effectively protect the interests of its stakeholders.

Transparency

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

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

Accountability

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

Responsibilities

As a public company, and one which prioritizes the principles of Good Corporate Governance, compliance with laws, regulations of the Capital Market Supervisory Agency and Financial Institution Supervisory Agency (Bapepam-LK) and the Indonesia Stock Exchange



(IDX), government regulation and taxation laws must be complied with for the long-term benefit of Shareholders.

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

Independence

The Management of Ramayana consists of professionals responsible for ensuring that operations have been executed by anticipating the needs and expectations of the market as well as by observing the principles of Corporate Governance. Decisions are made independently and objectively, in the best interest of Ramayana and its Stakeholders.

Fairness

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

Ramayana is supported with GCG structure to ensure implementation of Good Corporate Governance in all operational and strategic activities of the Company.

GENERAL MEETING OF SHAREHOLDERS (GMS)

The GMS is one of the highest authorities in the structure of Good Corporate Governance. In the GMS, strategic decisions stipulated include, among others, changes

in the Articles of Association, appointment or dismissal of the Board of Commissioners (BOC) or Board of Directors (BOD), approval of the Annual Report, Audited Financial Statements, the supervision report of the Board of Commissioners and the use of profits, material investment or divestment decisions and capital structure of the Company. Ramayana conducted the Annual GMS and Extraordinary GMS on 2011. In the Annual GMS, the Annual Report, Audit Report, dividend payments and the total fee for the Board of Commissioners were approved.

BOARD OF COMMISSIONERS (BOC)

The BOC plays an important role in GCG implementation. The duties and responsibilities of the BOC include supervising the Company's management policy, ensuring appropriate implementation of the Company's Articles of Association, enacting the resolutions of the Shareholders General Meetings within prevailing laws and regulations, and advising the Board of Directors in accordance with the objectives of the Company. In order to perform its duties effectively and to fulfill the requirements of GCG implementation, the BOC has established an Audit Committee, headed by an Independent Commissioner. The Audit Committee reserves the right to access all information available in the Company, provide independent analysis, monitor the examination process of financial reports by internal and external auditors,

and provide access to the internal audit function and audit findings. Meetings of the BOC and joint meetings with the BOD take place regularly.

The total amount of remuneration received by the BOC for 2011 was Rp4.39 billion.

BOARD OF DIRECTORS (BOD)

The BOD is authorized and is entirely responsible for managing the Company in accordance with its purposes and objectives, as well as for representing the Company in accordance with the Articles of Association. The duties and responsibilities of the BOD include managing the daily activities of the Company, implementing the policies, principles, values, strategies, objectives and performance targets that have been evaluated and approved by the BOC; maintaining the Company's long-term business continuity, achieving performance targets, and implementing the principle of prudence.

In accordance with the decision of Extraordinary GMS in May 26th, 2011 on the duties and authority of the BOD, were:

President Director : Agus Makmur
 Director : Suryanto
 Director : Kismanto
 Director : Setyadi Surya
 Director : Gantang Nitipranatio

Remuneration received by the members of BOD for the year 2011 was Rp2.95 billion.

AUDIT COMMITTEE

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

To ensure its independence, the Audit Committee make a report directly to the Board through the Commissioner of the Independent who served as Chairman of the Audit Committee. In turn, the Board will propose to the Board of Directors of the things that need to be conducted by the Audit Committee report.

In performing its duties and responsibilities, the Audit Committee has the authority to obtain information and reviews needed directly from the department of Internal Audit and Accounting, communication, speech or meetings with internal and external auditors on the audit and sent a letter to the external auditor on the critical items which should be of concern during the inspection by external auditors. The Committee also stressed the importance of the internal control is

the responsibility of the Company, who studied to be reported by the external and internal auditors.

During the year 2011, the Audit Committee has conducted a meeting with the Board as much as 2 times. In meetings, the Audit Committee provides independent opinions and suggestions to the Board in attendance. Audit Committee members have also attended the meeting - a meeting with internal auditors and the Board of Directors to discuss the findings and recommendations from internal auditors to the Board.

Composition of the Audit Committee as of December 31, 2011 are as follows:

Chairman: Cardinal A. Karim
(Independent Commissioner)

Members:

1. Ruddy Hermawan Wongso
2. Tonang Sendjaja

EXECUTIVE COMMITTEE

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

CORPORATE SECRETARY

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

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

INTERNAL AUDIT UNIT

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

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

- To prepare and implement Annual Internal Audit Plan.
- To examine and evaluate the implementation of internal control and risk management in accordance with Company policy.



- To examine and assess the efficiency and effectiveness of finance, accounting, operation, human resources, marketing, information technology and other functions.
- To provide advice for improvement and objective information all audited activities at all management levels.
- To prepare a report on audit findings and submit it to the President Director and the BOC.
- To monitor, analyze and report the implementation of recommended actions.
- To collaborate with the Audit Committee.

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

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

COMPLIANCE AUDIT

The Internal Audit Unit has implemented SOP compliance audit on all units of the Company during January 2011 - December 2011, covering:

Handling cash, Promotion and Human Resources and Loan.

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

- (1) Finance & Accounting SOP:
 - Procedure for petty cash management.
 - Procedure for advance payment.
- (2) Human Resources Department SOP:
 - Procedure for medical reimbursement.
 - Procedure for operational vehicles.

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

RISK MANAGEMENT

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

1. Economic Risk

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

In order to reduce economic risk, Ramayana intensively monitors the economic condition and seeks professional opinion from competent sources. The Company is also naturally hedged against currency fluctuations through the US-Dollar denominated revenues

from its businesses. Furthermore, the Company consistently matches the currency of the loans for project financing with that of project revenues.

2. Security Risk

Security is one of the key issues in business. In the past, a number of security issues, particularly terrorism, have proved to be detrimental to Indonesia and Ramayana's business activities. As a preventive action, Ramayana implements a set of Standard Operating Procedures (SOP) that address safety and security issues as well as strict security standards on all premises.

3. Business and Property Risk

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

4. Competition Risks

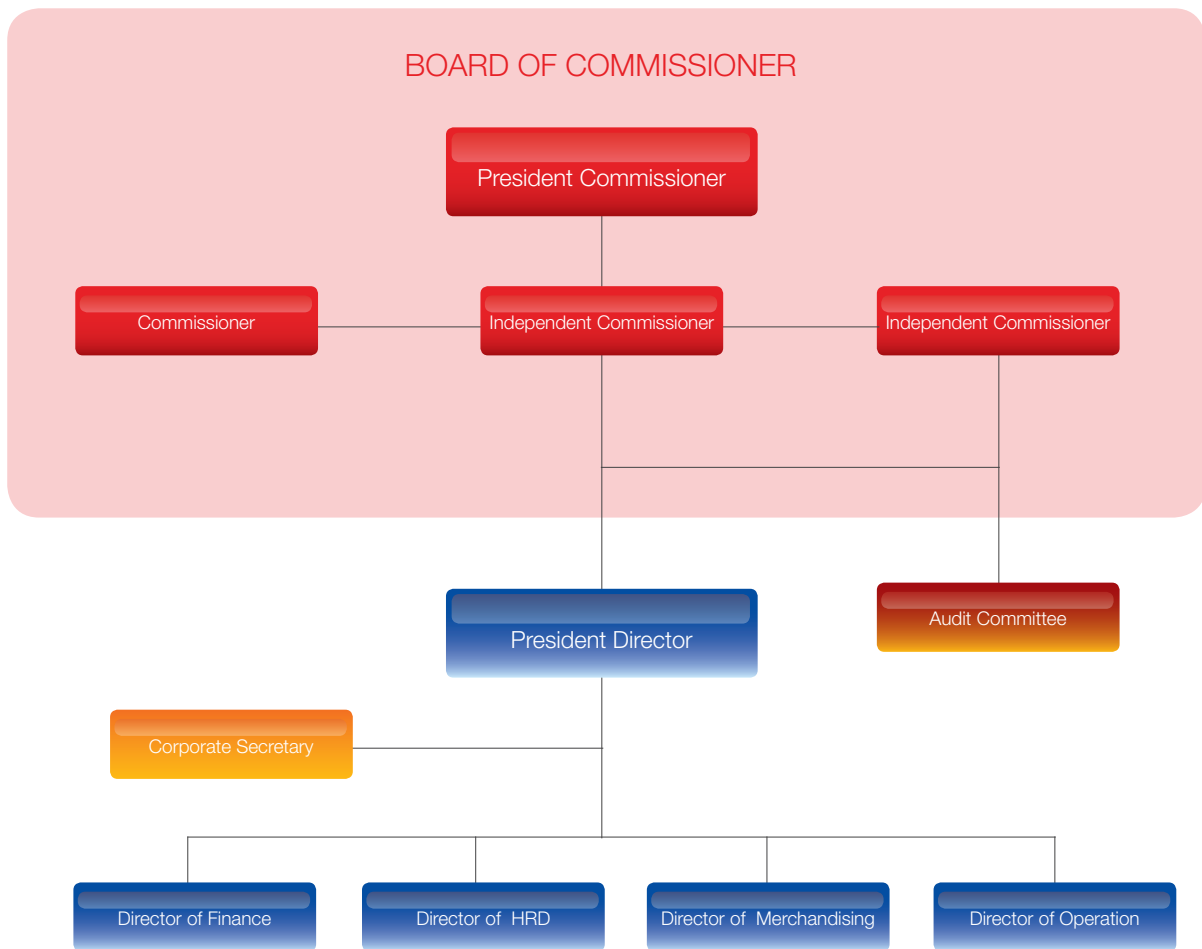
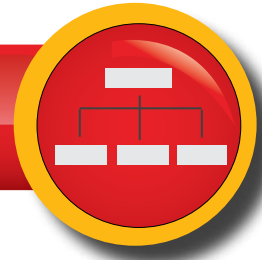
In recent years, the property sector has witnessed increasingly aggressive business competition from small sellers, malls, kiosks and itinerant clothing merchants, targeting our market segments. Therefore, the competition comes

in two forms – first from the competitors within the industry, and second from the over supply of spaces in the market. Hence suppliers are trying to attract more customers by cutting prices and offering special promotions. In order to win in such a competitive business climate, product innovation remains the primary option in the Company's business development activities, by featuring originality, uniqueness, and products of highest quality, as well as excellent service and complete supporting facilities in accordance with customer needs.

5. Legal Risks

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

Organization Structure





Human Resources

Adding Value through Training – Sharing Benefits of Success

Every member of the Ramayana team must do his or her best in advancing our business interests, from the sales staff serving the shopping public and line personnel maintaining our stores, to office administration and management-level personnel. Effective retailing has always been a human- and service-intensive matter and in Indonesia shoppers expect accurate, fast and friendly response from store personnel.

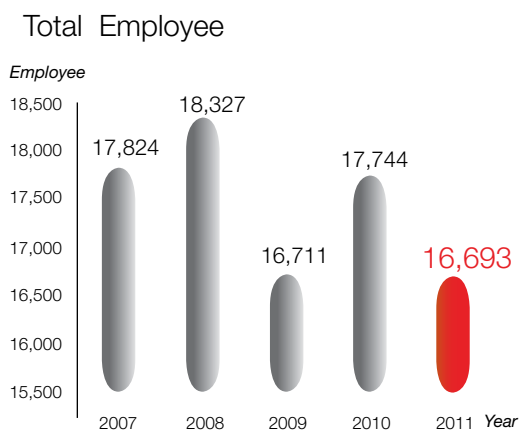
For this reason it is in the Company's interest to provide the best possible training, market visits (local and overseas trips), upgrading, benefits, provision of sales incentives and compensation package, assisting one and all in their personal career development.

With a payroll of over 16.000 it clearly makes good business sense to obtain maximum productivity and loyalty from a trained, polite, motivated and loyal staff and the Company thus supports regular job enrichment and training programs, maximizing interpersonal and communication skills.

Particular attention is paid to customer retention awareness among line sales staff. Open communication across all levels is structured into corporate culture through such events as employee gatherings and transparent performance evaluation.

Taking into account current inflationary pressures, the Company raised wages by 11% across the board in 2011, 5% raised compared to the previous year 2010.

A stock ownership program for employees operates through ESOP, commencing in 2003. It is important that all of our staff and stakeholders feel the need to advance our interests for the common good.



Corporate Social Responsibility



Continuing a Ramayana Tradition of Good Corporate Citizenship

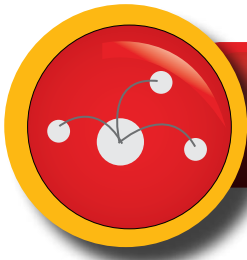
The Company acknowledges its responsibility to all stakeholders, its neighbouring communities and the Indonesian nation.

We attempt to demonstrate our compassion for those less fortunate through numerous efforts, including the sharing of what is known as Sembako, for “nine staple necessities” to poverty-stricken areas in Tangerang, West of Jakarta.

In 2011 the Company distributed 2,000 sembako parcels (rice, instant noodles, clothing). In Tangerang area set up a program of complementary medical treatment for 2,650 patients, including medical actions / operations at the hospital who were referred with a cost of Rp733,934,228.

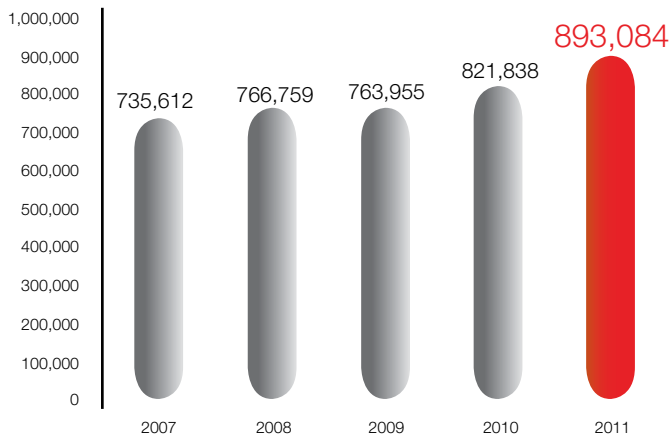
Ramayana continues to survey and plan social support of this nature, in its efforts to share its prosperity with poor families, particularly those in areas bordering our businesses.





Our Stores

Store Space (m²)



We are not just proud of the number of stores we open and operate profitably; we take pride as well in the intelligence of location, marketing, service and public image.

No	Store	Address	City
1	R02	Jl. Raya Bekasi KM 21 Pulo Gadung	Bekasi
2	R05	Jl. Hasanudin Terminal Bawah Blok M Mall	Jakarta Selatan
3	R05A	Jl. Hasanudin Terminal Blok M Mall	Jakarta Selatan
4	R06	Jl. Pahlawan 1000 ITC BSD	Serpong
5	R08	Jl. Sabang	Jakarta Pusat
6	R09	Jl. Mayor Oking Karang Asem Barat Citereup	Bogor
7	R10	Jl. Pasar Palmerah Lt. 2 Jakarta Pusat	Jakarta Pusat
8	R11	Jl. Raya Ragunan No. 113 Pasar Minggu	Jakarta Selatan
9	R12	Jl. Pasar Baru No. 69	Jakarta Pusat
10	RK	Jl. Raya Bogor Pasar Kramat Jati Lt. 1	Jakarta Timur
11	R14	Jl. Tanjung Duren Barat, Pasar Kopro Lt. 2-3	Jakarta Barat
12	R15	Jl. Dewi sartika no. 1	Bogor
13	R20	Jl. Ciputat Raya Ciputat	Tangerang
14	R21	Jl. Ir. H. Juanda, Pratama Plaza Bekasi	Bekasi
15	R22	Jl. Raya Ragunan Ex Terminal Pasar Minggu Jakarta Selatan	Jakarta Selatan
16	R24	Jl. Raya Pondok Gede samping Terminal	Bekasi
17	R25	Jl. Surya Kencana Samping Terminal	Bogor
18	R26	Jl. Merdeka Cimone Tangerang	Tangerang
19	R28	Jl. By Pass Cikarang, Pasar Baru Cikarang	Cikarang
20	R29	Jl. Kramat Jaya Tugu, Tanjung Priuk	Jakarta Utara
21	R30	Plaza mitra, Jl. Antasari Banjarmasin	Banjarmasin
22	R31	Jl. Daan Mogot Raya, Kodim	Tangerang
23	R32	Jl. Tebet Raya Dalam, Pasar Tebet	Jakarta Selatan
24	R33	Jl. Yos Sudarso No. 30, Koja Plaza Tanjung Priuk	Jakarta Utara
25	R34	Jl. Margonda Raya Plaza Depok	Depok
26	R35	Jl. Raya Serang Mall Cilegon	Cilegon
27	R36	Jl. A Yani Jambu Dua Bogor	Bogor
28	R37	Jl. Raya Cibitung, Bekasi	Bekasi
29	R38	Jl. I Gusti Ngurah Rai Kecamatan Jatinegara Kelurahan Klender	Jakarta Timur
30	R39	Terminal Square, Purwakarta	Purwakarta
31	R40	Jl. Lingkar Luar Cengkareng Tangerang, Plaza Gengkareng	Tangerang
32	R41	Jl. Sutomo Kelurahan Pahlawan Kecamatan Siantar Timur	Siantar
33	R42	Jl. Raya Bogor, Graha Cijantung	Jakarta Timur
34	R43	Jl. Raya Jakarta - Bogor, Depok	Bogor
35	R44	Jl. Pondok raya, Plaza Bintaro, Bintaro	Tangerang
36	R45	WTC Batanghari Jl. Sultan Toha Jambi	Jambi

37	R46	Pasar Muka Jl. Muardi Cianjur	Cianjur
38	R47	Jl. Lapangan Tembak Cibubur	Cibubur
39	R48	Pasar Bawah Jl. Raden Intan Tanjung Karang Lampung	Lampung
40	R49	Jl. HOS Cokroaminoto Ciledung	Tangerang
41	R50	Jl. Andi Pettarani, Panakukang Mas, Ujung Pandang	Makasar
42	R51	Plaza Muara Rapak, Jl. Sukarno Balikpapan	Balikpapan
43	R52	Pasar Pangkal Pinang Bangka	Bangka Belitung
44	R54	Gedung lir Barat Permai Kel 24lilir Kecamatan Luar Barat Palembang	Palembang
45	R55	Jl. Pulau Irian, Samarinda	Samarinda
46	R56	Jl. Jendral Sudirman Pekan Baru	Pekan Baru
47	R57	Jl. Tanjung Pura Pontianak	Pontianak
48	R58	Jl. Sisingamangaraja Medan (Medan II)	Medan
49	R60	Pasar Simpang 3 Jl. Gajah Mada Tarakan	Tarakan
50	R61	Flobamora Mall, Jl. Lalamentik Kupang	Kupang
51	R62	Plaza Medan Baru,Ps. Peringgian, Jl. Iskandar Muda	Medan
52	R63	Jl. Pangeran Antasari Pasar Sentra Banjarmasin	Banjarmasin
53	R64	Jl. Ikan Paus, Binjai	Binjai
54	R65	Jl. Aksara No. 2, Medan	Medan
55	R66	Jl. Jl. Pemuda, Padang	Padang
56	R67	Jl. Tuparev, Karawang	Karawang
57	R68	Jl. Alternatif, Cileungsi Bogor	Bogor
58	R70	Jl. Pengayoman, Penakukan, Makasar	Makasar
59	R71	BTM Bogor Jl. Juanda	Bogor
60	R72	Jl. Taman Mini Raya, Kel. Pinang Meranti	Jakarta Timur
61	R73	Jl. Emmy Saelan, Palu, Mall Tatura	Palu
62	R74	Jl. RE Martadinata (Eks Terminal)	Cikarang
63	R75	Jl. Veteran Kel. Kota Baru	Serang
64	R77	Jl. A Yani No. 1 Kel Benteng Pasar Atas, Kec Gubuk Panjang Bukit Tinggi	Bukit Tinggi
65	R78	Jl. Jendral A Yani, Kec. Kemala Raja, Kec. Batu Raja Timur,	Batu Raja
66	R79	Jl. Perintis Kemerdekaan, Lingk. Tamalanrea Jaya, Kodya Ujung Pandang	Makasar
67	R80	Jl. Jend. Sudirman Dumai	Dumai
68	R81	Jl. Mulawarman, Bontang Kalimantan Timur	Bontang
69	R82	Jl. Raya Sesetan Bali	Bali
70	R83	Jl. Raya Adi Sucipto Jawa Timur	Jawa Timur
71	R84	Jl. Raya Perawang , Kel. Tualang Kab. Siak Perawang Riau	Perawang
72	R85	Jl. Jend. Sudirman Kel. Air jamban Duri Riau	Duri
73	R86	Jl. Lintas Timur, Kel. Pangkalan Kerinci Riau	Kerinci
74	R88	Jl. Jendral Sudirman Kec. Payakumbuh Sumatra Barat	Payakumbuh
75	R89	Jl. Jend. Sudirman. Kec. Rambutan Tebing Tinggi Sumatra Utara	Tebing Tinggi
76	R90	Jl. jend. Sudirman kec. Kota Bumi lampung Utara	Lampung
77	R91	Jl. Ambepura kel Vin, kec.Jayapura Selatan. Papua	Papua
78	R93	Season City Jl. Latumanten No. 33, Jakarta Barat	Jakarta Barat
79	R94	Jl. M Yamin Samarinda Kalimantan	Samarinda
80	R95	Jl. Jend. Sudirman Balikpapan	Balikpapan
81	R96	Depstore Panam Jl. HR Subrantas Pekan Baru Kalimantan	Pekan Baru
82	R97	Jl. Raya Padalarang, Bandung Barat Jawa Barat	Bandung
83	R98	Jl. Panglima Sudirman Kota kediri	Kediri
84	R99	Jl. Guntur, kel Pakuwon Garut Kota, Garut	Garut
85	RB2	Jl. Dalam Kaum No. 46-52, Bandung	Bandung
86	RB3	Jl. Sudirman Salatiga	Salatiga
87	RB5	Jl. Tipar gede No. 17, Sukabumi	Sukabumi
88	RB7	Jl. Pasuketan No. 17, Mall Cirebon Lt.1	Cirebon
89	RB9	Jl. Malioboro No. 124, Yogyakarta	Yogyakarta
90	RB10	Jl. Kusuma Bangsa No. 116, THR Mall Surabaya	Surabaya
91	RB11	Jl. Simpanglima Mall Citra Land, Lt.1 Semarang	Semarang
92	RB12	Jl. Rio No. 1 Cimahi Mekar	Bandung
93	RBM	Jl. Merdeka Timur Plaza Matraman	Malang
94	RB14	Jl. Taman Jayeng Romo No. 1 Plaza Jembatan Merah	Surabaya
95	RB15	Jl. Gajah Mada no. 120 Sidoarjo Plaza	Surabaya
96	RB16	Jl. Gubernur Suryo Komplek Plaza Multi Sarana Gresik	Gresik
97	RB17	Jl. A. Yani Ngupasan Beringin Jardjo, Yogyakarta	Yogyakarta
98	RB20	Jl. Diponegoro No.103 Al Bali	Bali
99	RB21	Jl. Komplek Jodoh Marina, Batam	Batam
100	RB22	Jl. Bungur Asih, Sidoarjo	Surabaya
101	RB23	Jl. Raya Krian Kab. Sidoarjo Surabaya Jawa Timur	Surabaya
102	RB26	Jl. Wiratno, Tanjung Pinang	Tanjung Pinang
103	RB27	Jl. Diponegoro Sidoarjo II	Surabaya
104	RB28	Jl. Simpang Tujuh Kudus	Kudus
105	RB29	Jl. Jendral Sudirman (New Dewata Ayu) Denpasar	Bali
106	RB30	Kawasan Komersil Muka Kuning, Batam 3 (Panbil)	Batam
107	RB31	BG Junction Jl. Bubutan No. 1-7 Surabaya	Surabaya

The Board of Commissioners



1. Paulus Tumewu
President Commissioner

The Founder of the Company, Mr. Tumewu was born in Ujung Pandang, Sulawesi in 1952. From an early age he took part in retail activities, helping in his parent's shop in Ujung Pandang (Makassar).

It was in 1978 that he first established what would become Indonesia's second-largest retail chain, under the name of Ramayana, with the opening of the first store on Jl. Sabang, Central Jakarta. In 1983 this store was incorporated into a public Company, known as PT Ramayana Lestari Sentosa. Calling upon his more than thirty years of experience, Mr. Tumewu has been the single driving force behind Ramayana's growth and sustained success.



2. M. Iqbal
Commissioner

Muhammad Iqbal was born in Serang, West Java in 1962, and is an Indonesian national.

He was awarded a Bachelor's Degree in Law from the University of Indonesia in 1987, and joined the Company in 1989, first working as a Store Supervisor.

He was promoted to the post of Store Manager, where he served three years, and then became Store Operations Manager in 1994. From 1995 to 2001 Mr. Iqbal was a Commissioner of the Company, and joined the Board of Commissioners again in 2007.



3. Koh Boon Kim
Independent Commissioner

A Singaporean national born in 1947, Mr. Koh was awarded a Degree from the University of Chicago Graduate School of Business.

He has over thirty years of experience in the Asian retail industry and has served as Senior Advisor to the Company since 1988.



4. Kardinal Alamsyah Karim
Independent Commissioner

Mr. Karim was born in Padang, West Sumatra in 1942. An Indonesian national.

He holds a Master of Management Degree from the Asian Institute of Management, Philippines. Mr. Karim previously served as an Accountant with Prasetio, Utomo & Partners, rising over a period of some 27 years to the position of Deputy Managing Partner.

The Board of Directors



1. Agus Makmur President Director

An Indonesian national, he is 55 years of age, and was born in Makassar (Ujung Pandang), Sulawesi, where he graduated from the Catholic University of Ujung Pandang.

He joined Mr. Paulus Tumewu and Mrs. Tan Lee Chuan in a joint effort to manage the growing retail business. Mr. Makmur has 30 years of experience in the retail industry and currently supervises the daily operations of the Company.

2. Suryanto Director

An Indonesian national born in Pangkal Pinang, Mr. Suryanto joined the Board of Directors in 2006. This 48-year-old executive holds a Degree in Accounting from Trisakti University, where he graduated in 1987.

He is also an Honours Graduate of the Professional Accounting Education Program at the University of Indonesia. He began his career at the respected firm of Prasetio, Utomo & Partner. He also held a senior management position with another retail firm for some ten years, worked two years as a Group Controller and four years as Director of an electronics manufacturing company, before joining Ramayana.

3. Setyadi Surya Director

Mr. Setiadi Surya, an Indonesian citizen, was born in Jakarta in 1957. He received his BA in 1979 in the field of Accounting from the Indonesian Administration Foundation, graduated in 1979 in the field of Economics and Management from Tarumanegara University and was awarded a Master's Degree in Theology from STTB The Way in 2011.

Mr. Setyadi Surya became active in the retail field in 1980, when he started and developed one of the largest retail divisions in his position as Head of Operations & Merchandising.

He joined Ramayana in 1990 to serve in the Store Development Department, and then worked in Store Operations in 1994. In 1996 he was appointed a Director of Human Resources. Then in 2005 he was chosen to serve as a Commissioner, after which he became a Director in 2007. His current position is that of Corporate Secretary.

4. Kismanto Director

Mr. Kismanto is an Indonesian national, 51 years of age. He was born in Majenang, Central Java and joined the Company as a Senior Counter Head in 1980; three years later he was promoted to Cashier Head and later, as Store Manager.

He played an instrumental rôle in the Company's robust growth. Mr. Kismanto was appointed Regional Manager in 1989 and became Merchandise Controller in 1993, in which position he was responsible for the entire Company network of stores. In 1995 he was asked to join the Board as Director of Marketing and Merchandising.

5. Gantang Nitipranatio Director

Gantang Nitipranatio, an Indonesian citizen, was born in Magelang in 1956. He graduated from Atma Jaya University, Yogyakarta, in 1981, being awarded a BA Degree in Economics.

Mr. Gantang is married and has three children, and has worked at Matahari Dept. Store (1984-2004), started up and developed a specialty store (2004-2006) before entering Ramayana as Head of Merchandising in 2007. He became a Company Director in 2011.



Corporate Data

PT. Ramayana Lestari Sentosa, Tbk
Jl. Wahid Hasyim 220 A-B
Jakarta 10250 Indonesia
Telp : + 62 21 3914566, 3920480, 3151563
Fax : + 62 21 3920484
Web : www.ramayana.co.id

Supporting Professionals and institutions

Registered Public Accountant:

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Indonesia Stock Exchange Building
Tower 2, 7th Floor
Jl. jend. Sudirman kav. 52-53
Jakarta 12190, Indonesia
Telp : + 62 21 52895000
Fax : + 62 21 52894100
www.ey.com/id

Share Registrar:

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Plaza BII menara 3 Lt. 12
jl. MH Thamrin no. 51
Jakarta 10350, Indonesia
Telp : + 62 21 3922332
Fax : + 62 21 3923003
www.sinartama.co.id

Audit Committee's Report



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

In accordance with the regulations of the Capital Market Supervisory Agency and Financial Institution (BAPEPAM & LK) and the Indonesia Stock Exchange, the Audit Committee has conducted several meetings, among others being those on March 18, 2011 and 16 November 2011, to review the Company's financial statements ended December 31, 2010 and September 30, 2011. These meetings discussed the findings of and recommendations by the External Auditor, the Board of Directors, the Internal Auditor and the Corporate Secretary.

Disclosure obligations on the review by the Audit Committee of the Company's Annual Report - the following are our submissions:

- a. Selection of Certified Public Accountants for stated years, recommended by the Board of Directors, taking into account aspects of independence and competence, and approved by the Board of Commissioners, having received authority from the shareholders in a General Meeting of Shareholders held on May 26, 2011.
- b. The Company is run by an effective internal control system, which is being continually upgraded, in accordance with policies outlined by the Board of Directors and supervised by the Board of Commissioners.
- c. Financial statements have been prepared and well presented to meet general accounting principles as practiced in the Republic of Indonesia.
- d. The Company always adheres to the regulations of capital markets and to other laws relating to the activities of the Company.
- e. There has been no known potential for abuse or diversion which would require attention or the consideration of the Board of Commissioners.

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

Jakarta, March 24, 2012
Audit Committee of PT Ramayana Lestari Sentosa Tbk

Ruddy Hermawan Wongso
Member

Kardinal Alamsyah Karim
Head

Tonang Sendjaja
Member



Annual Report Approval

The report was prepared in 2011 by the management of PT. Ramayana Lestari Sentosa Tbk and was approved by the Board members who are fully responsible for the contents of this annual report.

BOARD OF COMMISSIONERS

Paulus Tumewu
President Commissioner

Koh Boon Kim
Independent Commissioner

M. Iqbal
Commissioner

Kardinal Alamsyah Karim
Independent Commissioner

DIRECTORS

Agus Makmur
President Director

Suryanto
Director

Kismanto
Director

Setyadi Surya
Director

Gantang Nitipranatio
Director



Financial Statements 2011

Along with the Independent Auditor's Report
for the Year Ended
December 31, 2011 and 2010

Auditors' Report

Balance Sheet

Statement of Income

Statement of Changes in Equity

Statement of Cash Flows

Notes to Financial Statements

PT Ramayana Lestari Sentosa Tbk

Financial statements with independent auditors' report
years ended December 31, 2011 and 2010

These financial statements are originally issued in Indonesian language.

**PT RAMAYANA LESTARI SENTOSA Tbk
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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This report is originally issued in Indonesian language.

Independent Auditors' Report

Report No. RPC-2021/PSS/2012

**The Shareholders, Boards of Commissioners and Directors
PT Ramayana Lestari Sentosa Tbk**

We have audited the statements of financial position of PT Ramayana Lestari Sentosa Tbk (the "Company") as of December 31, 2011 and 2010, and the related statements of comprehensive income, changes in equity and 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 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 provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PT Ramayana Lestari Sentosa Tbk as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with Indonesian Financial Accounting Standards.

As disclosed in Note 2 to the financial statements, the Company has implemented certain revised Statements of Financial Accounting Standards, which became effective as of January 1, 2011 and are applied prospectively and retrospectively.

Purwanto, Suherman & Surja



Peter Surja, CPA
Public Accountant Registration No. AP.0686

March 16, 2012

The accompanying 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 jurisdictions other than Indonesia. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in Indonesia.

These financial statements are originally issued in Indonesian language.

PT RAMAYANA LESTARI SENTOSA Tbk
STATEMENTS OF FINANCIAL POSITION
December 31, 2011 and 2010
(Expressed in Millions of Rupiah, Except Par Value per Share)

	Notes	2011	2010
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2b,2q,4, 26,28	927,030	796,184
Time deposits	2q,5,26,28	119,700	54,821
Short-term investments	2q,6,26,28	228,831	234,938
Accounts receivable - third parties	2q,28		
Trade		4,227	2,415
Others	26	14,567	17,745
Inventories	2d,3,8	715,843	729,977
Prepaid expenses and advances		17,766	21,498
Current portion of long-term rent	2c,2f,2g,7a, 10a,17,21	105,290	82,787
Total Current Assets		2,133,254	1,940,365
NON-CURRENT ASSETS			
Advances for purchases of property and equipment		1,265	1,265
Property and equipment - net of accumulated depreciation of Rp1,182,282 in 2011 and Rp1,013,948 in 2010	2e,2f,3, 9,17	1,145,447	1,152,808
Long-term rent - net of current portion and impairment loss	2c,2f,2g, 7a,10a,17,21	440,697	351,522
Security deposits	2c,7b,10b	28,720	26,480
Other non-current assets	2f,2q,28	9,660	13,542
Total Non-Current Assets		1,625,789	1,545,617
TOTAL ASSETS	25	3,759,043	3,485,982

The accompanying notes form an integral part of these financial statements.

These financial statements are originally issued in Indonesian language.

PT RAMAYANA LESTARI SENTOSA Tbk
STATEMENTS OF FINANCIAL POSITION (continued)
December 31, 2011 and 2010
(Expressed in Millions of Rupiah, Except Par Value per Share)

	Notes	2011	2010
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable - third parties	2q,28		
Trade	11	691,049	603,190
Others	26	18,106	21,002
Accrued expenses	2q,28	27,236	20,632
Taxes payable	12	44,077	35,948
Total Current Liabilities		780,468	680,772
NON-CURRENT LIABILITIES			
Deferred tax liabilities - net	2k,3,12	1,613	7,436
Liabilities for employees' benefits	2n,3,20	135,565	117,338
Total Non-Current Liabilities		137,178	124,774
Total Liabilities	25	917,646	805,546
EQUITY			
Share capital - Rp50 par value per share			
Authorized - 28,000,000,000 shares			
Issued and fully paid -			
7,096,000,000 shares	13	354,800	354,800
Additional paid-in capital - net	2h	117,570	117,570
Retained earnings:			
Appropriated	14	60,000	55,000
Unappropriated		2,304,782	2,145,074
Other comprehensive income	2q,6	4,245	7,992
Total Equity		2,841,397	2,680,436
TOTAL LIABILITIES AND EQUITY		3,759,043	3,485,982

The accompanying notes form an integral part of these financial statements.

These financial statements are originally issued in Indonesian language.

PT RAMAYANA LESTARI SENTOSA Tbk
STATEMENTS OF COMPREHENSIVE INCOME
Years Ended December 31, 2011 and 2010
(Expressed in Millions of Rupiah, Except Basic Earnings per Share)

	Notes	2011	2010
REVENUES	2i,15,25		
Outright sales		4,467,995	4,258,281
Consignment sales	2c,7c	2,129,119	1,802,130
Cost of consignment sales		(1,510,956)	(1,285,243)
Commission on consignment sales		618,163	516,887
Total Revenues		5,086,158	4,775,168
COST OF OUTRIGHT SALES	2i,16,25	3,315,084	3,116,277
GROSS PROFIT	25	1,771,074	1,658,891
Operating expenses	2c,2i,2n, 9,10,12,17,		
	20,21	(1,407,014)	(1,288,061)
Other operating income	2j,18	13,561	5,361
Other operating expense	2j,19	(39)	(11,069)
INCOME FROM OPERATIONS	25	377,582	365,122
Financing Income		56,673	46,705
INCOME BEFORE INCOME TAX	25	434,255	411,827
INCOME TAX EXPENSE (BENEFIT)	2k,3,12		
Current		61,505	60,129
Deferred		(4,838)	(3,054)
Income Tax Expense - Net	25	56,667	57,075
INCOME FOR THE YEAR	25	377,588	354,752
OTHER COMPREHENSIVE INCOME			
Net changes in fair value of available-for-sale financial asset	2q	(4,732)	15,513
Income tax relating to components of other comprehensive income		985	(1,995)
OTHER COMPREHENSIVE INCOME FOR THE YEAR AFTER TAX		(3,747)	13,518
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		373,841	368,270
BASIC EARNINGS PER SHARE	2o,23	53.21	50.12

The accompanying notes form an integral part of these financial statements.

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PT RAMAYANA LESTARI SENTOSA Tbk
STATEMENTS OF CHANGES IN EQUITY
Years Ended December 31, 2011 and 2010
(Expressed in Millions of Rupiah)

	Notes	Issued and Fully Paid Share Capital	Additional Paid-in Capital - Net	Share Options	Retained Earnings		Available-for-Sale Financial Assets	Total Equity
					Appropriated	Unappropriated		
Balance, January 1, 2010		353,200	91,004	12,018	50,000	1,971,922	(5,526)	2,472,618
Income for the year		-	-	-	-	354,752	-	354,752
Fair value adjustment		-	-	-	-	-	13,518	13,518
Appropriation for general reserve	14	-	-	-	5,000	(5,000)	-	-
Cash dividend declaration	14	-	-	-	-	(176,600)	-	(176,600)
Exercise of share options	22	1,600	26,566	(12,018)	-	-	-	16,148
Balance, December 31, 2010		354,800	117,570	-	55,000	2,145,074	7,992	2,680,436
Income for the year		-	-	-	-	377,588	-	377,588
Fair value adjustment		-	-	-	-	-	(3,747)	(3,747)
Appropriation for general reserve	14	-	-	-	5,000	(5,000)	-	-
Cash dividend declaration	14	-	-	-	-	(212,880)	-	(212,880)
Balance, December 31, 2011		354,800	117,570	-	60,000	2,304,782	4,245	2,841,397

The accompanying notes form an integral part of these financial statements.

These financial statements are originally issued in Indonesian language.

PT RAMAYANA LESTARI SENTOSA Tbk
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2011 and 2010
(Expressed in Millions of Rupiah)

	Notes	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from sales		6,589,278	6,066,639
Cash payments to suppliers		(5,373,023)	(5,077,334)
Cash payments for salaries and employees' welfare		(442,391)	(433,421)
Payments for income taxes		(52,467)	(51,127)
Cash receipts from:			
Interest income		56,686	44,366
Other operating activities		14,028	11,279
Net Cash Provided by Operating Activities		792,111	560,402
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of short-term investments	6	203,518	147,596
Proceeds from sale of property and equipment	9	2,496	1,478
Additions in long-term rent		(230,841)	(90,894)
Placement in short-term investments		(193,728)	(166,144)
Acquisitions of property and equipment	9	(163,023)	(244,852)
Withdrawal of (placement in) time deposits - net		(64,879)	92,279
Additions in security deposits		(2,203)	(1,927)
Advances for purchases of property and equipment		-	(1,265)
Net Cash Used in Investing Activities		(448,660)	(263,729)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of cash dividends	14	(212,880)	(176,600)
Proceed from the exercise of share options by the employees		-	24,160
Net Cash Used in Financing Activities		(212,880)	(152,440)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		130,571	144,233
Effect of changes in foreign exchange rate on cash and cash equivalents		275	(3,499)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		796,184	655,450
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	927,030	796,184

PT RAMAYANA LESTARI SENTOSA Tbk
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2011 and 2010
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

1. GENERAL

a. Company's Establishment

PT Ramayana Lestari Sentosa Tbk (the "Company") was established in Indonesia based on Notarial Deed No. 60 dated December 14, 1983 of R. Muh. Hendarmawan, S.H. The Deed of Establishment was approved by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C2-5877.HT.01.01.TH.85 dated September 17, 1985 and was published in the Addendum No. 589 of the State Gazette No. 9 dated October 3, 1985. The Company's Articles of Association has been amended several times, the latest amendment to the Company's Articles of Association as notarized under Notarial Deed No. 13 dated May 30, 2008 of Rianto, S.H., pertains to the compliance with stipulation under Law No. 40 Year 2007 regarding "Corporate Law". The latest amendment of the Articles of Association was approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-29866.AH.01.02.Tahun 2009 dated July 2, 2009.

The Company started its commercial operations in 1983. According to Article 3 of the Company's Articles of Association, the Company operates a chain of department stores, which sell various items such as clothes, accessories, bags, shoes, cosmetics and daily needs. In 2011, the Company closed its 2 stores and opened 3 new stores. As of December 31, 2011, the Company operates several stores known as "Ramayana" (97 stores), "Robinson" (7 stores) and "Cahaya" (3 stores), that are located in Jakarta, Java (West Java, East Java and Central Java), Sumatera, Bali, Kalimantan, Nusa Tenggara, Sulawesi and Papua. The Company's head office is located at Jl. K.H. Wahid Hasyim No. 220 A-B, Jakarta 10250.

The Company's majority shareholder is PT Ramayana Makmursentosa who has 55.88% ownership in the Company.

b. Company's Public Offering

On June 26, 1996, the Company received the effective statement from the Chairman of the Capital Market and Financial Institution Supervisory Agency ("BAPEPAM-LK") in its Decision Letter No. 1038/PM/1996 to offer its 80 million shares to the public with par value of Rp500 (full amount) per share through the Indonesia Stock Exchange (formerly Jakarta Stock Exchange) at offering price of Rp3,200 (full amount) per share. Since then, the Company has conducted the following capital transactions:

1. On September 15, 1997, the Company issued bonus shares, whereby each shareholders holding one share was entitled to receive one new share. The outstanding shares became 700,000,000 shares.
2. On June 8, 2000, the Company changed the par value per share from Rp500 (full amount) per share to Rp250 (full amount) per share. The outstanding shares became 1,400,000,000 shares.
3. On June 18, 2004, the Company changed the par value per share from Rp250 (full amount) per share to Rp50 (full amount) per share. The outstanding shares became 7,000,000,000 shares.
4. On July 4, 2005, the Company issued 32,000,000 shares in connection with the exercise of share options by the employees (ESOP). The outstanding shares became 7,032,000,000 shares.
5. On October 2, 2006, the Company issued 32,000,000 shares in connection with the exercise of share options by the employees (ESOP). The outstanding shares became 7,064,000,000 shares.

PT RAMAYANA LESTARI SENTOSA Tbk
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2011 and 2010
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

1. GENERAL (continued)

b. Company's Public Offering (continued)

Since then, the Company has conducted the following capital transactions: (continued)

6. On July 28, 2010, the Company issued 32,000,000 shares in connection with the exercise of share options by the employees (ESOP). The outstanding shares became 7,096,000,000 shares (Notes 13 and 22).

The Company has listed all of its shares on the Indonesia Stock Exchange.

c. Boards of Commissioners and Directors and Number of Employees

As of December 31, 2011 and 2010, the composition of the Company's boards of commissioners and directors are as follows:

Board of Commissioners		Board of Directors	
Paulus Tumewu	- President Commissioner	Agus Makmur	- President Director
Muhammad Iqbal	- Commissioner	Suryanto	- Director
Koh Boon Kim	- Independent Commissioner	Kismanto	- Director
Kardinal Alamsyah Karim	- Independent Commissioner	Gantang Nitipranatio	- Director
		Setyadi Surya	- Director

As of December 31, 2011 and 2010, the composition of the audit committee are as follows:

- Chairman: - Kardinal Alamsyah Karim
Members: - Ruddy Hermawan Wongso
- Tonang Sendjaja

The establishment of the Company's audit committee has complied with BAPEPAM-LK Rule No. IX.I.5.

Salaries and other compensation benefits incurred for the Company's commissioners and directors amounted to Rp7.34 billion in 2011 and Rp7.15 billion in 2010. As of December 31, 2011 and 2010, the Company had 16,693 and 17,744 employees, respectively (unaudited).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation of the Financial Statements

The Company's financial statements have been prepared in accordance with Indonesian Financial Accounting Standards ("SAK"), which comprise the Statements of Financial Accounting Standards ("PSAK") and Interpretations to Financial Accounting Standards ("ISAK") issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants, and Rule No. VIII.G.7 Attachment of Chairman of BAPEPAM's decision No. KEP-06/PM/2000 dated March 13, 2000 on the Regulations and the Guidelines on Financial Statement Presentation and Disclosures issued by Capital Market and Financial Institution Supervisory Agency ("BAPEPAM-LK"). As disclosed further in the relevant succeeding notes, several amended and published accounting standards were adopted effective January 1, 2011 prospectively or retrospectively.

PT RAMAYANA LESTARI SENTOSA Tbk
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2011 and 2010
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of Preparation of the Financial Statements (continued)

The presentation of Company's financial statements are prepared in accordance with PSAK No. 1 (Revised 2009), "Presentation of Financial Statements".

PSAK No. 1 (Revised 2009) regulates the presentation of financial statements as to, among others, the objective, components of financial statements, fair presentation, materiality and aggregation, offsetting, distinction between current and non-current assets and liabilities, comparative information and consistency, and introduces new disclosures, such as key estimations and judgments, capital management, other comprehensive income, departures from accounting standards and statement of compliance.

The adoption of PSAK No. 1 (Revised 2009) has significant impacts on the related presentation and disclosures in the Company's financial statements.

The accounting policies adopted in the preparation of the Company's financial statements are consistent with those made in the preparation of the Company's financial statements for the year ended December 31, 2010, except for the adoption of several amended SAK effective January 1, 2011 as disclosed in this Note.

The Company's financial statements, except the statements of cash flows, have been prepared using the accrual basis, and the measurement basis used is historical cost, except for certain accounts which are measured on the basis as described in the relevant notes herein.

The statements of cash flows are prepared based on the direct method by classifying cash flows on the basis of operating, investing and financing activities.

Effective January 1, 2011, the Company has adopted PSAK No. 2 (Revised 2009), "Statement of Cash Flows", which superseded PSAK No. 2 with the same title. The implementation of PSAK No. 2 (Revised 2009) does not have significant impact in the Company's financial statements.

The financial reporting period of the Company is January 1 - December 31.

The reporting currency used in the preparation of the financial statements is the Indonesian Rupiah.

b. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in banks and time and on call deposits with maturities of 3 (three) months or less at the time of placement and not pledged as collateral.

c. Transactions with Related Parties

Effective January 1, 2011, the Company have adopted PSAK No. 7 (Revised 2010), "Related Party Disclosures", which superseded PSAK No. 7 (Revised 1994), "Related Party Disclosures". This revised PSAK requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the Company's financial statements. The adoption of the revised PSAK has impact on the related disclosures in the Company's financial statements.

A party is considered to be related to the Company if the party:

- a. has control or joint control over the Company;
- b. has significant influence over the Company;

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Transactions with Related Parties (continued)

A party is considered to be related to the Company if the party: (continued)

- c. is a member of the key management personnel of the Company or of a parent of the Company;
- d. is a member of the same group with the Company (which means that each parent, subsidiary and fellow subsidiary is related to each other);
- e. is an associate or joint venture of the Company (or an associate or joint venture of a member of a group of which the Company are a member);
- f. together with the Company, is a joint venture of the same third party;
- g. is a joint venture of an associate of the Company or is an associate of a joint venture of the Company;
- h. is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- i. is controlled or jointly controlled by the person identified in (a-c above); and
- j. has significant influence by the person identified in (a above).

Transactions with related parties are made based on terms agreed by the parties, in which such terms may not be the same as those of the transactions between third parties.

All significant transactions and balances with related parties are disclosed in the relevant notes to the Company's financial statements.

d. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the moving-average method which includes all costs that occur to get these inventories to the current location and conditions. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated cost necessary to make the sale. Allowance for inventory obsolescence is provided based on a review of the condition of the inventories at the end of the year.

e. Property and Equipment

Direct ownership

Property and equipment, except land, are stated at cost less accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of the property and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are recognized in profit or loss as incurred.

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

	<u>Years</u>
Buildings	10 - 20
Building renovations and improvements	4 - 8
Store equipment	4 - 8
Transportation equipment	4
Office equipment	4 - 8

PT RAMAYANA LESTARI SENTOSA Tbk
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Property and Equipment (continued)

Direct ownership (continued)

Land is stated at cost and not amortized.

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

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each financial year end.

Costs incurred to acquire or renew the license of the landrights are deferred and amortized over the legal terms of the landrights or the economic lives of the land, whichever period is shorter.

Construction in progress

Construction in progress is stated at cost and presented as part of property and equipment. The accumulated cost will be reclassified to the appropriate property and equipment account when construction is completed and the asset is ready for its intended use.

f. Impairment of Non-Financial Assets

Effective January 1, 2011, the Company prospectively adopted PSAK No. 48 (Revised 2009), "Impairment of Assets".

PSAK No. 48 (Revised 2009) prescribes the procedures to be employed by an entity to ensure that its assets are carried at no more than their recoverable amounts. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and this revised PSAK requires the entity to recognize an impairment loss. This revised PSAK also specifies when an entity should reverse an impairment loss and prescribes disclosures.

The Company conducts an evaluation to determine whether there is an indication of events or changes in circumstance that may indicate that the carrying amount of its assets may not be fully recovered at each reporting date. If any such indication exists, the Company is required to determine the estimated recoverable amount of all its assets and recognize the impairment in asset value as a loss in the statement of comprehensive income of the current year.

Management believes that there is no event or change in circumstances that may indicate any impairment in the value of its non-financial assets as of December 31, 2011 and 2010.

g. Leases

The Company adopts PSAK No. 30 (Revised 2007), "Leases". Based on PSAK No. 30 (Revised 2007), the determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset. Under this revised PSAK, leases that transfer substantially to the lessee all the risks and rewards incidental to ownership of the leased item are classified as finance leases. Moreover, leases which do not transfer substantially all the risks and rewards incidental to ownership of the leased item are classified as operating leases.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Leases (continued)

The Company as a lessee

Under an operating lease, the Company recognizes lease payments as an expense on a straight-line basis over the lease term. The current portion of the long-term rent is classified as current assets and presented in "Current Portion of Long-term Rent" account.

The Company as a lessor

Under an operating lease, the Company shall present assets subject to operating leases in its statements of financial position according to the nature of the asset. Initial direct cost incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents, if any, are recognized as revenue in the periods in which they are earned. Lease income from operating leases shall be recognized as income on a straight-line basis over the lease term.

h. Additional Paid-in Capital - Net

Additional paid-in capital - net represents the difference between the offering price and the par value of share capital, net of share issuance costs.

i. Recognition of Revenues and Expenses

Effective January 1, 2011, the Company adopted PSAK No. 23 (Revised 2010), "Revenue". This revised PSAK identifies the circumstances in which the criteria on revenue recognition will be met and, therefore, revenue may be recognized, and prescribes the accounting treatment of revenue arising from certain types of transactions and events, and also provides practical guidance on the application of the criteria on revenue recognition. The adoption of this revised PSAK has no significant impact in the Company's financial statements.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must also be met before revenue is recognized. Revenues from outright and consignment sales are recognized when the goods are sold at the sales counter. Revenues from consignment sales are recognized at the amounts of the sales of consignment goods to customers, while the related costs are recognized at the amounts due to consignors as deduction to revenues.

Expenses are recognized as incurred.

j. Foreign Currencies Transactions and Balances

Transactions involving foreign currencies are recorded in Rupiah amounts at the rates of exchange prevailing at the time the transactions are made. At the statements of financial position date, monetary assets and liabilities denominated in foreign currencies are adjusted to Rupiah by taking the average of transaction exchange rate by Bank Indonesia as of December 30, 2011 and December 31, 2010, respectively. Resulting gains or losses are credited or charged to operations of the current year.

As of December 30, 2011 and December 31, 2010, the exchange rates used are as follows (full amount):

	2011	2010
United States Dollar	9,068	8,991
Singapore Dollar	6,974	6,981

PT RAMAYANA LESTARI SENTOSA Tbk
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2011 and 2010
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Income Tax

Current tax expense is provided based on the estimated taxable income for the year. Deferred tax assets and liabilities are recognized for temporary differences between the financial and the tax bases of assets and liabilities at each reporting date. Future tax benefits, such as the carry forward of unused tax losses, are also recognized to the extent that realization of such benefits is probable.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at statement of financial position date. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates is charged to current year operations, except to the extent that it relates to items previously charged or credited to equity.

Amendments to tax obligations are recorded when an assessment is received or, if appealed against by the Company, when the result of the appeal is determined.

l. Stock Based Compensation

The Company adopts PSAK No. 53, "Accounting of Stock-Based Compensation" which provides for the accounting of the fair value of an employee stock option and similar equity instruments. Compensation cost is accrued at the time of grant option based on the fair value of the stock option on the grant date.

m. Segment Reporting

Effective January 1, 2011, the Company's applied PSAK No. 5 (Revised 2009), "Operating Segments", which superseded PSAK No. 5 (Revised 2000), "Segment Reporting". The revised PSAK requires disclosures that will enable users of financial statements to evaluate the nature and financial effects of the business activities in which the entity engages in and the economic environments in which it operates. The adoption of the revised PSAK has no significant impact in the Company's financial statements.

A segment is a distinguishable component of the Company that is engaged either in providing certain products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment.

n. Liabilities for Employees' Benefits

The Company adopts PSAK No. 24 (Revised 2004) "Accounting for Retirement Benefit Cost" which regulates the accounting and disclosure requirements of retirement benefit cost for employees' benefits in accordance with Labor Law No. 13/2003 dated March 25, 2003 ("UU No. 13/2003"). The revised PSAK No. 24 provides the accounting and disclosures of employee benefits including, among others, post-employment benefits and termination benefits.

Based on UU No. 13/2003, the Company is required to pay the severance, gratuity and compensation pay if certain conditions in the UU No. 13/2003 are met. Under PSAK No. 24 (Revised 2004), the cost of providing employee benefits under UU No. 13/2003 is determined using the "Projected Unit Credit" actuarial valuation method. Actuarial gains and losses are recognized as income or expenses when the net cumulative unrecognized actuarial gains and

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losses at the end of the previous reporting period exceeded 10% of the present value of defined benefit obligation at that date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Liabilities for Employees' Benefits (continued)

These gains or losses are recognized over the expected average remaining working lives of the employees. Further, past service costs arising from the introduction of a defined benefit plan or change in the benefit payable of an existing plan are required to be amortized over the period until the benefits concerned become vested.

o. Earnings per Share ("EPS")

In accordance with PSAK No. 56, "Earnings per Share", basic earnings per share are computed based on the weighted average number of shares outstanding during the year.

EPS is computed by dividing income for the year with the weighted-average number of shares outstanding during the year. The weighted-average numbers of shares outstanding are 7,096,000,000 shares and 7,077,589,041 shares in 2011 and 2010, respectively.

p. Provisions

Effective January 1, 2011, the Company adopted PSAK No. 57 (Revised 2009), "Provisions, Contingent Liabilities, and Contingent Assets". This revised PSAK is to be applied prospectively and provides that appropriate recognition criteria and measurement basis are applied to provisions, contingent liabilities and contingent assets, and to ensure that sufficient information is disclosed in the notes to the financial statements to enable users to understand the nature, timing and amount related to the information. The adoption of the revised PSAK has no significant impact in the Company's financial statements.

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

q. Financial Instruments

Effective January 1, 2010, the Company adopted PSAK No. 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures" ("PSAK No. 50") and PSAK No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement" ("PSAK No. 55"), which superseded PSAK No. 50, "Accounting for Investments in certain Securities", and PSAK No. 55 (Revised 1999), "Accounting for Derivative Instruments and Hedging Activities".

PSAK No. 50 (Revised 2006) prescribes the requirements for the presentation of financial instruments and information that should be disclosed in the financial statements, whereas PSAK No. 55 (Revised 2006) prescribes the principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard provides for the definitions and characteristics of a derivative, the categories of financial instruments, recognition and measurement, hedge accounting and determination of hedging relationships, among others. These revised PSAKs have been applied prospectively. The transaction costs of those already existing contracts at the time these standards were adopted were not considered in the calculation of effective interest of such contracts.

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The initial adoption of the above revised PSAK did not result in transition adjustment that should be recorded in the Company's financial statements as of January 1, 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Financial Instruments (continued)

i. Financial Assets

Initial recognition

Financial assets within the scope of PSAK No. 55 (Revised 2006) are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge.

On January 1, 2010, the Company did not have financial assets other than cash and cash equivalents, time deposits, accounts receivable - trade, accounts receivable - others, security deposits, other non-current assets - loan to employees and short term investment. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates the classification of those assets at the end of each financial period.

Financial assets are recognized initially at fair value plus, and in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

Derivative assets are classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the Company's statements of financial position at fair value with gains or losses recognized as profit or loss.

The Company did not have financial assets at fair value through profit or loss as of December 31, 2011 and 2010.

(b) Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are carried at amortized cost using the effective interest rate method, and gains and losses are recognized in the statements of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

The Company have cash and cash equivalents, time deposits, accounts receivable - trade, accounts receivable - others, security deposits and other non-current assets - loan to employees that are classified under this category.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Financial Instruments (continued)

i. Financial Assets (continued)

Subsequent measurement (continued)

The subsequent measurement of financial assets depends on their classification as follows:
(continued)

(c) Held-to-maturity (“HTM”) investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as HTM when the Company has the positive intention and ability to hold them to maturity. After initial measurement, HTM investments are measured at amortized cost using the effective interest rate method. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Gains or losses are recognized in the profit or loss when the investments are derecognized or impaired, as well as through the amortization process.

The Company did not have any HTM investments as December 31, 2011 and 2010.

(d) Available-For-Sale (“AFS”) financial assets

AFS financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized in the shareholders’ equity until the investment is derecognized. At that time, the cumulative gain or loss previously recognized in equity will be reclassified to profit or loss as a reclassification adjustment.

The Company have short-term investments that are classified under this category.

Derecognition

A financial asset, or where applicable, a part of a financial asset or part of a group of similar financial assets is derecognized when: (1) the rights to receive cash flows from the asset have expired; or (2) the Company has transferred its rights to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company’s continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Financial Instruments (continued)

i. Financial Assets (continued)

Derecognition (continued)

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (i) the consideration received, including any new assets obtained less any new liabilities assumed; and (ii) any cumulative gain or loss which had been recognized in the shareholders' equity, should be recognized as profit or loss

Impairment of Financial Assets

At each statement of financial position date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For loans and receivables carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is an objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan or receivable financial asset has a variable interest rate, the discount rate for measuring impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is directly recognized through profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Financial Instruments (continued)

i. Financial Assets (continued)

Impairment of Financial Assets (continued)

Financial assets carried at amortized cost (continued)

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced (reversed) by adjusting the allowance account. The recovery should not lead to the carrying amount of the asset exceeding its amortized cost that would have been determined had no impairment loss been recognized for the asset at the reversal date. The amount of reversal is recognized as profit or loss. If a future write-off is later recovered, the recovery is recognized as profit or loss

AFS financial assets

In the case of an equity investment classified as an AFS financial asset, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

Where there is objective evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the statements of comprehensive income - is reclassified from equity to comprehensive income. Impairment loss on equity investment is not reversed through the statements of comprehensive income; increases in its fair value after impairment is recognized in equity.

In the case of a debt instrument classified as an AFS financial asset, impairment is assessed based on the same criteria as financial asset carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of the "Financing Income" account in the statements of comprehensive income. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statements of comprehensive income, the impairment loss is reversed through the statements of comprehensive income.

ii. Financial Liabilities

Initial recognition

Financial liabilities within the scope of PSAK No. 55 (Revised 2006) are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, inclusive of directly attributable transaction costs.

The Company's financial liabilities include accounts payable - trade, accounts payable - others and accrued expenses.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Financial Instruments (continued)

ii. Financial Liabilities (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

- Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivative liabilities are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized as profit or loss.

- Loan and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. At the end of the reporting period, the accrued interest is recorded separately from the respective principal loans as part of current liabilities. Gains or losses are recognized through profit or loss when the liabilities are derecognized as well as through the amortization process using the effective interest rate method.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing financial liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in profit or loss.

iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Financial Instruments (continued)

iv. Fair value of financial instruments

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting period. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's-length market transaction; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis; or other valuation models.

Credit risk adjustment

The Company adjusts the price in the more advantageous market to reflect any differences in counterparty credit risk between instruments traded in that market and the ones being valued for financial asset positions. In determining the fair value of financial liability positions, the Company's own credit risk associated with the instrument is taken into account.

v. Amortized cost of financial instruments

Amortized cost is computed using the effective interest rate method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

r. Adoption of Other Revised Accounting Standards

Other than the revised accounting standards previously mentioned above, the Company also adopted the following revised accounting standards on January 1, 2011, which are considered relevant to the Company's financial statements but did not have significant impact except for the related disclosures:

- PSAK No. 8 (Revised 2009), "Events after the Reporting Period";
- PSAK No. 25 (Revised 2009), "Accounting Policies, Changes in Accounting Estimates and Errors".

s. Revised Accounting Standards that have been Published but not yet Effective

Accounting standard revised and issued but not yet effective for 2011 which considered relevant to the Company's financial statements are as follows:

Effective on or after January 1, 2012:

- PSAK No. 10 (Revised 2010) "The Effects of Changes in Foreign Exchange Rates", prescribes how to include foreign currency transactions and foreign operations in the financial statements of an entity and translate financial statements into a presentation currency.
- PSAK No. 16 (2011) "Property, Plant and Equipment", prescribes the accounting treatment for property, plant and equipment so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. The principal issues in accounting for property, plant and equipment are the recognition of the assets, the determination of their carrying amounts and the depreciation charges and impairment losses to be recognised in relation to them.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Revised Accounting Standards that have been Published but not yet Effective (continued)

Effective on or after January 1, 2012: (continued)

- PSAK No. 18 (Revised 2010) "Accounting and Reporting by Retirement Benefit Plans", establish the accounting and reporting by the plan to all participants as a group. This Standard complements PSAK No. 24 (Revised 2010), "Employee Benefits".
- PSAK No. 24 (Revised 2010) "Employee Benefits", establish the accounting and disclosures for employee benefits.
- PSAK No. 30 (2011) "Leases", prescribes, for lessees and lessors, the appropriate accounting policies and disclosure to apply in relation to leases which applies to agreements that transfer the right to use assets even though substantial services by the lessor may be called for in connection with the operation or maintenance of such assets.
- PSAK No. 46 (Revised 2010) "Accounting for Income Taxes", prescribes the accounting treatment for income taxes to account for the current and future tax consequences of the future recovery (settlement) of the carrying amount of assets (liabilities) that are recognized in the statements of financial position; and transactions and other events of the current period that are recognized in the financial statements.
- PSAK No. 50 (Revised 2010) "Financial Instruments: Presentation", establish the principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities.
- PSAK No. 55 (2011) "Financial Instruments: Recognition and Measurement", establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. Requirements for presenting information about financial instruments are in PSAK 50 (Revised 2010), "Financial Instruments: Presentation". Requirements for disclosing information about financial instruments are in PSAK 60, "Financial Instruments: Disclosures".
- PSAK No. 56 (Revised 2011) "Earnings per Share", prescribed principles for the determination and presentation of earnings per share, so as to improve performance comparisons between different entities in the same period and between different reporting periods for the same entity.
- PSAK No. 60 "Financial Instruments: Disclosures", requires disclosures in financial statements that enable users to evaluate the significance of financial instruments for financial position and performance; and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period and how the entity manages those risks.
- ISAK 15 "PSAK No. 24 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", provides guidance on how to assess the limit on the amount of surplus in a defined scheme that can be recognized as an asset under PSAK No. 24 (Revised 2010), "Employee Benefits".
- ISAK 20 "Income Taxes-Changes in the Tax Status of an Entity or its Shareholders", prescribes how an entity should account for the current and deferred tax consequences of a change in tax status of entities or its shareholders.

The Company is presently evaluating and has not determined the effects of these revised and new Standards and Interpretations on its financial statements.

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3. SOURCE OF ESTIMATION UNCERTAINTY

Judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liability affected in future periods.

The following judgments are made by management in the process of applying the Company's accounting policies that have the most significant effects on the amounts recognized in the Company's financial statements:

Determination of Functional Currency

The Company's functional currency are currency from primary economic environment whereas the Company conduct business. The functional currency are the currency that has impact on revenue and expenses from product given.

Classification of Financial Assets and Financial Liabilities

The Company determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 55 (Revised 2006). Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Note 2q.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. The Company based its assumptions and estimates on parameters available when the Company's financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Employee Benefits

The determination of the Company's employee benefits liabilities is dependent on its selection of certain assumptions used by the independent actuaries and the Company's management in calculating such amounts. Those assumptions include among others, discount rates, future annual salary increase, annual employee turn-over rate, disability rate, retirement age and mortality rate. Actual results that differ from the Company assumptions with effects exceeding 10% of defined benefit obligation is deferred and amortized on a straight-line basis over the expected average remaining working lives of the employee. While the Company believes that its assumptions are reasonable and appropriate, significant differences in the actual results or significant changes in the Company assumptions may materially affect its estimated liabilities for employee benefits of Rp135.57 billion as of December 31, 2011 and Rp117.34 billion as of December 31, 2010. Further details are disclosed in Note 20.

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3. SOURCE OF ESTIMATION UNCERTAINTY (continued)

Estimates and Assumptions (continued)

Depreciation of Property and Equipment

The costs of property and equipment, except land, are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property and equipment to be within 4 to 20 years. These are common life expectancies applied in the industries where the Company conduct its businesses. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. The net carrying amount of the Company's property and equipment amounted Rp1.15 trillion as of December 31, 2011 and 2010. Further details are disclosed in Note 9.

Income Tax

The Company recognize liabilities for corporate income tax based on estimation of whether additional corporate income tax will be due.

Deferred Tax Assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management estimates are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Allowance for Obsolescence and Decline in Values of Inventories

Allowance for obsolescence and decline in values of inventories is estimated based on the best available facts and circumstances, including but not limited to, the inventories' own physical conditions, their market selling prices, estimated costs of completion and estimated costs to sell. The allowance are re-evaluated and adjusted as additional information received affects the amount estimated. The carrying amount of the Company's inventories before allowance for obsolescence and decline in values amounted Rp715.84 billion as of December 31, 2011 and Rp729.98 billion as of December 31, 2010. Further details are disclosed in Note 8.

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4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2011	2010
Cash on hand	17,362	16,856
Cash in banks - third parties:		
Rupiah		
PT Bank Danamon Indonesia Tbk	118,098	16,941
PT Bank Negara Indonesia (Persero) Tbk	108,203	16,951
Citibank N.A., Indonesia	61,809	17,018
PT Bank Central Asia Tbk	8,061	3,040
PT Bank Mandiri (Persero) Tbk	5,512	1,200
PT Bank Rakyat Indonesia (Persero) Tbk	1,432	318
PT Bank Internasional Indonesia Tbk	1,065	625
Deutsche Bank AG, Indonesia	914	11,839
United States Dollar		
Deutsche Bank AG, Indonesia (US\$1,233,652 in 2011 and US\$ 39,819 in 2010)	11,187	358
Others (below Rp1 billion each) (US\$70 in 2011 and US\$4,779 in 2010)	1	43
Singapore Dollar		
Deutsche Bank AG, Indonesia (Sin\$126,615 in 2011 and Sin\$126,674 in 2010)	883	884
Sub-total	317,165	69,217
Cash equivalents (time and on call deposits) - third parties:		
Rupiah		
PT Bank UOB Indonesia	202,000	45,000
PT Bank Central Asia Tbk	142,800	75,000
PT Bank Bukopin Tbk	125,500	-
PT Bank Rakyat Indonesia (Persero) Tbk	30,800	12,200
PT Bank CIMB Niaga Tbk	23,400	113,300
PT Bank Internasional Indonesia Tbk	15,700	115,400
PT Bank Mandiri (Persero) Tbk	11,000	20,000
PT Bank Danamon Indonesia Tbk	10,000	126,800
Citibank N.A., Indonesia	10,000	93,700
PT Bank Negara Indonesia (Persero) Tbk	-	17,400
Deutsche Bank AG, Indonesia	-	14,000

These financial statements are originally issued in Indonesian language.

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4. CASH AND CASH EQUIVALENTS (continued)

Cash and cash equivalents consist of: (continued)

	2011	2010
Cash equivalents (time and on call deposits) - third parties: (continued)		
United States Dollar		
UBS AG, Singapore (US\$2,349,259 in 2011 and US\$5,913,190 in 2010)	21,303	53,165
Credit Suisse AG, Singapore (US\$2,685,567)	-	24,146
Sub-total	592,503	710,111
Total	927,030	796,184

The annual interest for time and on call deposits range as follows:

	2011	2010
Rupiah	2.60% - 7.75%	4.00% - 8.25%
United States Dollar	0.15%	0.15%

There are no cash and cash equivalents balances to a related party.

5. TIME DEPOSITS

This account represents Rupiah and United States Dollar time deposits placed at the following third parties banks:

	2011	2010
Rupiah		
PT Bank UOB Indonesia	41,500	-
United States Dollar		
Credit Suisse AG, Singapore (US\$5,127,316 in 2011 and US\$2,612,701 in 2010)	46,495	23,491
UBS AG, Singapore (US\$3,018,761 in 2011 and US\$3,009,558 in 2010)	27,374	27,059
Deutsche Bank AG, Singapore (US\$477,605 in 2011 and US\$475,021 in 2010)	4,331	4,271
Total	119,700	54,821

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5. TIME DEPOSITS (continued)

The above time deposits have maturities of six months from the time of placement and not pledged as collateral. The annual interest for the time deposits range as follows:

	<u>2011</u>	<u>2010</u>
Rupiah	5.50% - 8.25%	8.00% - 10.50%
United States Dollar	0.25% - 0.65%	0.35% - 0.36%

There are no time deposits balances to a related party.

6. SHORT-TERM INVESTMENTS

This account represents investments in debt securities in Rupiah and United States Dollar, which are classified as available-for-sale financial assets as follows:

	<u>2011</u>	<u>2010</u>
Debt securities - third parties:		
Rupiah		
Duta Pertiwi Bond V Year 2007	28,560	29,120
Bank Mandiri Subordinated Bond I Year 2009	22,060	22,400
Bank Mega Subordinated Bond Year 2007	20,300	20,620
Agung Podomoro Land Bond I Year 2011	15,206	-
Perusahaan Listrik Negara Bond VII Year 2004	10,900	11,075
Bakrie Telecom Bond I Year 2007	9,158	8,910
BNI Securities Bond I Year 2007	8,080	8,100
Bank CIMB Niaga Subordinated Bond I Year 2010	6,354	6,330
Panin Sekuritas Bond III Year 2007	6,120	6,060
Indofood Sukses Makmur Bond V Year 2009	5,610	5,438
Telkom Bond II Year 2010 Series B	3,240	3,248
Indofood Sukses Makmur Bond IV Year 2007	3,038	3,090
WOM Finance Bond IV Series C Year 2007	-	10,250
Sub-total - Rupiah	<u>138,626</u>	<u>134,641</u>
United States Dollar		
Adaro Indonesia Guaranteed Senior Notes due 2019 (US\$3,421,275 in 2011 and US\$3,442,774 in 2010)	31,024	30,954
Listrindo Capital B.V. Senior Notes due 2015 (US\$2,160,000 in 2011 and US\$2,220,000 in 2010)	19,587	19,960
Indosat Palapa Company B.V Guaranteed Notes due 2020 (US\$1,680,210)	15,236	-
Majapahit Holding B.V. 2006 Guaranteed Notes due 2016 (US\$1,135,000 in 2011 and US\$1,147,500 in 2010)	10,292	10,317
Socialist Republic of Vietnam Notes due 2020 (US\$693,600 in 2011 and US\$700,400 in 2010)	6,290	6,297

These financial statements are originally issued in Indonesian language.

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6. SHORT-TERM INVESTMENTS (continued)

This account represents investments in debt securities denominated in United States Dollar and Rupiah, which are classified as available-for-sale financial assets as follows: (continued)

	2011	2010
Debt securities - third parties: (continued)		
United States Dollar (continued)		
Country Garden Holdings Co., Ltd. Senior Notes due 2017 (US\$432,500 in 2011 and US\$551,900 in 2010)	3,922	4,962
BLT Finance B.V. Guaranteed Senior Notes due 2014 (US\$425,000 in 2011 and US\$790,000 in 2010)	3,854	7,103
Majapahit Holding B.V. 2006 Guaranteed Notes due 2011 (US\$1,044,400)	-	9,390
Bank CIMB Niaga Subordinated Notes due 2016 (US\$1,017,500)	-	9,148
GT 2005 Bonds B.V. Guaranteed Secured Bonds due 2014 (US\$240,870)	-	2,166
Sub-total - United States Dollar	<u>90,205</u>	<u>100,297</u>
Total	<u>228,831</u>	<u>234,938</u>

The total nominal values of the debt securities are US\$9,802,000 and Rp133 billion or totaling Rp221.88 billion as of December 31, 2011 and US\$10,549,000 and Rp128 billion or totaling Rp222.85 billion as of December 31, 2010.

The annual interest for the debt securities range as follows:

	2011	2010
Rupiah	10.00% - 13.00%	10.01% - 13.00%
United States Dollar	6.75% - 11.25%	6.75% - 11.25%

Proceeds from sales of short-term investments amounted to Rp203.52 billion and Rp147.60 billion in 2011 and 2010, respectively. The related realized gain on the sale of short-term investments amounted to Rp8.03 billion and Rp1.85 billion as of December 31, 2011 and 2010, respectively, presented in "Other Operating Income - Gain on Sale of Short-term Investments - Net" account in the statements of comprehensive income. The changes in fair value on available-for-sale financial assets, net of deferred tax effect, represents unrealized gain amounting to Rp4.25 billion and Rp7.99 billion as of December 31, 2011 and 2010, respectively, and presented in "Other Comprehensive Income" account in the equity section in the statements of financial position.

The bonds as stated above will mature on various date from 2012 until 2020.

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6. SHORT-TERM INVESTMENTS (continued)

The bond credit ratings issued by PT Pameringkat Efek Indonesia, Fitch Ratings and Standard & Poor's, credit rating agencies, as of December 31, 2011 are as follows:

	Rating
Duta Pertiwi Bond V Year 2007	BBB+
Bank Mandiri Subordinated Bond I Year 2009	AA+
Bank Mega Subordinated Bond Year 2007	A-
Agung Podomoro Land Bond I Year 2011	A
Perusahaan Listrik Negara Bond VII Year 2004	AA+
Bakrie Telecom Bond I Year 2007	BBB+
BNI Securities Bond I Year 2007	A-
Bank CIMB Niaga Subordinated Bond I Year 2010	AA
Panin Securities Bond III Year 2007	A
Indofood Sukses Makmur Bond V Year 2009	AA+
Telkom Bond II Year 2010 Series B	AAA
Indofood Sukses Makmur Bond IV Year 2007	AA+
Adaro Indonesia Guaranteed Senior Notes due 2019	BB+
Listrindo Capital B.V. Senior Notes due 2015	BB-
Indosat Palapa Company B.V Guaranteed Notes due 2020	BB
Majapahit Holding B.V. 2006 Guaranteed Notes due 2016	BB
Socialist Republic of Vietnam Notes due 2020	B+
Country Garden Holdings Co., Ltd. Senior Notes due 2017	BB+
BLT Finance B.V. Guaranteed Senior Notes due 2014	BB+

7. RELATED PARTIES TRANSACTIONS

The Company conducted transactions out of its main business with certain related parties. The details of the related parties transactions, are as follows:

			Percentage to Total Assets/Liabilities	
	2011	2010	2011	2010
<u>Long-term rent</u> (Note 10a)				
PT Jakarta Intiland (a)	265,137	146,913	7.05	4.21
<u>Security deposits</u> (Note 10b)				
PT Jakarta Intiland (b)	2,905	2,905	0.08	0.08
			Percentage to Related Total Income/Expenses	
	2011	2010	2011	2010
<u>Consignment sales</u> (Note 15)				
PT Ramayana Makmursentosa (c)	77,597	61,610	1.53	1.29
<u>Rent expense - net</u> (Note 10b)				
PT Jakarta Intiland (b)	112,498	74,928	8.00	5.82

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7. RELATED PARTIES TRANSACTIONS (continued)

The details of the related parties transactions, are as follows: (continued)

			Percentage to Related Total Income/Expenses	
	2011	2010	2011	2010
<u>Salaries and employees' welfare</u> (Note 17)				
Commissioners and Directors of PT Ramayana Lestari Sentosa Tbk (d)	7,341	7,146	0.52	0.55
<u>Repairs and Maintenance</u> (Note 10c)				
PT Jakarta Intiland (e)	10,565	10,944	0.75	0.85

- a. The Company entered into long-term rental agreements with PT Jakarta Intiland, a related party, as discussed in Notes 10 and 21. Total net book value of these long-term rent amounted to Rp265.14 billion and Rp146.91 billion in 2011 and 2010, respectively.
- b. The Company also has agreements with PT Jakarta Intiland, a related party, of which the related rents are payable periodically during the rental periods and the Company has to paid refundable security deposits, as discussed in Note 10b. The outstanding balance of security deposits amounted to Rp2.91 billion as of December 31, 2011 and 2010, are presented as part of "Security Deposits" account in the statements of financial position. Total rent expense incurred from these agreements amounted to Rp112.50 billion and Rp74.93 billion in 2011 and 2010, respectively, and are presented as part of "Operating Expenses - Rent - Net" account in the statements of comprehensive income (Notes 17).
- c. The Company's share in the revenue shared with RMS, a shareholder of the Company, from the revenue on family entertainment centre "Zone 2000" amounted to Rp77.60 billion in 2011 and Rp61.61 billion in 2010, are presented as part of revenues in the statements of comprehensive income (Note 15).
- d. The Company grants salaries and compensation benefits incurred for the Company's commissioners and directors amounted to Rp7.34 billion in 2011 and Rp7.15 billion in 2010, are presented as part of "Operating Expenses - Salaries and Employees' Welfare" account in the statements of comprehensive income (Note 17).
- e. The Company is required to pay service charges under the rental agreements. Total service charges paid to PT Jakarta Intiland, a related party, amounted to Rp10.56 billion in 2011 and Rp10.94 billion in 2010, are presented as part of "Operating Expenses - Repairs and Maintenance" in the statements of comprehensive income (Note 17).

Details of the nature of relationships and types of material transactions with related parties are as follows:

No.	Related Parties	Nature of Relationship	Transaction
1	PT Ramayana Makmursentosa	Has significant influence over influence over the Company	Consignment sales
2	PT Jakarta Intiland	A member of the same Group with the Company	Rent of store and warehouse and service charges
3	Commissioners and Directors of PT Ramayana Lestari Sentosa Tbk	A member of the key management personnel of the Company	Salaries and employees' welfare

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8. INVENTORIES

This account represents merchandise inventories owned by the Company located in the following regions:

	2011	2010
West Java	169,713	174,758
Sumatera	165,014	167,133
Jakarta	149,432	154,247
East Java	66,236	58,317
Kalimantan	62,972	71,385
Bali and Nusa Tenggara	34,601	33,948
Sulawesi	29,147	28,241
Central Java	27,945	26,241
Papua	10,783	15,707
Total	715,843	729,977

The above inventories are covered by insurance against losses from fire, damage, natural disasters, riots and other risks of US\$40.78 million (equivalent to Rp369.83 billion) as of December 31, 2011, which in the opinion of Company's management is adequate to cover possible losses arising from such risks.

As of December 31, 2011 and 2010, there are no inventories pledged as collateral.

Based on the review of the condition of inventories at the end of the year, management assessed that there are no indications of decline in value of inventories to warrant any provisions for decline in value.

9. PROPERTY AND EQUIPMENT

Property and equipment consists of:

2011	Beginning Balance	Changes during the year		Ending Balance
		Additions/ Reclassifications	Disposals/ Reclassifications	
Cost				
<u>Direct Ownership</u>				
Land	228,288	-	-	228,288
Buildings	613,407	82,780	-	696,187
Building renovations and improvements	558,861	119,404	2,700	675,565
Store equipment	516,916	52,169	-	569,085
Transportation equipment	45,440	663	1,083	45,020
Office equipment	45,966	2,252	-	48,218
Total	2,008,878	257,268	3,783	2,262,363
<u>Constructions in Progress</u>				
Buildings	74,487	9,992	74,487	9,992
Building renovations and improvements	67,006	74,390	97,921	43,475
Store equipment	16,385	23,192	27,678	11,899
Office equipment	-	81	81	-
Total	157,878	107,655	200,167	65,366
Total Cost	2,166,756	364,923	203,950	2,327,729

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9. PROPERTY AND EQUIPMENT (continued)

Property and equipment consists of: (continued)

2011	Beginning Balance	Changes during the year		Ending Balance
		Additions/ Reclassifications	Disposals/ Reclassifications	
Accumulated Depreciation				
<u>Direct Ownership</u>				
Buildings	192,808	37,121	-	229,929
Building renovations and improvements	363,112	75,952	844	438,220
Store equipment	393,158	46,317	-	439,475
Transportation equipment	31,641	5,542	738	36,445
Office equipment	33,229	4,984	-	38,213
Total Accumulated Depreciation	1,013,948	169,916	1,582	1,182,282
Net Book Value	1,152,808			1,145,447
2010	Beginning Balance	Changes during the year		Ending Balance
		Additions/ Reclassifications	Disposals/ Reclassifications	
Cost				
<u>Direct Ownership</u>				
Land	228,288	-	-	228,288
Buildings	488,975	124,432	-	613,407
Building renovations and improvements	495,270	68,782	5,191	558,861
Store equipment	470,111	49,736	2,931	516,916
Transportation equipment	36,786	10,847	2,193	45,440
Office equipment	39,349	6,617	-	45,966
Total	1,758,779	260,414	10,315	2,008,878
<u>Constructions in Progress</u>				
Buildings	23,446	64,338	13,297	74,487
Building renovations and improvements	31,082	80,536	44,612	67,006
Store equipment	9,690	27,302	20,607	16,385
Office equipment	49	2	51	-
Total	64,267	172,178	78,567	157,878
Total Cost	1,823,046	432,592	88,882	2,166,756
Accumulated Depreciation				
<u>Direct Ownership</u>				
Buildings	160,529	32,279	-	192,808
Building renovations and improvements	305,022	61,408	3,318	363,112
Store equipment	355,711	40,168	2,721	393,158
Transportation equipment	28,663	4,818	1,840	31,641
Office equipment	28,702	4,527	-	33,229
Total Accumulated Depreciation	878,627	143,200	7,879	1,013,948
Net Book Value	944,419			1,152,808

Depreciation charged to operating expenses amounted to Rp169.92 billion in 2011 and Rp143.20 billion in 2010 (Note 17).

Additions of property and equipment in 2011 mainly represent costs of the additional 3 new stores located in West Java and East Java.

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9. PROPERTY AND EQUIPMENT (continued)

Additions of property and equipment in 2010 mainly represent costs of the additional 5 new stores located in Sumatera, Jakarta, Kalimantan and Papua.

The computation of gain on sale of property and equipment as part of "Other Operating Income - Others - Net" account is as follows:

	<u>2011</u>	<u>2010</u>
Proceeds	2,591	1,478
Net book value	2,201	353
Gain	<u>390</u>	<u>1,125</u>

Land under Rights of Building ("HGB") status owned by the Company is located in several cities in Indonesia. These HGBs will expire on various dates from 2014 until 2040 and the Company's management believes that these rights can be renewed upon their expiry.

The details of constructions in progress as of December 31, 2011 are as follows:

	<u>Estimated Percentage of Completion from Financial Point of View</u>	<u>Accumulated Costs</u>	<u>Estimated Completion</u>
Buildings	20%	9,992	Year 2012
Building renovations and improvements	20-80%	43,475	Year 2012
Store equipment	30-90%	11,899	Year 2012
Total		<u>65,366</u>	

Property and equipment, excluding land and construction in progress, are covered by insurance against losses from fire, damage, natural disasters, riots and other risks of US\$140.50 million and Rp55.94 billion or with total equivalent amount of Rp1.36 trillion as of December 31, 2011, which in the opinion of Company's management is adequate to cover possible losses arising from such risks.

As of December 31, 2011 and 2010, the Company's management believes that there is no other event or change in circumstances that may indicates any impairment in value of its property and equipment.

As of December 31, 2011 and 2010, there are no property and equipment pledged as collateral.

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10. LONG-TERM RENT

- (a) This account represents prepaid long-term rent under rental agreements with PT Jakarta Intiland (“JIL”), a related party, and with third parties for its certain stores and warehouses locations, expiring at various dates from 2012 until 2037.

The details of long-term rent as of December 31, 2011 and 2010 are as follows:

	2011	2010
Contract value		
PT Jakarta Intiland, a related party	404,805	241,598
Third parties	456,733	436,841
Total	861,538	678,439
Less cumulative expired portion	(306,551)	(235,130)
Unexpired portion	554,987	443,309
Less:		
Impairment loss	(9,000)	(9,000)
Current portion	(105,290)	(82,787)
Long-term portion	440,697	351,522

The outstanding balance of long-term rent with a related party amounted to Rp265.14 billion and Rp146.91 billion as of December 31, 2011 and 2010, respectively, or representing 7.05% and 4.21% of total assets, respectively.

Additions in contract values of long-term rent amounted to Rp211.44 billion in 2011 and Rp81.64 billion in 2010.

Amortization of long-term rent charged to operations amounted to Rp109.76 billion in 2011 and Rp107.65 billion in 2010 (Note 17).

In connection with the long-term rent agreements with JIL, the existing store and warehouse rentals cover 20 locations as of December 31, 2011. Under these agreements, the Company has the right to use the stores and warehouse locations for a period from 5 years until 8 years. These agreements will expire at various dates from 2012 until 2016, which can be renewed for another periods to be agreed by both parties. Total prepaid rent paid to JIL in 2011 and 2010 amounted to Rp177.30 billion and Rp59.04 billion, respectively.

- (b) The Company also has agreements with JIL and third parties, of which the related rents are payable periodically during the rental periods and the Company has to paid refundable security deposits. Rent expenses of Rp154.70 billion in 2011 and Rp108.11 billion in 2010, including rental with a related party of Rp112.50 billion and Rp74.93 billion, respectively, or representing 8.00% and 5.82% of operating expenses, respectively, are presented as part of “Operating Expenses - Rent - Net” account in the statements of comprehensive income (Note 17). As of December 31, 2011 and 2010, the outstanding refundable security deposits paid by the Company to JIL of Rp2.91 billion or representing 0.08% of total assets are presented as part of “Security Deposits” account in the statements of financial position.
- (c) The Company is required to pay service charges under the rental agreements. Total service charges of Rp64.13 billion in 2011 and Rp56.63 billion in 2010, including payments to a related party, are presented as part of “Operating Expenses - Repairs and Maintenance” in the statements of comprehensive income (Note 17).

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11. ACCOUNTS PAYABLE - TRADE - THIRD PARTIES

This account represents liabilities to suppliers for purchases of merchandise inventories. The terms of payments to suppliers range from 1 (one) month to 3 (three) months from the date of purchase.

The Company's aging analysis of accounts payable - trade - third parties based on due date is as follows:

	<u>2011</u>	<u>2010</u>
Not yet due	581,490	489,181
1 - 2 months	96,450	103,678
More than 2 months	13,109	10,331
Total	<u>691,049</u>	<u>603,190</u>

As of December 31, 2011 and 2010, there is no collateral provided by the Company for the accounts payable - trade stated above.

12. TAXES PAYABLE

Taxes payable consists of:

	<u>2011</u>	<u>2010</u>
Income taxes:		
Article 21	805	696
Article 23	11,143	2,524
Article 25 - December	882	510
Article 29	25,132	16,466
Value Added Tax	6,115	15,752
Total	<u>44,077</u>	<u>35,948</u>

The reconciliation between income before income tax as shown in the statements of comprehensive income and taxable income for the years ended December 31, 2011 and 2010 are presented as follows:

	<u>2011</u>	<u>2010</u>
Income before income tax as shown in the statements of comprehensive income	434,255	411,827
Temporary differences:		
Provision for liabilities for employees' benefits	24,125	19,220
Amortization of long-term rent	5,252	(6,917)
Payment for liabilities for employees' benefits	(5,899)	(3,800)
Depreciation of property and equipment	(3,869)	373
Gain on sale of property and equipment	(136)	(337)
Amortization of prepaid expenses	(124)	2,001
Loss on disposal of property and equipment	-	1,679

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12. TAXES PAYABLE (continued)

The reconciliation between income before income tax as shown in the statements of comprehensive income and taxable income for the years ended December 31, 2011 and 2010 are presented as follows: (continued)

	2011	2010
Permanent differences:		
Donations and entertainment	3,575	4,729
Salaries and employees' welfare	1,454	5,407
Tax penalties	307	2,392
Income already subjected to final tax:		
Rent	(91,844)	(85,976)
Interest	(51,222)	(40,914)
Gain on sale of short-term investments	(8,350)	(1,024)
Compensation cost of share options	-	(8,013)
Taxable income	307,524	300,647
Income tax expense - current	61,505	60,129
Deferred corporate income tax expense (benefit) - effect of temporary differences:		
Depreciation of property and equipment	967	(93)
Gain on sale of property and equipment	34	(500)
Amortization of prepaid expenses	31	84
Provision for liabilities for employees' benefits	(4,557)	(3,855)
Amortization of long-term rent	(1,313)	1,729
Loss on disposal of property and equipment	-	(419)
Income tax benefit - deferred	(4,838)	(3,054)
Income tax expense - net	56,667	57,075

The Company's estimated taxable income for the year ended December 31, 2010 was consistent with the Annual Income Tax Return as reported to the Tax Office.

The computation of income tax payable is as follows:

	2011	2010
Income tax expense - current	61,505	60,129
Prepayments of income taxes:		
Article 22	60	35
Article 23	1,449	1,034
Article 25	34,864	42,594
Total prepayments of income taxes	36,373	43,663
Income tax payable - Article 29	25,132	16,466

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12. TAXES PAYABLE (continued)

On December 30, 2008, Minister of Finance has issued the Ministry of Finance Regulation No. 238/PMK.03/2008 ("PMK No. 238/2008") regarding the "Guidelines on the Implementation and Supervision on the Tariff Reduction for Domestic Taxpayers in the Form of Public Companies" related with Government Regulation No. 81/2007 dated December 28, 2007. Under PMK No. 238/2008, domestic taxpayers in the form of public companies can avail of tax reduction at 5% lower than the highest income tax rate in the same manner as stated of subsection 1b of Article 17 on Law No. 7 Year 1983 regarding "Income Tax" if the following criteria are met:

1. The total publicly-owned shares is 40% (forty percent) or more than the total paid-up shares and such shares are owned by at least 300 (three hundred) parties.
2. Each of the above-mentioned can only own less than 5% shares from the total paid up shares, and should be fulfilled by the taxpayer within 6 (six) months or 183 (one hundred eighty three) calendar days in 1 (one) fiscal year.
3. The taxpayer should attach the declaration letter (*surat keterangan*) from the Securities Administration Agency (*Biro Administrasi Efek*) on the Annual Corporate Income Tax Return of the taxpayer with the form X.H.1-6 as provided in BAPEPAM-LK Rule No. X.H.1 for each concerned fiscal year.

This regulation is effective on December 30, 2008 and shall be applicable retroactively on January 1, 2008.

The Company has complied with the above criteria. Accordingly, the Company has applied the tax reduction rate in the 2011 and 2010 income tax calculations.

The reconciliation between income tax computed by using applicable tax rate from income before income tax, with income tax expense as shown in the statements of comprehensive income for the years ended December 31, 2011 and 2010 are as follows:

	2011	2010
Income before income tax as shown in the statements of comprehensive income	434,255	411,827
Income tax expense at applicable tax rate	86,851	82,365
Tax effect of permanent differences:		
Donations and entertainment	715	946
Salaries and employees' welfare	291	1,081
Tax penalties	61	479
Income already subjected to final tax:		
Rent	(18,369)	(17,195)
Interest	(10,244)	(8,183)
Gain on sale of short-term investments	(1,670)	(205)
Compensation cost of share options	-	(1,602)
Impact on changes in corporate income tax rates under PMK No. 238/2008	(968)	(611)
Income tax expense - net	56,667	57,075

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12. TAXES PAYABLE (continued)

The deferred tax assets and liabilities as of December 31, 2011 and 2010 are as follows:

	2011	2010
Deferred tax assets on:		
Liabilities for employees' benefits	33,891	29,334
Deferred tax liabilities on:		
Property and equipment	20,169	19,168
Long-term rent	14,922	16,235
Unrealized gain on available-for-sale financial assets	199	1,184
Prepaid expenses	214	183
Total	35,504	36,770
Deferred tax liabilities - net	1,613	7,436

The Company's management believes that the deferred tax assets can be utilized through its future taxable income.

In 2011, the Company received several Tax Collection Letters ("STP") for income taxes under Article 21 for 2008, 2009 and 2010 and for Value Added Tax for 2008, 2009, 2010 and 2011 totaling Rp307 million. The payments of these STP are presented as part of "Operating Expenses - Taxes and Licenses" in the 2011 statements of comprehensive income (Note 17).

In 2010, the Company received several Tax Collection Letters ("STP") for income taxes under Articles 4 (2), 21 and Value Added Tax for 2007, 2008 and 2009 and Article 23 for 2003, 2007, 2008 and 2009 totaling Rp2.39 billion. The payments of these STP are presented as part of "Operating Expenses - Taxes and Licenses" in the 2010 statements of comprehensive income (Note 17).

13. SHARE CAPITAL

The shareholders and their share ownership as of December 31, 2011 and 2010 are as follows:

Shareholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Total
PT Ramayana Makmursentosa	3,965,000,000	55.88	198,250
Paulus Tumewu (President Commissioner)	260,000,000	3.66	13,000
Public (below 5% ownership each)	2,871,000,000	40.46	143,550
Total	7,096,000,000	100.00	354,800

14. CASH DIVIDENDS AND APPROPRIATION FOR GENERAL RESERVE

In the Annual Shareholders' General Meeting held on May 26, 2011, the minutes of which were notarized by Deed No. 13 on the same date of Rianto, S.H., the shareholders approved the declaration of cash dividends of Rp30 (full amount) per share or in total amount of Rp212.88 billion, and the appropriation for general reserve of Rp5 billion from the 2010 net income.

In the Annual Shareholders' General Meeting held on May 27, 2010, the minutes of which were notarized by Deed No. 11 on the same date of Rianto, S.H., the shareholders approved the declaration of cash dividends of Rp25 (full amount) per share or in total amount of Rp176.60 billion, and the appropriation for general reserve of Rp5 billion from the 2009 net income.

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15. REVENUES

The details of revenues are as follows:

	2011	2010
Outright sales	4,467,995	4,258,281
Consignment sales (Note 7c)	2,129,119	1,802,130
Cost of consignment sales	(1,510,956)	(1,285,243)
Commission on consignment sales	618,163	516,887
Total revenues	5,086,158	4,775,168

There are no sales to a specific customer that exceeded 10% of total revenues in 2011 and 2010.

16. COST OF OUTRIGHT SALES

The details of cost of outright sales are as follows:

	2011	2010
Beginning inventories	729,977	640,758
Net purchases	3,300,950	3,205,496
Inventories available for sale	4,030,927	3,846,254
Ending inventories	(715,843)	(729,977)
Cost of outright sales	3,315,084	3,116,277

There are no purchases from a supplier of the Company that exceeded 10% of total revenues in 2011 and 2010.

17. OPERATING EXPENSES

The details of operating expenses are as follows:

	2011	2010
Salaries and employees' welfare (Notes 7d and 20)	462,651	450,600
Electricity and energy	241,328	205,716
Depreciation (Note 9)	169,916	143,200
Rent - net (Notes 7b, 10a, 10b and 21)	167,691	137,684
Repairs and maintenance (Notes 7e and 10c)	101,931	93,170
Transportation and travel	75,460	83,666
Promotion	54,632	47,032
Store supplies	40,193	36,613
Insurance	15,994	8,249
Taxes and licenses (Note 12)	14,471	18,451
Bank expense	11,668	11,231
Security	10,941	13,512
Social security contribution	9,631	8,558
Stationeries and printing	9,081	8,027
Telecommunications	7,280	7,426

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17. OPERATING EXPENSES (continued)

The details of operating expenses are as follows: (continued)

	2011	2010
Contributions and retributions	6,242	4,969
Professional fee	3,808	4,916
Donations and entertainment	3,575	4,729
Others	521	312
Total	1,407,014	1,288,061

18. OTHER OPERATING INCOME

The details of other operating income are as follows:

	2011	2010
Gain on sale of short-term investments - net	8,029	1,849
Gain on foreign exchange - net	1,984	-
Others - net	3,548	3,512
Total	13,561	5,361

19. OTHER OPERATING EXPENSES

The details of other operating expenses are as follows:

	2011	2010
Loss on foreign exchange - net	-	11,069
Others - net	39	-
Total	39	11,069

20. LIABILITIES FOR EMPLOYEES' BENEFITS

The Company recognized liabilities for employees' benefits amounting to Rp135.56 billion and Rp117.34 billion as of December 31, 2011 and 2010, respectively, presented in "Liabilities for Employees' Benefits" account in the statements of financial position. The related expenses amounting to Rp24.12 billion and Rp19.22 billion in 2011 and 2010, respectively, are presented as part of "Operating Expenses - Salaries and Employees' Welfare" account in the statements of comprehensive income (Note 17). The liabilities for employees' benefit were determined based on actuarial valuations performed by PT Dayamandiri Dharmakonsilindo, an independent actuary, based on its reports dated January 24, 2012 and January 17, 2011 for 2011 and 2010, respectively.

The liabilities for employees' benefits are calculated using the "Projected Unit Credit" method based on the following assumptions:

	2011	2010
Discount rate	6.5% per year	8.6% per year
Salary increase rate	7% per year	7% per year
Pension age	55 years old	55 years old
Mortality rate	CSO-1980 table	CSO-1980 table

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20. LIABILITIES FOR EMPLOYEES' BENEFITS (continued)

The details of the net benefits expenses recognized are as follows:

	2011	2010
Current service cost	13,797	10,431
Interest expense	10,181	8,827
Amortization of past-service cost and actuarial gains - net	147	(38)
Net	24,125	19,220

The details of employees' benefits liabilities are as follows:

	2011	2010
Present value of benefit obligation	178,917	126,086
Unrecognized actuarial losses	(43,047)	(8,296)
Amortization of unrecognized past-service cost	(305)	(452)
Liabilities for employees' benefits	135,565	117,338

Movements in liabilities for employees' benefits for the years ended December 31, 2011 and 2010 are as follows:

	2011	2010
Beginning balance	117,338	101,918
Provision during the year	24,125	19,220
Benefits payments during the year	(5,898)	(3,800)
Ending balance	135,565	117,338

21. COMMITMENTS

The Company entered into various long-term rental agreements with a related party and with third parties (Note 10b) for its certain stores and warehouses locations, expiring on various dates from 2012 until 2037.

In addition, the Company entered into rental agreements with third parties to sub-lease some of the store spaces. The total rent income from these agreements of Rp97.22 billion in 2011 and Rp85.98 billion in 2010 is presented as deductions to rent expense in operating expenses (Note 17).

22. STOCK BASED COMPENSATION

In the Extraordinary Shareholders' General Meeting held on June 12, 2002, the minutes of which were notarized by Deed No. 11 on the same date of Ny. Rukmasanti Hardjasatya, S.H., the shareholders approved to issue new shares at the maximum of 5% from the total shares issued and fully paid or 70,000,000 shares with par value of Rp250 (full amount) per share through Employees' Share Option Plan ("ESOP").

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22. STOCK BASED COMPENSATION (continued)

In accordance with the decision of ESOP committee, the share options are subject to the following terms and conditions:

- Share options will be allocated based on the decision of the ESOP committee after considering all the recommendation from the Company's directors
- Share options will be exercised at Rp3,775 (full amount) per share
- The employees that have the right to receive share options are permanent employees from level 1 to level 4 and have been working in the Company at least 1 (one) year and with excellent performance rating based on the Company's evaluation
- Each option of the employee can be converted into 500 shares of the Company
- If employees violate the Company's regulation or committed criminal actions, then the options will be cancelled
- If employees resign or retire, then the option will be cancelled
- Term of share options is 7 years starting from November 1, 2003, and will expire on November 1, 2010.

Based on the decisions of ESOP committee and the above terms and conditions, on August 8, 2003, the Company has allocated 64,000 options to employees to purchase 32 million shares of the Company from the planned 70 million shares. Total compensation cost of share options of Rp20.03 billion is presented as part of "Share Options" account in the equity section in the statements of financial position.

In relation with the stock split of the Company's share capital from par value of Rp250 (full amount) per share to Rp50 (full amount) per share in 2004, the terms and conditions of the share options as stated above were amended likewise as follows:

- Share options allocated increased from 32 million shares to 160 million shares with par value of Rp50 (full amount) per share. Accordingly, each option can be converted into 2,500 shares of the Company.
- Share options can be exercised at Rp755 (full amount) per share.

The fair value of each option was estimated on the grant date using the "Binomial Option Pricing" model using the following assumptions:

Dividend yield	: 3%
Volatility of expected price	: 44.42%
Risk free interest rate	: 10.50% - 10.94%
Option period	: 7 years

On July 30, 2010, 12,800 options (representing 32,000,000 shares) were exercised by the employees and the remaining of 25,600 options cannot be executed due to the term of share options already expired on November 1, 2010.

23. EARNINGS PER SHARE ("EPS")

The computation of basic earnings per share in 2011 and 2010 as follows:

	2011	2010
Income for the year	377,588	354,752
Weighted average number of shares outstanding	7,096,000,000	7,077,589,041
Basic earnings per share (full amount)	53.21	50.12

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24. SUPPLEMENTARY CASH FLOWS INFORMATION

	2011	2010
ACTIVITIES NOT AFFECTING CASH FLOWS		
Reclassification of assets not used in operation to property and equipment	1,733	-
Increase (decrease) in fair value on available-for-sale financial assets - net	(3,579)	13,983
Reclassification of advances for purchases of property and equipment to property and equipment	-	109,173
Write-off of property and equipment	-	2,083

25. SEGMENT INFORMATION

In accordance with PSAK No. 5 (Revised 2009), "Operating Segments", the following segment information is prepared based on the information used by management in evaluating the performance of each business segment and in determining the allocation of resources:

	2011				Total Segment
	Sumatera	Java, Bali and Nusa Tenggara	Kalimantan	Sulawesi and Papua	
Total revenues	1,283,082	2,931,424	536,315	335,337	5,086,158
Income					
Segment income	336,590	887,545	164,809	102,309	1,491,253
Unallocated operating expenses					(1,113,671)
Income from operations					377,582
Financing income					56,673
Income before income tax					434,255
Income tax expense-net					(56,667)
Income for the year					377,588
Segment assets	740,532	1,278,514	282,618	134,333	2,435,997
Unallocated assets					1,323,046
Total assets					3,759,043
Segment liabilities	1,716	1,070	510	42	3,338
Unallocated liabilities					914,308
Total liabilities					917,646
Capital expenditures	8,618	128,599	26,824	2,438	166,479
Depreciation and amortization	84,766	141,880	38,056	15,120	279,822

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25. SEGMENT INFORMATION (continued)

In accordance with PSAK No. 5 (Revised 2009), "Operating Segments", the following segment information is prepared based on the information used by management in evaluating the performance of each business segment and in determining the allocation of resources: (continued)

	2010				Total Segment
	Sumatera	Java, Bali and Nusa Tenggara	Kalimantan	Sulawesi and Papua	
Total revenues	1,193,211	2,804,146	458,239	319,572	4,775,168
Income					
Segment income	323,903	826,471	155,605	102,059	1,408,038
Unallocated operating expenses					(1,042,916)
Income from operations					365,122
Financing income					46,705
Income before income tax					411,827
Income tax expense-net					(57,075)
Income for the year					354,752
Segment assets	797,936	1,153,333	290,524	103,512	2,345,305
Unallocated assets					1,140,677
Total assets					3,485,982
Segment liabilities	2,771	2,688	718	1,129	7,306
Unallocated liabilities					798,240
Total liabilities					805,546
Capital expenditures	189,661	83,920	36,700	43,745	354,026
Depreciation and amortization	78,273	141,604	18,780	12,196	250,853

The Company determines its business segment based on the products sold consisting of fashion and accessories and non-fashion items.

2011	Fashion and Accessories	Non-Fashion Items	Total Segment
Outright sales	2,231,474	2,236,521	4,467,995
Commission on consignment sales	600,604	17,559	618,163
Cost of outright sales	(1,392,126)	(1,922,958)	(3,315,084)
Gross profit	1,439,952	331,122	1,771,074
2010	Fashion and Accessories	Non-Fashion Items	Total Segment
Outright sales	2,158,314	2,099,967	4,258,281
Commission on consignment sales	484,425	32,462	516,887
Cost of outright sales	(1,320,224)	(1,796,053)	(3,116,277)
Gross profit	1,322,515	336,376	1,658,891

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26. MONETARY ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

As of December 31, 2011, the Company has monetary assets and liabilities denominated in foreign currencies as follows:

	In Millions of Rupiah Equivalent
Assets	
Cash and cash equivalents	
United States Dollar (US\$3,582,981)	32,491
Singapore Dollar (Sin\$126,615)	883
Time deposits	
United States Dollar (US\$8,623,682)	78,200
Short-term investments	
United States Dollar (US\$9,947,585)	90,205
Accounts receivable - others	
United States Dollar (US\$234,309)	2,125
Total	203,904
Liabilities	
Accounts payable - others	
United States Dollar (US\$140,058)	1,270
Singapore Dollar (Sin\$4,808)	34
Total	1,304
Net monetary assets	202,600

On March 16, 2012, the exchange rates are Rp9,178 (full amount) per US\$1 and Rp7,280 (full amount) per Sin\$1.

If the net monetary assets in foreign currencies as of December 31, 2011 are converted to Rupiah using the exchange rates as of March 16, 2012, the net monetary assets will increase by Rp2.49 billion.

27. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Company's main financial instruments comprise of cash and cash equivalents, time deposits, short-term investments, accounts receivable - trade, accounts receivable - others, security deposits, other non-current assets - loan to employees, accounts payable - trade, accounts payable - others and accrued expense.

a. Risk Management

The Company is exposed to market risk, credit risk and liquidity risk. Interest to manage any kind of risks have been significantly increased by considering the volatility of financial market both, in Indonesia and international. The Company's senior management oversees the risk management of these risks.

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27. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

a. Risk Management (continued)

The Company's senior management reviews and agrees policies for managing each of these risks which is summarized below:

Market risk

Market risk is the risk that the fair value of future cash flows a financial instrument will fluctuate because of changes in market prices. Market prices comprise two type of risk: interest rate risk and foreign currency risk. Financial instruments affected by market risk include cash and cash equivalents, time deposits, short-term investments, accounts receivable - others, security deposits and account payable - others.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchanges rates. The Company's exposure to the risk of changes in foreign exchange rates related primarily to cash and cash equivalent, time deposits, short-term investments, accounts receivable - others, security deposits and accounts payable - others which are denominated in United States Dollar and Singapore Dollar. The Company manages this risk by placing their investment selectively in financial instruments which provide high return on investment, so that the fluctuation of foreign exchange rate risk can be compensated with the return on investments which denominated in several foreign currencies.

The following table demonstrates the sensitivity to a reasonably possible change in the Rupiah exchange rate against foreign currencies, with assumption that all other variables held constant, the effect to the income before corporate income tax expense is as follows:

	Change in Rupiah Rate	Effect on income before tax expenses
December 31, 2011		
United States Dollar	+ 2%	4,035
Singapore Dollar	+ 2%	17
United States Dollar	- 2%	(4,035)
Singapore Dollar	- 2%	(17)

Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company's financial instruments that have potential credit risk consist of cash and cash equivalents, time deposits, accounts receivable - trade, accounts receivables - others, security deposits and certain investments. Total maximum credit risk exposure equal to the carrying value of these accounts.

For credit risk related with banks, only banks with good predicate were chosen. For financial institutions, the management already made criteria to only engage with experienced and trusted investment managers. In addition, the Company's policy is to not restrict the exposure to only 1 (one) certain institution, so that the Company has cash and cash equivalents, time deposits and investments in several financial institutions.

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27. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

a. Risk Management (continued)

The Company's senior management reviews and agrees policies for managing each of these risks which is summarized below: (continued)

Liquidity risk

Liquidity risk is defined as a risk when the Company will find difficulties in order to acquire the fund to fulfill their commitments against the financial instruments.

The Company manage their liquidity risk by maintaining sufficient cash and cash equivalents and marketable securities to enable the Company fulfill the Company's commitments to support the Company's business activities. In addition, the Company continuously controls the projection and actual cash flows and also controls the maturity of financial assets and liabilities.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual payments.

	<u>< 1 year</u>	<u>1 - 2 years</u>	<u>2 - 3 years</u>	<u>> 3 years</u>	<u>Total</u>
Account payable - third parties					
Trade	691,049	-	-	-	691,049
Others	18,106	-	-	-	18,106
Accrued expenses	27,236	-	-	-	27,236
Total	736,391	-	-	-	736,391

b. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

In addition, the Company is also required by the Corporate Law effective August 16, 2007 to contribute to and maintain a non-distributable reserve fund until the said reserve reaches 20% of the issued and fully paid share capital. This externally imposed capital requirements are considered by the Company at the Annual General Shareholders' Meeting ("AGM").

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, issue new shares or raise debt financing. No changes were made in the objectives, policies or processes as of December 31, 2011 and 2010.

The Company's policy is to maintain a healthy capital structure in order to secure access to finance at a reasonable cost.

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28. FINANCIAL INSTRUMENTS

The following table sets out the carrying values and estimated fair values of the Company's financial instruments as of December 31, 2011 and 2010.

	2011		2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
<u>Loans and receivables</u>				
Cash and cash equivalents	927,030	927,030	796,184	796,184
Time deposits	119,700	119,700	54,821	54,821
Accounts receivable - third parties				
Trade	4,227	4,227	2,415	2,415
Others	14,567	14,567	17,745	17,745
Security deposits	1,224	1,224	1,211	1,211
Other non-current assets - loan to employees	8,176	7,841	10,210	9,576
<u>Available-for-sale financial assets</u>				
Short-term investments	228,831	228,831	234,938	234,938
Total	1,303,755	1,303,420	1,117,524	1,116,890
Financial Liabilities				
<u>Financial liabilities measured at amortized cost</u>				
Accounts payable - third parties				
Trade	691,049	691,049	603,190	603,190
Others	18,106	18,106	21,002	21,002
Accrued expenses	27,236	27,236	20,632	20,632
Total	736,391	736,391	644,824	644,824

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

Financial instruments presented in the statements of financial position are carried at the fair value, otherwise, they are presented at carrying values as either these are reasonable approximation of fair values or their fair values cannot be reliably measured. The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

a. Financial instruments carried at fair value or amortized cost

Short-term investments are carried at fair value using the quoted prices published in the active market. Security deposits and other non-current assets - loan to employees are carried at amortized cost using the effective interest rate method and the discount rates used are the current market incremental lending rate for similar types of lending.

b. Financial instruments with carrying amounts that approximate their fair values

The fair value of cash and cash equivalents, time deposits, accounts receivable - trade, accounts receivable - others, accounts payable - trade, accounts payable - others and accrued expenses approximate their carrying values due to their short-term nature.

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29. COMPLETION OF THE FINANCIAL STATEMENTS

The Company's financial statements were completed and authorized for issuance by the Company's Board of Directors on March 16, 2012.





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