

Ramayana



ANNUAL REPORT

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Ramayana



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Prudence with Progress in a
Challenging Era

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OVERVIEW OF THE YEAR

Overview of the Year

In recognition of an uncertain economic environment and the need to maintain business continuity, Ramayana determined to adopt a 'lean profile' for 2015, looking to cut costs and make savings while continuing to provide the finest quality at the most reasonable prices to our valued clientele - many of whom have been shopping with us for several generations.



Our key new development has been to energize our supermarket business through linkage with a world-class multinational retailer: shoppers can now enjoy the advantage of buying from SPAR in Ramayana.

OUR VISION & OUR MISSION

Faithful as Ever to Our Principles

OUR VISION:

As a retail chain company committed to serving daily needs of the low-to-middle income segment, we vow to offer a wide range of value-for-money products, with friendly, attentive customer service.

OUR MISSION:

We shall maintain our place as Indonesia's leading retailer, through intelligent cost control, market right-sizing, upgraded customer service, and sustained beneficial relationships with business partners. Each move is made to augment efficiency and maximize shareholder value.

One of the most prominent department stores in Indonesia, positioned to cater to the lower- to lower-middle market, Ramayana has grown and prospered with the increased disposable income of average Indonesians, numbering in the tens of millions. First established as a modest effort in 1978, today Ramayana stands as a market leader in its retail segment.

The Company's main business is the sale of garments and accessories for men, women & children, along with accessories and other fashion goods, shoes, toys, household items, stationery and foodstuffs, through Ramayana Supermarket - now in a joint effort with SPAR of the Netherlands.

Ramayana continues to provide working-class Indonesians living in major urban centers and in regions throughout the archipelago with the most trends and styles, at affordable prices.

Ramayana champions QUALITY-SERVICE-VALUE, and attributes its continued success and steady expansion in the past four decades to its consumer appeal. Several generations of customers have been faithful patrons.

Customers demand VALUE with QUALITY. Ramayana delivers on their promise, with quality merchandise, in line with contemporary styles.

Ramayana trains its staff to display and offer merchandise with superior STYLE and SERVICE. The customer must always feel like an honored guest, and should feel comfortable when shopping.

Intense COMPETITIVE SPIRIT is keyed to value - one of our Company's core values. With inflation looming and disposable income under pressure, consumers are price-conscious as they never were before. They have to make moment-to-moment decisions as to whether they can afford to buy. Our success in repeat business, from father to son and mother to daughter, comes from the value-for-money of our garments and other items.

In a changing world, Ramayana strives to control costs while growing profit margins. It is studying and reacting to changing demographics among consumers, many of whom are faced with higher prices for basic daily items. This definitely affects the purchasing power of our target market: middle-low and low-income Indonesians.

Ramayana strives to stay sensitive to economic, social and market conditions. In the quest to contribute to social development, providing employment, paying taxes, working as a Good Corporate Citizen and offering quality goods for average Indonesians everywhere, the Company grows and develops, along with Indonesia.

RAMAYANA IN 2015 - A BRIEF SUMMARY

2015 was a moment of decision for Company management, in terms of how to react to an unstable economy, both domestically and globally, where consumers face inflation, unemployment and other burdensome issues.

Further, changing demographics means it is ever more difficult to predict the consumer behavior and desires.

Management could have continued to expand, promote and seek market share; our long experience with promotions, events and advertising has given us a reliable sense of what works to draw in paying customers.

Our experience with numerous promotions in 2014 was however not that fruitful: the increase in foot traffic and a bump in sales should more than offset the burden incurred by a sale or event. This simply did not happen; thus, this path was not chosen as part of company strategy in 2015.

Rather, the decision was made to hold to our course but to tighten up on cost burdens, turning profits by saving money. Plans for new stores were thus put on hold; just one new store, in Malang, was opened this year.

The ongoing global slump in commodities and energy has affected Ramayana sales deeply, particularly in the outlying areas of Indonesia. Regions producing coal, palm oil, rubber and oil & gas are all suffering, with thousands of layoffs at major companies. In many cases the small city where a Ramayana store is sited is a 'one-industry' settlement; when that industry experiences difficulties all businesses in the town are affected adversely. Even when our business is the only major retail outlet foot traffic tends to disappear.

Ramayana must deal with the additional reality that consumer priorities have apparently shifted, and discretionary income (money after deductions, taxes and other fixed expenses) redirected to easily-available consumer credit for the purchase of white goods, motorcycles and mobile telephones & accessories - often with one unit for every member of the family. These are severe drains on limited discretionary income, as prices for staple goods steadily rise.

It is our view that inflationary pressure is not accurately reflected in official Government of Indonesia statistics, and in fact food, transport and accommodation have both gone up much more than the figures released by Statistics Indonesia.

In 2015 we suffered from a calendar conflict, as the 'back-to-school' seasonal sales overlapped with the Islamic holy month of Ramadhan. This will also occur in 2016, as a result of the shifting lunar calendar.

While the average Indonesian consumer really wants to keep consuming, an overall economic slowdown, particularly for export-oriented industries, is taking a toll on the retail business (and not just for Ramayana). The global economy continues to be beset by lingering economic weakness, and this has inevitably spread to Indonesia.

In summary we must report that Ramayana has done its best to deal with negative factors during the year and while almost finishing in the black did not achieve sales objectives, particularly from our scores of stores in the islands beyond Java; this was a result of factors beyond our control.

FINANCIAL HIGHLIGHTS OF 2015

The first half of 2015 was really challenging, as sales were off in most of our stores - and the situation in the outer islands was especially gloomy. Business picked up briskly during the second half of the year, enabling us to finish only two percent below the previous year's figure. Meanwhile, costs continued to creep up, and we did our best to control them.

We made strenuous attempts to grow sales volume across the archipelago, with faint success. Discounts and price cuts failed to grow volume enough to make them worthwhile. While we managed to barely stay in the black, 2015 has not turned out as we had hoped a year ago, in terms of recovering sales and profits.

After a period of instability and decline in 2014 the Indonesian Rupiah stabilized at around Rp. 13,795/USD, building confidence in an otherwise uncertain economic environment. The intelligent and firm guidance of Bank Indonesia helped in amassing foreign reserves and controlling inflation at home. It persists in adjustments to interest rates in the delicate matter of boosting economic growth. Ramayana is more or less insulated from forex considerations: Indonesian Rupiah fluctuations exert an effect on enterprises depending on imported machinery or raw materials, but they do not really influence our cost matrix, which is already under tight control.

Benchmark interest rates (BI Rates) stood at 7.50% at end-2015, revealing further relief to the abolition of the fuel subsidy which had so burdened the national budget.

There was no relief to the lingering global economic uncertainty. Major shocks to the Chinese stock markets discouraged investors and brought in heavy government attempts to stabilize the situation. If China is no longer to function as an 'economic locomotive' of world growth, then the world economy will definitely be affected (including that of Indonesia). The US Dollar continued to maintain its amazing strength as the world's reserve currency.

The loan portfolios of Indonesian banks were more subdued than in the previous year, as many attempted to raise the quality of their assets.

Economic weakness continued, and a collapse in the price of crude oil, to around US\$ 30/barrel, was good news to some (such as Indonesia, a net importer) but catastrophic for hundreds of enterprises in the energy industry. The attractiveness of shale oil, expensive to produce and controversial, also dimmed considerably.

Consumers need discretionary income to afford our merchandise, and the hope is that this will not dry up in 2016.

Over the long term, both energy and commodity sectors are bound to pick up, and if companies can manage to survive, while the Government confronts large-scale unemployment and under-employment issues, Ramayana, along with the economy as a whole, should be able to recover a satisfactory rate of growth.

As ever, the fundamental financial position of our Company is secure, with major cash reserves, no debt and strong lines of credit with major banks. We consciously maintain a prudent awareness, ready to right-size and shut down unproductive commitments.

After careful study and deliberation, and the consideration of current stock market conditions, Management came to a decision regarding Company shares, planning on a buyback. Management remains confident this will be in the best interest of all shareholders and stakeholders.

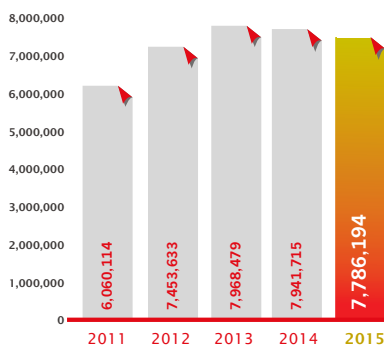
The extraordinary General Meeting of Shareholders had approved Share Buy Back Program with maximum amount of four hundred billion Rupiah including transaction fee, broker fee, and other fee.

Expressed in Millions of Rupiah, Unless Otherwise Stated

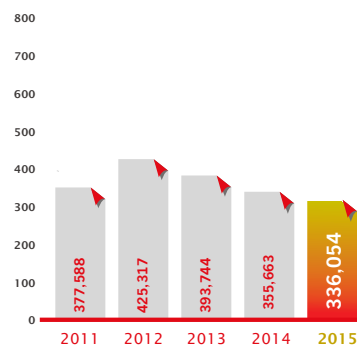
	2015	2014	2013	2012	2011
STATEMENTS OF COMPREHENSIVE INCOME					
Outright Sales	4,788,667	5,131,375	5,223,962	4,992,478	4,467,995
Consignment Sales	2,997,527	2,810,340	2,744,517	2,461,155	2,129,119
Cost of Consignment Sales	2,253,190	2,080,367	1,967,661	1,753,924	1,510,956
Consignment on Sales Commission	744,337	729,973	776,856	707,231	618,163
Total Revenues	5,533,004	5,861,348	6,000,818	5,699,709	5,086,158
Cost of Outright Sales	3,537,000	3,813,511	3,860,568	3,724,637	3,315,084
Gross Profit	1,996,004	2,047,837	2,140,250	1,975,072	1,771,074
Operating Expenses	1,745,310	1,748,640	1,732,960	1,526,537	1,393,492
Income from Operation	250,694	299,197	407,290	448,535	377,582
Net Other Income	113,926	89,712	54,686	48,435	56,673
Income Before Income Tax	364,620	388,909	461,976	496,970	434,255
Income Tax Expense	28,566	33,246	68,232	71,653	56,667
Income for the year	336,054	355,663	393,744	425,317	377,588
Number of Share (in millions)	7,053	7,096	7,096	7,096	7,096
Basic Earnings per Share (Rp)	47.64	50.12	55.49	59.94	53.21
STATEMENTS OF FINANCIAL POSITION					
Cash an Short Term Investments	1,828,740	1,687,865	1,273,186	1,323,372	1,275,561
Inventories	823,909	808,569	872,064	763,117	715,843
Total Current Assets	2,831,172	2,694,944	2,374,584	2,319,291	2,133,254
Total Assets	4,574,904	4,565,923	4,386,757	4,092,356	3,768,299
Account Payable	885,960	874,411	874,054	723,184	691,049
Total Current Liabilities	960,890	967,544	963,367	871,554	780,493
Total Liabilities	1,241,100	1,240,243	1,194,190	1,107,440	959,410
Total Equity	3,333,804	3,325,680	3,192,567	2,984,916	2,808,889
Total Loan	-	-	-	-	-
Net Cash Position	1,828,740	1,687,865	1,273,186	1,323,372	1,275,561
Net Working Capital	1,870,282	1,727,400	1,411,217	1,447,737	1,352,761
FINANCIAL RATIOS					
Current Year Profit on Assets (%)	7.3	7.8	9.0	10.4	10.0
Current Year Profit to Equity (%)	10.1	10.7	12.3	14.2	13.4
Current Ratio (x)	2.9	2.8	2.5	2.7	2.7
Liabilities to equity (x)	0.4	0.4	0.4	0.4	0.3
Liabilities to Total Assets (x)	0.3	0.3	0.3	0.3	0.3
Sales to Total Assets (x)	1.7	1.7	1.8	1.8	1.8
Net Cash Position to Equity (%)	54.9	50.8	39.9	44.3	45.4

Total Sales

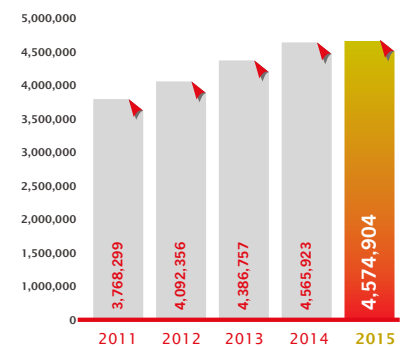
in Million Rupiah

**Net Income**

in Million Rupiah

**Total Assets**

Dalam Jutaan Rupiah



THE BOARD OF COMMISSIONERS REPORTS



Paulus Tumewu
President Commisioner

To all valued Shareholders: On behalf of the Board of Commissioners of PT Ramayana Lestari Sentosa Tbk. and the entire Ramayana work-force I would like to take this opportunity to send forth greetings and appreciation, with to shareholders along with all other stakeholders, including local and national Government officials, suppliers, workers, bankers, media people and neighbors. Our success over the years derives in large part thanks to the cooperation, support and understanding of Ramayana stakeholders.

In spite of all our efforts, 2015 turned out to be another challenging year, one displaying great effort toward rationalization and efficiency. In response to a national economy beset by a variety of unfortunate factors, we exerted great efforts toward sustaining what we have already achieved.

As a developing nation heavily dependent on commodity exports, Indonesia becomes subject to global economic fluctuations, and the intertwined political and economic crises will indirectly affect Ramayana. We still depend on remittances from TKI (our overseas Indonesia work force) for a healthy revenue stream; unfortunately, however, much of this money appears to have gone for basic expenses, leaving little discretionary income.

During the year the Board of Directors pursued sales development in Jabodetabek, the 'engine of economic strength' of our nation; the second half of the year rescued a faint first two quarters. Business in the outer islands, particularly those dependent on export commodities such as coal and palm oil, continues to be problematical.

The Board of Commissioners consults with the Board of Directors in appraising costs and dealing effectively with under-performing assets, in maintaining a stance of prudence in the current uncertain situation. We are also appraising the effect of Rupiah devaluation, both as a positive phenomenon (high remittances) and negatively (drives up import costs, contributes to inflation). These and other factors are studied together

in collaboration with the BoD, to ascertain how they will affect Ramayana's future business prospects. In securing intelligence about a shifting market Ramayana has measured its results against those of other companies, and the results are also remarkable.

I would like to share Company consolidated comprehensive net income with you. This amounted to Rp 7,786.2 billion, moving from Rp 7,941.7 billion for the same period in 2014.

Based on a prior record of their successful achievement, the Board of Commissioners advised the Board of Directors to abstain from any adventurous expansion, control all costs and maintain a low and prudent growth profile. The Board of Commissioners looks forward with anticipation to the installation of upgraded supermarket facilities, with Spar International.

During 2015 we continued to refine and expand distribution, promptly fulfilling demand in both established and greenfield areas, without burdening warehouses with excessive stock. We note that a growing mood of economic insecurity continues in areas depending on commodities, even when Ramayana is the only major store in a given city.

We would like to acknowledge and send thanks to the Company's Audit Committee, which has reviewed and accepted PT Ramayana Lestari Sentosa's consolidated financial statements for the year ending December 31, 2015, as presented by its Board of Directors.

The Board of Commissioners therefore feels it right and proper to recommend to all shareholders that these Consolidated Financial Statements be approved as presented.

It has been a challenging year for Indonesian retailers and consumers, and redoubled efforts toward on-line commerce pose another issue for traditional 'bricks-and-mortar' stores.

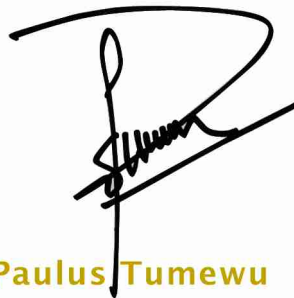
I would like to assure all shareholders and Government of Indonesia authorities that our Company remains committed to practices of Good Corporate Governance, emphasizing values of transparency, independence, accountability, responsibility and fairness. We continue to foster goodwill in communities around our operations, through sponsorship of various meaningful social activities and group events, complemented with regular donations to deserving charities.

On the occasion of the issuance of this Annual Report, to coincide with our AGM, we wish to send grateful thanks to all employees and business partners, asking for their understanding, as many have had to take on extra burdens, with temporary staff redundancies. We do acknowledge their diligent efforts and applaud their commitment to excellence in all aspects of our business.

Efficiency and cost control efforts have had to be implemented by the Board of Directors, in the effort to control costs. We do look toward a more prosperous future.

We wish to report that there has been no change in the composition of the Board of Commissioners for the year, a requirement as stipulated by Otoritas Jasa Keuangan. We would also like to recognize the achievements of the Board of Directors, and thank them for their continued counsel and for their implementation of policy as determined by the Board of Commissioners. The Directors have performed exceptionally, under difficult conditions, adjusting and making allowance for changing tastes and market patterns. We look to them to hold to our principles as we expand cautiously, growing with a recovering economy.

In submitting this, we go forward in the faith that our shareholders will keep the faith and bear with us in unpredictable times, approving of our 2015 performance as reported in this, our Annual Report, and will continue to give their support in 2016 and beyond, as we strive to protect our corporate achievements and pursue ever-higher levels of success.



Paulus Tumewu
President Commissioner



THE BOARD OF DIRECTORS REPORTS



Agus Makmur
President Director

On behalf of the Board of Directors I extend a warm welcome to all business partners, including suppliers, distributors and others, along with Government of Indonesia officials, local government and media people, as we present our Annual Report for 2015. It has been another difficult and challenging year, starting off quite poorly; we did however, manage to recover our momentum and end nearly as well as the Company marked in 2014.

In a time of uncertainty for all retailers, now challenged competitively as well by on-line merchandising, that PT Ramayana Lestari Sentosa Tbk. recognizes its weaknesses and intends to address them, adjusting our product mix and style schemes in a manner enabling new interest and participation by the public.

The major newsworthy event of 2015 was the fruition of a new partnership with SPAR International, a multinational supermarket chain originating in the Netherlands. We like to think of this aspect of our business venture as 'reinventing the supermarket' (particularly since our legacy supermarket sales were -12% last year).

While an agreement was signed with SPAR International in September 2014, it wasn't until March 2015 that we were able to open our first 15 SPAR stores; the plan is to open 25 more in 2016 and 2017, eventually totaling around 90 stores across the archipelago.

One reason why it has taken so long to get going is the very different orientation of SPAR. The legacy Ramayana concept was a mix of below 10% fresh products, 60% foodstuffs and 20% General Merchandise (GMS). SPAR concept is 1/3 fresh, 10% GMS, 60%+ food. This major shift in the mix took time.

When a full 30% of its merchandise is categorized as 'fresh' shopping becomes necessary on a daily basis - thus encouraging more foot traffic through Ramayana. Such a high level of fresh produce, dairy, meat and fruit necessarily implies prompt, reliable sourcing, efficient

handling and a relatively high level of disposal of spoiled goods. This also implies a smaller profit margin (compared to GMS), as there is considerable wastage. We trust the increased interest and foot traffic will more than make up for it. We still believe that the increased patronage will be good for Ramayana as a whole, leading to stronger sales of all merchandise.

The first year of operation our SPAR stores were able to build their level of fresh products to nearly 20%, while cutting back on GMS, traditionally one of our core product areas at Ramayana Supermarket.

Over the next three years we will be resetting the concept, accustoming our public to the new retailing operation while opening new stores and growing existing ones. It is important to bear in mind that a different class of customer shops at SPAR. While our patrons before were customarily middle-low to low class in income, judging from basket size and customer profile a somewhat more upscale and sophisticated class of Indonesian is shopping with us today. Younger families shop at SPAR. We are attempting to upgrade the department store so that it is more in line with the desire of shoppers who do not enjoy the messiness, noise and uncertain prices of the traditional 'wet' market. As we attract people with our novel SPAR layout and product mix, we expect them to spend more in the rest of Ramayana as well.

By 2018 the objective is to ring up Rp. 5t in food sales, 100% higher than what Ramayana used to turn over. We are still learning and trying, and ended up the first year of SPAR operation in a deficit position. In any case we had to make a major move, as supermarket purchases were off a full 12%, against a 4~5% lower figure for the rest of the store.

We began 2015 with energy and optimism, projecting 7% in sales growth; the first half of the year was disastrous, at -8%, but we made a dramatic recovery in the third quarter and ended up FY2015 at just -2% down from the prior year. In short, revenues, profits and overall growth were not as anticipated after a similarly slow 2014. Compared to DKI and Java in general, sales in our outer islands outlets were very bad, at -8% or -9% in same store sales. We attribute this to the lingering malaise of commodities, the mainstay of regional economies across the country.

This justified our decision not to proceed with a number of planned store openings, as the domestic Indonesian economy as a whole was not that healthy - contrary to what you read in the mass media. We were certainly not held back by any lack of resources. Ramayana has a large war chest with plenty of cash on the balance sheet, and no debt; thus well-meaning associates were urging expansion, to build revenues. This strategy, however, goes against executive policy for 2015: cut costs, stay the course, slow the damage.

Profits can only matter when costs are controlled, and once again this year we were forced to deal with rising prices for services and materials, along with energy. We dealt in part with this by reassigning workers to broader duties: where 100 employees performed their tasks in a store, now just ninety would have to

accomplish the same jobs. We also continue to search out and shift to alternative locally-available materials where possible, amid continued strides toward operational efficiency.

Enhanced logistics were possible through outsourcing non-critical functions to professionals and specialists. Container retrieval continues to be refined, in the quest to use sea freight delivery for selected areas across the Indonesian archipelago.

Three retail phenomena pose a threat to Ramayana revenues, as we have concluded: motorcycles & white goods (on easy but expensive credit), cell phones & accessories, and mini-marts. Traditionally, Indonesian consumers would save and save in order to be able to afford nice garments, particularly for religious holidays like Lebaran. They used to be quite sensitive to clothing styles and new fashion, before other consumer allures drew away their attention and monetary commitment.



In recent years, high-priced consumer goods like motorbikes, refrigerators and TV sets tend to siphon off limited income which would otherwise be spent in Ramayana.

Every time a Ramayana customer makes a down payment on a motorcycle we are potentially adversely affected, as the monthly installment will take a large chunk of his or her discretionary income. The easing of consumer credit over the past decade has seen a dramatic rise in household debt, as lower-middle-class consumers qualify for the first time for loans to purchase some durables as furniture, white goods and motorcycles. Consumer credit in Indonesia jumped from Rp 80.8tr in 2002 to Rp 282.6tr by 2007 and Rp 799.7tr in 2012. Inasmuch as credit = debt this signifies that families must repay these debts out of limited monthly discretionary income - money which could otherwise be spent at Ramayana. We appraise this as a principal threat to our growth.

The horrendous traffic experienced in Jakarta (recently named 'the world's worst city for traffic jams') and other major urban centers make people reluctant to go casual shopping; simultaneously, the sudden profusion of neighborhood 'mini-markets' like Alfamart and Indomaret mean that a consumer's immediate needs can be served without traveling far. Thus these 'convenience stores' draw off income that would otherwise go to major retailers with bricks-and-mortar investments - like Ramayana. Impulse buying in mini-markets also drains income.

Another recent monthly expense for households is private telecommunications, or cell phones (known here as 'handphones'). Mothers, children and relatives all carry them and consider them absolutely essential to daily movement. A handphone can easily drain off Rp 300,000 a month.

Inflation (considerably more than the Government of Indonesia admits to) has also tightened budgets, as food, transport and housing steadily rise in price.

The considerable disbursement of moneys from the Government of Indonesia into the economy for much-needed infrastructure development only started in 2015, so we could not benefit much from it.

We were also the beneficiary of a government educational stimulus effort known as 'Kartu Jakarta Pintar', or 'KJP', where the DKI performed direct disbursements of around Rp. 500,000 / semester to school students, through a sort of debit card issued by Bank DKI. It was to be used exclusively for school supplies, such as uniforms, bags, pens, shoes, etc.

We also awaited a surge in sales from the approximately USD 12 billion in remittances sent back to Indonesia by our international work force of some 6 million TKI overseas workers. This should have resulted in a healthy boost in Ramayana sales, but outside of Greater Jakarta they stayed more or less flat. Remittances were still good but this failed to stimulate Ramayana. We interpret this as seeing the extra money received as being used for the higher cost of living. School fees, transport, food all went up more than the government admitted. Discretionary income of our targeted consumers was seriously squeezed.

There are normally two 'crests' of sales every year for Ramayana: the climax of the Islamic fasting month of Ramadan, known as Lebaran, an important aspect of which is the purchase of new clothing, and the 'back to school' season. We were compromised in 2015 by the coincidence, or overlap, of these two calendar events, so that two seasons of high purchases were condensed into one. This occurred because the Lebaran celebration is fixed according to the lunar calendar, shifting nearly two weeks every year, while school sessions are set by the Gregorian calendar commonly used around the world. This 'calendar conflict' will most likely affect sales as well in 2016.

Foreign Direct Investment (FDI) continued to enter Indonesia and a number of new factories opened around Jakarta DKI. Workers were therefore able to spend more of their income at Ramayana. New manufacturing facilities continued to open in industrial parks in Tangerang, Serpong, Bekasi and West Java. Ramayana looks to optimize on the expanded employment and the customers it will generate for our stores.

During the year it became clear that a major dynamic was the shift from our Outright purchases, long the mainstay at Ramayana, through our house brands, moving toward more Consignment sales. Outright declined 6.7 %, while Consignment, which we can think of as a 'store within a store', rose 6.7 %, overtaking Outright for the first time; in order to explain the decline in Outright, we are looking hard at the possibility that aging product is failing to draw customers, who are more attracted by the well-known international brand names the Consignment merchants feature. The problem may be that Ramayana-branded products are not perceived as so special any longer. Previously, we were able to make merchandise that was fashionable but lower-priced. The price difference has narrowed, so today people prefer to go for the branded garments.



There are certain advantages to Consignment as far as we are concerned as well. While Outright sales secure us a larger margin they come along with full operational costs (payroll / capital costs / carrying / pilferage etc.) In terms of net margin Consignment is superior: 35-36% vs. 25-26%. Net is thus only 5-6%.

For operational Ramayana is responsible for a 10% payroll vs. just 2% for Consignment, for whom there is no carrying cost as it is not our own merchandise they are selling - up to 5 months' inventory for some merchandise.

Fixturing is also the responsibility of the Consignment operator.

We would like to revive interest in our operational lines. The question is how to accommodate aspiring customers, so that they will move to our brands. Tastes and trends change. Today Indonesians have become considerably more brand-conscious, and these stores, in competition with Ramayana, have more appeal.

SAVINGS IN OPERATING INCOME

I wish to report to shareholders that operating income for 2015 stood at Rp. 250.7 billion, against Rp. 299.2 billion for 2014. We have attempted to compensate for higher utility rates (electricity in particular), which tend to cut into sales revenue and operating income.

The BoD would like to report to the BoC that it has been able to perform all assigned corporate and departmental strategies, as well as monitoring execution of directives, ensuring that the company is fully compliant with good corporate governance regulations. We could not fulfill demand from our customer base across the archipelago without the logistic support of an efficient and accurate distribution system, and I wish to commend our distributors and stores for their faithful efforts, particularly in areas where sales fell off. Communication is key to success, and we maintain close relationships with these business partners on a day-to-day basis.

The company expects that all employees and relevant stakeholders will have studied and inculcated our upgraded Company Rules and Regulations. Expanded training and improved benefits packages have also made us an attractive employer.

We are known and respected in the vicinity of our operations for our Corporate Social Responsibility programs, and this year we hired a total of 9,200 high school students, hailing from 222 different schools across Indonesia, for internship work ('Praktek Kerja Lapangan', or 'PKL') / in our stores. We also held a social event in September 2015, when we distributed 5,000 'Sembako' gift parcels, worth Rp 100,000 apiece, to residents of communities around the Cengkareng area.

We continue to work and share with local people, particularly those living in areas around our outlets, to demonstrate how we are a socially-conscious and valuable member of the Indonesian business community.

In summary, and on behalf of the Board of Directors, I would like to emphasize that in spite of the varied challenges described above, PT Ramayana Lestari Sentosa, Tbk. did much better and came through a difficult year in superior condition to many other businesses. This is especially noteworthy as more than 40% of our stores are in the provinces, where the commodity collapse has been felt severely.

We would like to express our appreciation to all stakeholders for their continued patience and faithful support during the year; we continue our quest for success against shifting external conditions, over some of which we had no control.

Heartfelt thanks to all management, employees and business partners, and our appreciation to valued shareholders, for their continued trust and support as well.

We wish to extend our appreciation particularly to our esteemed Board of Commissioners for its wise guidance over a year of difficulty and disappointment, and thank them one and all for their instruction and supervision. Finally, we proffer grateful thanks to all of our millions of customers. We shall always endeavor to make you feel you have received full value for your money. We welcome you to Ramayana today and in the future, and look forward to your sustained patronage.



Agus Makmur
President Director

OPERATIONS & RETAIL PLACEMENT IN 2015

Same-store sales and those of more recently-established outlets (mostly in the outer islands) stood in contrast during the year. While we had actually projected 7% sales growth, 2015 started off very slowly for our business, and the first half actually registered -6 to -8% in revenue against 2014, which was not a particularly prosperous year either. We made strenuous efforts to draw in more trade and actually enjoyed one of the best fourth-quarter sales results in our history.

A number of new manufacturing facilities opened up in West Java and Banten Province, and the income from workers pepped up business in our stores sited in those areas.

Having made major investments in infrastructure in the DKI Region Ramayana holds great hopes for sustained progress over future years.

While sales were satisfactory in Jakarta DKI, moderate through the rest of Java, we suffered from slow business in our stores located in areas where employment depends on export commodities such as palm oil, rubber and coal mining - and during 2015 foreign markets continued to be adversely affected. We thus responded by cutting back, reducing part-time staff, to cut costs.

Ramayana was pinning its hopes on the outer islands, where it has made major investments in new facilities, hiring, promotion and other expensive aspects of starting up. We continue to hope that a recovery in commodities will return prosperity to these areas, which will echo in sustained sales growth for the future.

One serious impact was the overlapping of two major events - the Islamic Lebaran celebration and the commencement of classes in schools across the nation - 'back to school month'. Families normally ready to spend money in our stores on two separate occasions were reduced to just one major visit, and this was reflected in slower sales afterwards.

This coincidence of 'back to school' and Lebaran took place because of the nearly two-week shift in the lunar calendar, and will likely exert a negative effect on sales in 2016 as well.

Sales promotions were broadcast, featuring Raffi Ahmad, an Indonesian presenter, actor, and singer. He is familiar to local viewers, having been cast in a number of soap operas, television movies and feature films.



SUCCINCT BUSINESS REVIEW FOR THE YEAR

OPERATIONAL REPORT

2015 started off with an unpleasant surprise: we expected +7% sales growth but ended up the first half of the year actually down 6-8%. Same-store sales enjoyed a remarkable resurgence in the fourth quarter - the best in our history - and we thus managed to end the year only 2% below the 2014 figure.

Greater Jakarta sales and revenues continued to be the backbone of the business, as business in the outer islands sagged. Commodity markets have not been favorable during 2015, and show little sign of picking up in 2016. 33.4% of our revenues derived from Greater Jakarta in 2015.

While we built only one new store during the year, in Malang, we still maintain an optimistic stance for East Nusa Tenggara and other eastern regions, where there is minimal competition and considerable opportunity for growth.

Islamic New Year coincided in 2015 with back-to-school supply shopping of items like shoes and school supplies; these represent a 'mini-peak', but overlapping with Lebaran (300-400% sales peak) there was no time for incomes to recover, so half a month's sales were lost. We were aware of this overlap and prepared for it; we thought we could recover sales but unfortunately did not. Margins thus subsided. As sales stayed flat, costs rose steadily, some 8-12%.

2016 does not look particularly promising, as at the time of this writing January sales are in and while we were optimistic about the new government infrastructure disbursement and the knock-on expenditures it will entail, we adopt a wait-and-see attitude.

The aggressive expansion of mini-markets, only partially controlled by recent Government of Indonesia, imposed limits on opening near wet markets, and continues to pose a competitive threat for Ramayana, as the aspect of avoiding traffic jams, convenience and novelty appeal to Indonesian consumers.

While the official figures for inflation released by the Government of Indonesia are rather modest - around 5%, we tend to think that the actual figure, particularly for necessities like food and transport, is higher, as lower-class disposable income is being squeezed. During 2015 inflation soared as high as 8.2% and dropped into deflationary territory at -1.17%, reflecting a generally unsettled economic situation.

Retailing in Indonesia continues to thrive thanks to the fifty million consumers with enough spending power to patronize Ramayana. These mostly young citizens are a hope for future prosperity and for national development. The Java / Bali axis, the most heavily-populated region of Indonesia, continues as the mainstay of our sales, as the traditional focus of Ramayana sales efforts. This will eventually change, but we naturally still depend on the core islands for most revenue.

Same-store sales growth of -2.7% were recorded for the year, against overall Indonesian retail figures of around -1.9% annual growth. Note that middle-range and upper-class retailers did tremendous business during the year, as those consumers (salaries of Rp. 12m-15m a month) aren't feeling the pinch of limited disposable income as much as Ramayana customers.

Ramayana historically does about a third of its business in food marketing, but this area is under severe competitive pressure, because of the 'minimarkets' which have sprung up across the nation. Air-conditioned, brightly-lit, offering a smart selection of daily necessities, the mini-market has one advantage which a larger competitor like Ramayana cannot match: convenience. When a mini-market is only a short walk or drive from your home you'll feel more like going there. It's drawn trade away from the 'big box' stores, but particularly from those which, like Ramayana, are not known primarily for food shopping.

Our food section has been revised, since the commencement of cooperation with SPAR International, and is today comprised of a mix of approximately 20% for fresh produce, with another 10% for household goods, housewares & stationery (GMS). Historically, low gross margins and relatively small turnover also mean the section is more of a cost center than a profit center. The 'fresh' segment will eventually be expanded to around 30%.

While the mini-market boom is still limited to the major urban areas of Java and Bali, it is only a matter of time before these outlets expand across the whole archipelago. When the competition automates all transport, stocking, distribution and storage, we will have to respond in kind. Our expectation is thus for Ramayana supermarkets to be strongly competitive, thanks to our collaborative effort with SPAR International.

CONSIGNMENT STRATEGY AND OUTRIGHT AT RAMAYANA

Flexibility, creativity and novelty - these values will draw consumers into Ramayana stores. When they can be sure of being able to see new styles and novel merchandise, this will be a strong impetus for them to pay us a visit. This is a key reason for our embracing Consignment as a retail tactic, to the extent that it today equals 'Outright' (our owned goods) and contributes upwards of 37.4 % to total revenues. In 2015 Consignment grew by 6.7 % while Outright declined 6.7 %.

While the 24.8 % margin on Consignment is lower than the 35%-37% we normally recoup through sales of our own merchandise, the advantages are many: lower costs (particularly for sales staff), inventory costs and so forth. Fixturing, a major expense and one requiring periodic upgrading, is also the responsibility of Consignment operators.

Ramayana policy is to encourage more area for Consignment in future endeavors.

PLANNING, OPENING & CLOSING OF OUTLETS

During 2015 Ramayana operated 114 stores in 54 urban centers, in locations across the Indonesian archipelago. The unpredictable nature of the year led us to be

cautious about outlays, and thus only one new outlet, in the East Java city of Malang, was opened. One underperforming rental outlet, in Bangkinang, Riau Province, was closed.

Gross total space as of end-2015 is estimated at 975,843 M2, representing a 1.3 % decline over measured area for 2014, at 988,787 M2. In terms of annual productivity, average sales per square meter amounted to Rp. 8.0 million for the year. Through automation, increasingly reliable IT and other technology, we hope to be able to raise productivity in coming years.

Land deals and land leases to third parties are one way of doing this; as detailed above, Consignment is also being encouraged, in part to create variety while spreading risk. We expect these and similar measures will help sustain productivity at the bottom line.

Sales, banners and discounts have traditionally been relied on at Ramayana as the most effective way to draw customers. We were not able to rely on this technique in early 2015, as costs were curtailed sharply.

During Lebaran, Christmas and New Year's, all national holidays, that Ramayana can optimize sales through above-the-line strategies such as targeted television and radio ad campaigns, timely display ads in local and national-coverage newspapers and outdoor billboard displays with eye-catching Banners, situated in strategic areas. Flyers are also distributed in local communities, to generate street level interest.

As mentioned above, we retained the services of television personality and advertising celebrity Rafi Ahmad. A fresh face will help build a livelier and younger reputation for Ramayana. Back-to school events are also popular, drawing in the curious as well. Regular Ramayana discount programs boost sales significantly, while maintaining a high profile for our brands nationwide. These events also provide an opportunity to coordinate with our Corporate Social Responsibility program.

Sales Performance in 2015

Revenues came in at Rp. 7,786.2 billion against Rp. 7,941.7 billion in 2014 and Rp 7,968.5 billion in 2013.

Overall growth was thus -1.9 % that of 2014.

Liquidity & Capital Resources

It is noteworthy to record that the Company's balance sheet in 2015 stood debt-free, as in previous years, and Ramayana remains sufficiently liquid. The current ratio for the year continues to reveal a Company with ample funds and resources, able to deal with all current liabilities and foreseeable contingencies.

Other Income for 2015

Interest income increased by 27.3 %, to Rp. 141.6 billion, in 2015, against Rp 111.3 billion during 2014. We recorded a gross margin figure of 25.6 % for the year.

Gross Profit for the Year

Gross profit down by 2.5 %, to Rp. 1,996.0 billion, against the 2014 figure of Rp 2,047.8 billion.

Net Income for the Year

Net income for 2015 stands at Rp. 336.0 billion, compared to Rp 355.7 billion for 2014.

Operating Performance

Operating expenses for 2015 were affected by higher utilities costs, rising by 1.7 %, to Rp. 1,377.3 billion from Rp. 1,354.2 billion in 2014. This category covers salary increases, renovation and maintenance, in addition to utilities. Costs were also incurred for transportation and travel, supplies, advertising and promotions.

The ratio of operating expenses to total revenue stood at 17.7 %, against 17.1% for 2014.

Outlets

As stated above, particular emphasis is being accorded to future expansion through the outlying islands, as margins are higher and costs lower. Once the regional economic environment becomes more favorable, we have high hopes for growth in the region.

New Distribution Centers:

Under-performing stores are periodically closed after due consideration, and in 2015 we closed a temporary outlet in Bangkinang, Riau Province.

Thus, as of end-2015, we may count a gross total of 975,843 M2, with net area total at 713,545 M2.

Cash & Cash Equivalents

As of end-2015, total cash and short-term investments stand at Rp. 1,828.3 billion.



REASSESSING OUR CUSTOMER BASE ~ ADJUSTING ACCORDINGLY



Each generation of new Ramayana customers has seen our stores move forward and evolve in terms of product mix and presentation, services offered and advertising / promotion approaches selected.

The growth of Ramayana, from one humble outlet in Jakarta's Chinatown, tracks the expansion of the economy, exploitation of natural resources (mining, energy, agribusiness) which went on a roll in the 1990s and the opening of the nation to multinational players, starting with the likes of Makro and fast-food chains like McDonalds.

Mostly-Muslim Indonesia has always been a society of traditional values. Social status as exhibited by proper clothing has always been of key importance, and Indonesians have always budgeted a remarkable amount of their household expenditures for dress. Thus Ramayana has been able to take advantage of the need for nice garments during Easter, Lebaran, Christmas and other occasions, in addition to business and informal attire.

The Asian financial crisis of 1998 dragged down many businesses, but Ramayana has always been debt-free and was thus able to survive and thrive in years afterward, as Indonesia's economy, now free of heavy-handed Government management, expanded and opened further.

The growth of the lower-middle and middle class in Indonesia has been a remarkable phenomenon, and is accompanied by the formation of consumer tastes, styles and desires from mass media - primarily television but also print and the internet. Today the choice of consumer goods, either from kiosks, traditional traders, 'big-box' stores (like Ramayana) or on-line is a buyer's dream - but something of a nightmare for traditional sellers scrambling to keep up with rapidly evolving styles and tastes.

It is often said that only the nimble survive, and the larger you are the more difficult (and expensive) it is to make the fundamental changes often necessary to match fresh consumer wants.

This is one justification for our link-up with world-class retailer SPAR International, the mutual success of which we look forward to with great anticipation, as we build toward a total of 90~100 retail outlets.

Other major developments are in the pipeline as well at Ramayana, as we move into a new era of telecommunications, a rising middle class and sophisticated youth culture.

HUMAN RESOURCES DEVELOPMENT AT RAMAYANA IN 2015

In recent years with the freeing of labor unions and a Government more sensitive to popular demand, pressure has been exerted to set a higher minimum wage level for Indonesian workers. The dramatic 25%-40% rise in the legal minimum wage for Greater Jakarta, West Java and other areas has been both a blessing and a curse for Indonesian businesses. Averaging some 11% across Indonesia, it naturally raised the cost of doing business considerably, threatened to stoke latent inflation, and made Indonesian exports less competitive.

However, for Ramayana, while it added to our operational costs, it was more of a blessing, as the additional disposable income in the pockets of average Indonesians would in due course be spent largely on the items we sell at our outlets. For this reason we expected to record a spurt in sales in 2015 - but that hope was not realized.

There are two explanations for this, as detailed above: the acute effect of inflation on the prices of basic living expenses (food, rent, transport) and the 'draw' of consumer goods like motorcycles, available with easy credit. We are formulating ways to deal with these challenges.

TRAINING SESSIONS

For school holidays (mid-June to mid-July) and other minor festive seasons, an additional 5000 temporary employees are customarily hired; that figure doubles for the Lebaran / Idul Fitri season.

The new training system implemented in 2014 was continued in all our outlets across the archipelago. Project-based leadership training was stressed, and close performance evaluation on middle management enabled senior management to appraise the quality of its human resources.

Specialized three-month technical and business training sessions are offered in the field to selected groups of employees during the year, for efficient upgrading.

In order to maintain confidence and loyalty among its valued work force, efforts are made to retain employees even during periods of downturn or other interruptions. Superfluous workers are not fired; rather, the Company does not hire replacements, once they retire. Thus the total number of employees had a natural attrition, from 20,856 in 2010 to 11,504 in 2015, with no loss in productivity. In some cases productivity was enhanced by reassigning duties formerly meant for some 100 workers to around 90, without any meaningful loss of service excellence.



CORPORATE SOCIAL RESPONSIBILITY, A CORE RAMAYANA VALUE

Ramayana historically supports and advances the welfare of the community at large, particularly for those citizens who live in areas neighboring our stores, warehouses and other facilities. In accepting this responsibility, the Company acknowledges its responsibility to all stakeholders and to its neighbors around the Indonesian archipelago.

One aspect of this is the on-the-job experience, in the form of apprenticeships, which we offer to young Indonesian students in our stores. The high school apprenticeship trainees (PKL) whom we hire, particularly during the Lebaran season, when foot traffic skyrockets, and Christmas / New Year's, are enrolled in a three-day training course (along with new Ramayana employees). This year our intake was a total of 9,200 high school students, from 222 schools across Indonesia. Some of the apprenticed students hired as PKL are from the Hotel Division of SMK (vocational schools).

In addition, where feasible, Ramayana continues to survey and plan medical and social support, in its efforts to share prosperity with needy families who cannot afford medical treatment, particularly for those living in areas bordering our businesses.



The Company held a social event in September 2015, when we distributed 'Sembako' parcels of basic necessities, each valued at Rp. 100,000, to some 5,000 residents of communities around the Cengkareng area.

We continue to work and share with local people, particularly those living in areas around our outlets, to demonstrate how we are a socially-conscious and valuable member of the Indonesian business community.

C ONTINUOUS 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:

1. Transparency

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

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.

2. Accountability

Accountability is defined by the presence of reliable mechanisms, roles and responsibilities in professional management, governing any decision or policy which might have a significant impact on Company operations.

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 on a regular between members of the Board of Directors, the Board of Commissioners and Management.

3. Responsibility

Responsibility refers to a clear elaboration of the role of each person in achieving a common goal. It also ensures compliance with all prevailing

regulations and social norms. As a public company, and one which prioritizes the principles of Good Corporate Governance, compliance with laws, regulations of the Financial Services Authority (OJK) and the Indonesia Stock Exchange (IDX), government regulations 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.

4. Feasibility

All decisions and policies made by the Company should be in harmony with the interests of different stakeholders, including customers, suppliers, shareholders, investors and the public.

Inasmuch as Good Corporate Governance (GCG) is a key factor in a company's success, Ramayana has, over the years, implemented principles and practice of Good Corporate Governance in the management of its business, effectively protecting the interests of its stakeholders.

5. Independence

The Management of Ramayana consists of professionals responsible for ensuring that operations have been executed by anticipating needs and expectations of the market, as well as by observing principles of Corporate Governance.

Decisions are made independently and objectively, in the best interest of Ramayana and its Stakeholders.

6. Fairness

In performing its duties, all employees and management are required to manifest professionalism and demonstrate integrity. Every action must be in accordance with the systems and procedures effective in Ramayana Group. An operative GCG structure ensures implementation of Good Corporate Governance in all operational and strategic activities of the Company.

GENERAL MEETING OF SHAREHOLDERS (GMS)

The GMS is a pinnacle authority in the structure of Good Corporate Governance (GCG). In the GMS, strategic decisions include, among others, changes in the Articles of Association, appointment or dismissal of members of the Board of Commissioners (BOC) or Board of Directors (BOD), approval of the Annual Report, Audited Financial Statements, the supervisory report of the Board of Commissioners and the use of profits, material investment or divestment decisions and capital structure of the Company.

Ramayana conducted its Annual GMS and Extraordinary GMS in 2015. In the Annual GMS, the Annual Report, Audit Report, dividend payments and total fees 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 both 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 2015 was Rp. 5,498 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, while adhering to the principle of prudence.

In accordance with the decision of the Extraordinary GMS, related to the duties and authority of the BOD, the following were appointed or confirmed:

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

Remuneration received by the members of BOD for the year 2015 was Rp. 5,610 billion.

AUDIT COMMITTEE

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

To ensure its independence, the Audit Committee reports directly to the Board through the Independent Commissioner who serves as Chairman of the Audit Committee. In turn, the Board will propose to the Board of Directors various duties which need to be executed in the Audit Committee report.

In performing its duties and carrying out its responsibilities, the Audit Committee has the authority to obtain information and reviews needed directly from the Department of Internal Audit and Accounting, through communications, speech or by means of meetings with internal and external auditors on the audit, with a letter dispatched to the external auditor on critical items which should be of concern during the inspection by external auditors.

The Committee also stresses the importance of internal control as the responsibility of the Company, as studied and reported by external and internal auditors. During 2015, the Audit Committee conducted ?? meetings with the Board, providing the Board its independent opinions and suggestions. Audit Committee members have also attended meetings 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, 2015:

Chairman : Selamat (Independent Commissioner)

Members : 1. Ruddy Hermawan Wongso
2. Tonang Sendjaja

EXECUTIVE COMMITTEE

The Executive Committee is composed of 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 its Stakeholders. The Corporate Secretary is responsible for adherence to the laws and regulations of the capital market, without exception, thus ensuring that the Company has met and complied with all rules, regulations and laws of the capital market in a timely manner, maintaining all Company documents related to the capital market and its status as a public company, ensuring the availability of information to all Stakeholders, managing investor relations activities, maintaining relationships between the Company and capital market participants, and creating a 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 carries out its responsibilities based on GCG principles, which consist of transparency, accountability, responsibility, independency and fairness.

The implementation of these 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 an 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 on 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 a SOP compliance audit on all units of the Company during January 2015 - December 2015, covering: the handling of cash, promotions and Human Resources, and loans.

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, covers:

(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 to confirm that all of the business units had followed standard operating procedures.

RISK MANAGEMENT

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

In order to minimize economic risk, Ramayana intensively monitors the economic condition and seeks professional opinions 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 for project revenues.

2. Security Risks

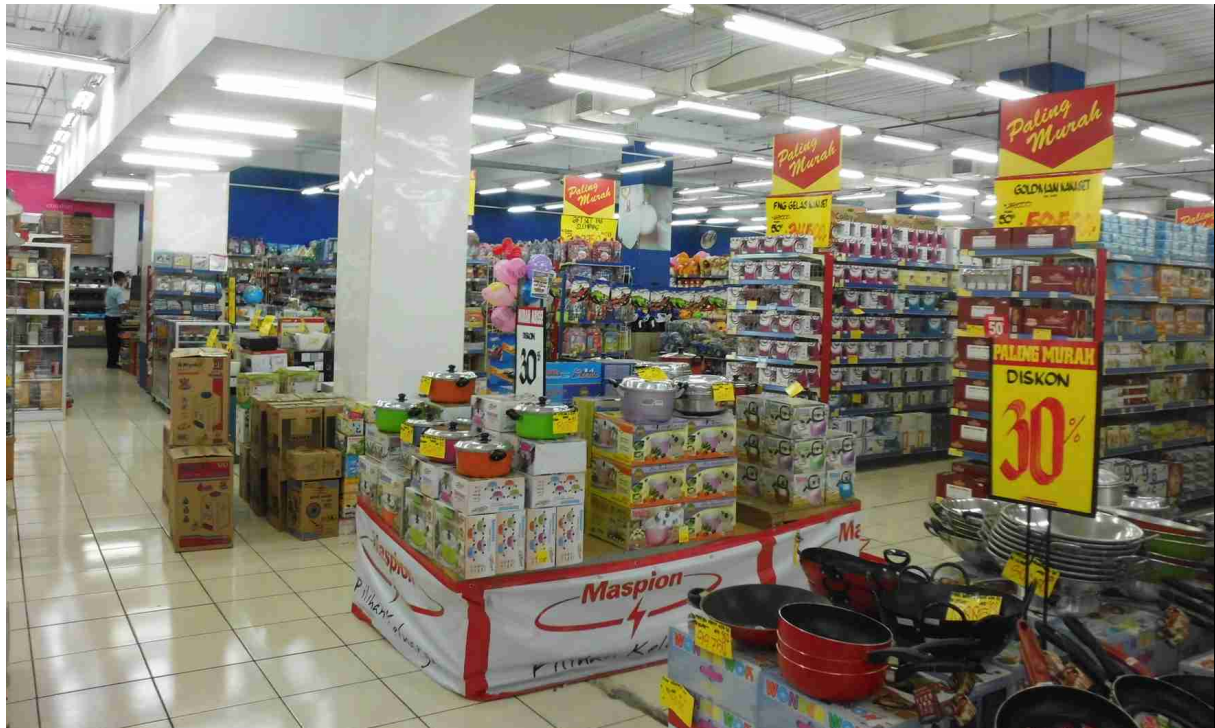
Security is one of the key issues in any business. In the past, a number of security issues, particularly that of terrorism, have proved to be detrimental to Indonesia and to Ramayana's business activities.

As a preventive action, Ramayana has put in place a set of Standard Operating Procedures (SOP) to address safety and security issues as well as strict security standards on all premises.

3. Business and Property Risks

As a company which owns various highly-valuable assets, Ramayana is also vulnerable to natural disasters and other adverse events, such as fires, earthquakes, floods and other business interruptions. In order to minimize these risks, the Company has ensured that all of its properties are insured with coverage commensurate with the properties' market value. Ensuring accuracy, all 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 retail sector has witnessed increasingly aggressive business competition from small sellers, malls, kiosks and itinerant clothing merchants, targeting our market segments.

Competition thus emerges in two forms - first from competitors within the industry, and second from an over-supply of retail spaces in the market. Hence suppliers try 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 open a supermarket or department store, the company must obtain a permit from the relevant agency, taking into account the government's role as a regulator of policy covering various social sectors, economic and cultural communities in the area. Therefore, the Company is always working with relevant local agencies and consistently meeting the legal requirements imposed by the Government.

MANAGEMENT DISCUSSION & ANALYSIS

REVENUES

While failing to achieve planned targets, the Company almost managed to stay in the black in 2015, with total revenues standing at Rp. 7,786.2 billion, against the Rp. 7,941.7 billion of 2014. This modest achievement is the result of several important cost-saving and margin-protecting initiatives of the Company and is directly related to increases in both Consignment and Outright sales: outright sales in 2015 marked Rp. 4,788.7 billion, down from Rp. 5,131.4 billion, by 6.7%. Consignment grew 6.7% for the year.

GROSS PROFIT

In balancing enterprise with prudence, and suppressing costs wherever possible, the Company booked 2.5% decrease in gross profit, at Rp. 1,996.0 billion, compared to the 2014 figure of Rp 2,047.8 billion. We also note a slight improvement in gross profit margin.

OPERATING EXPENSES

This category consists of Marketing Expenses, General & Administrative Expenses, and Depreciation & Amortization Expenses. Total 2015 operating expenses were up 1.7 %, from Rp. 1,354.2 billion in 2014 to Rp. 1,377.1 Billion. The basic electricity tariff is steadily adjusted upward, (especially for businesses), and management expenses rise in line with the revenue growth of the Company.

OPERATING PROFIT

The Company's operating profit for 2015 decreased by 16.2 % to Rp. 250.7 billion, from Rp. 299.2 billion in 2014. We continue to struggle for ultimate commitment, efficiency and good service, in implementing an optimal strategy, optimizing opportunities in investments.

NET PROFIT

In 2015, the Company recorded Rp. 336.0 billion in net income, against Rp 355.7 billion in 2014, for a decrease of 5.5%, while operating expenses rose by Rp. 22.9 billion.

STATEMENT OF FINANCIAL POSITION

Assets

As of December 31, 2015, total assets marked Rp. 4,574.9 Billion, against Rp. 4,565.9 billion for the previous year.

Liabilities

The Company's total liabilities for 2015 increased by 0.1 %, from Rp. 1,240.2 billion in 2014.

Equity

We report the achievement of a net profit of Rp. 336.1 billion for 2015, and retained earnings of Rp. 3,045.1 Billion, against Rp. 355.7 billion and Rp. 2,900.6 in 2014. This is the closest net profit has yet come to the 2008 figures of Rp. 430 billion.

The Company's equity rose by 0.2 % from Rp 3,325.7 billion in 2014 to Rp. 3,333.8 billion in 2015.

CORPORATE PROFILE

FROM GENERATION TO GENERATION: OUTLETS IN JAVA AND OUTER ISLANDS



Over its nearly forty years of existence, Ramayana has served the garment, food and household needs of three generations of Indonesian consumers. We have become part of the life-style of Indonesians everywhere, particularly in the populous areas of Java and the Jakarta Special Region.

From grandmother to granddaughter, father to son, each generation, with its evolving tastes and styles, has had their material needs fulfilled by shopping at Ramayana. We are proud to have been a member of the Indonesian community and social life since our one-store start-up in 1978.

The initial thrust of merchandising back then was in Greater Jakarta (where there is industry, workers and a concentration of consumers) and East Java (today a recipient of approximately 12 billion dollars in remittances from overseas workers).

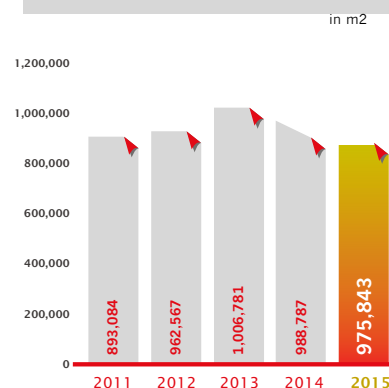
Once these marketing areas were matured the Company began to look toward secondary urban centers, principally aiming at areas where natural resources (mining, energy) or commodities (palm oil, wood and rubber plantations) signify a concentration of salaried workers - and as 'greenfield' areas Ramayana would not be facing off against established retail competition.

We thus planned to set up outlets in growing smaller cities of Sumatra, Kalimantan and Sulawesi. It has turned out that these 'monoculture economy' towns and cities, dependent on one commodity or manufacturing

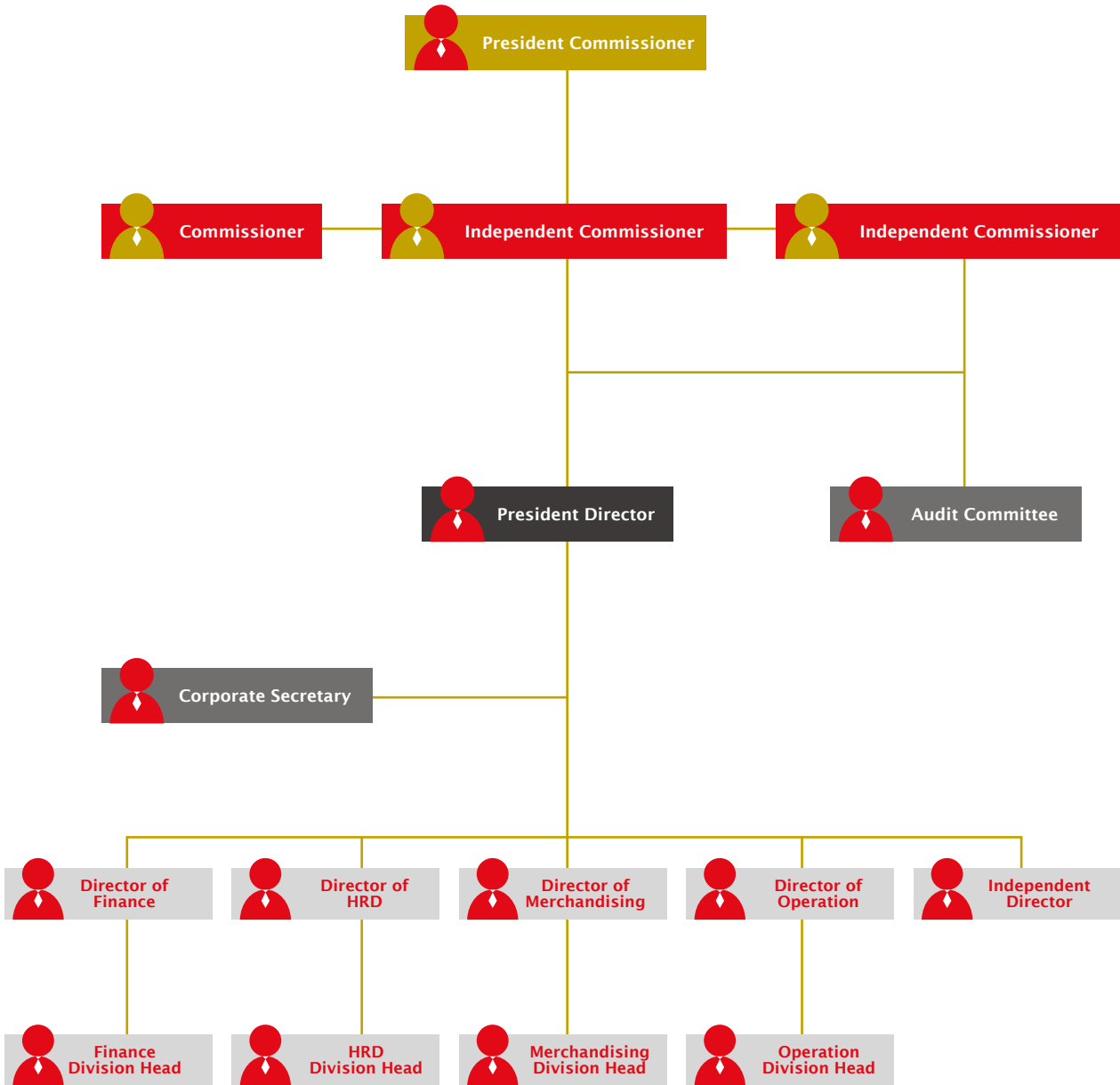
enterprise, are subject to 'boom or bust', being more sensitive to downturns than Jakarta, Medan or Surabaya. Mining, manufacturing or plantations can suddenly close, signifying layoffs of thousands of workers at short notice. This will certainly exert a negative effect on store traffic. Those who lose their jobs simply cannot afford to go shopping. Note that Ramayana does up to 43% of its business in these developing areas.

As mentioned above, plans are ready for the opening of new outlets in more outer island cities, mainly in eastern regions, where margins are higher and our brand under less competitive pressure from others. These plans have been put on hold, for the moment.

Dirty Spacious Sales Area



ORGANIZATIONAL STRUCTURE



SHARE HIGHLIGHTS

THE SHAREHOLDER'S COMPOSITION

Share Capital		As of December 2014
Authorized Capital		28,000,000,000
Issued and Fully Paid Capital		7,096,000,000
Composition of the Shareholders		2014
		I P O
PT Ramayana Lestari Sentosa	55.88%	61.10%
Paulus Tumewu (President Commissioner)	3.66%	16.00%
Public (<5%)	40.46%	22.90%

RAMAYANA SHARE PRICE ON THE IDX

	Quarter	Highest	Lowest	Closing	Volume
2014	1	1,430	1,090	1,321	2,836,240
	2	1,405	1,150	1,271	2,235,376
	3	925	1,160	1,043	9,440,203
	4	715	925	800	9,961,422
2015	1	865	705	750	11,457,300
	2	835	665	690	3,646,800
	3	705	510	515	7,083,100
	4	735	520	645	762,900

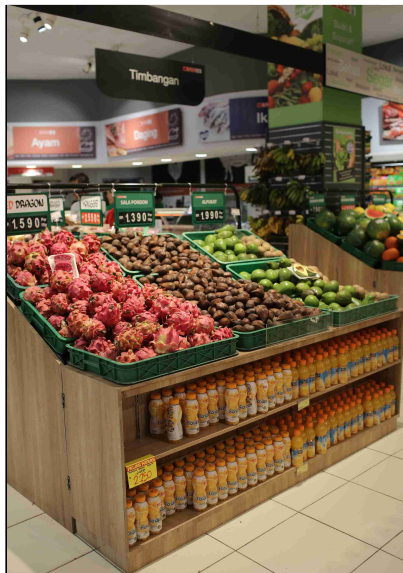
THE HISTORY OF OUR SHARE LISTINGS

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

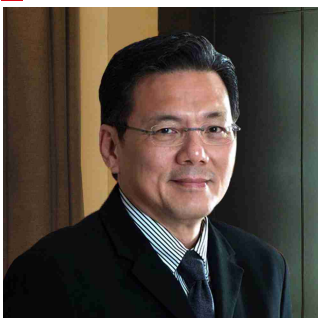
RANGE STORES OUR BOAST

No.	Store	Address
1	C001	Jl. Taman Mini Raya - Jakarta
2	R02	Pulo Gadung Trade Center, Jl. Raya Bekasi km 21, Pulogadung - Jakarta
3	R05	Jl. Hasanuddin Bawah Terminal Blok M Mall - Jakarta
4	R06	Jl. Pahlawan No.1000, BSD - Tangerang
5	R08	Jl. H. Agus Salim No. 34-38 - Jakarta
6	R10	Jl. Pasar Palmerah Lt. 2 - Jakarta
7	R11	Jl. Raya Ragunan No. 113, Pasar Minggu - Jakarta
8	R12	Jl. Pasar Baru No. 69 - Jakarta
9	R13	Jl. Raya Bogor, Pasar Kramat Jati, Lt. 1 - Jakarta
10	R14	Jl. Tanjung Duren Barat, Pasar Kopro Lt. 2-3 - Jakarta
11	R15	Jl. Dewi Sartika No. 1 - Bogor
12	R20	Jl. Ciputat Raya, Plaza Ciputat Raya - Tangerang
13	R21	Jl. Ir. H. Juanda, Pratama Plaza - Bekasi
14	R22	Jl. Ragunan, ex Terminal Pasar Minggu - Jakarta
15	R24	Jl. Raya Pondok Gede, samping Terminal - Jakarta
16	R25	Jl. Surya Kencana No. 3 - Bogor
17	R26	Jl. Merdeka, dekat Terminal Cimone - Tangerang
18	R29	Jl. Kramat Jaya, Tugu Koja, Tanjung Priok - Jakarta
19	R30	Jl. Antasari no.1, Plaza Mitra - Banjarmasin
20	R31	Jl. Daan Mogot Raya, Kodim - Tangerang
21	R32	Jl. Tebet Raya Dalam, Pasar Tebet - Jakarta
22	R33	Jl. Yos Sudarso, Koja Plaza, Tanjung Priok - Jakarta
23	R34	Jl. Margonda Raya, Plaza - Depok
24	R35	Jl. Raya Serang, Mal Cilegon - Cilegon
25	R36	Jl. Jend. A. Yani, Jambu Dua - Bogor
26	R37	Jl. Raya Cibitung - Bogor
27	R38	Jl. I Gusti Ngurah Rai, Klender - Jakarta
28	R39	Jl. Veteran - Padang
29	R40	Jl. Lingkar Luar Barat, Cengkareng Timur - Jakarta
30	R41	Jl. Pattimura, Sutomo, Pantuan - Pematang Siantar
31	R42	Jl. Raya Bogor, Graha Cijantung - Jakarta
32	R43	Jl. Raya Jakarta-Bogor, Cibinong
33	R44	Jl. Pondok Raya, Plaza Bintaro, Bintaro
34	R45	Jl. Sultan Toha - Jambi
35	R46	Jl. Dr. Muwardi II, Pasar Muka - Cianjur
36	R47	Jl. Lapangan Tembak, Cibubur
37	R48	Jl. R. Intan, Pasar Bawah, Tanjung Karang - Lampung
38	R49	Jl. HOS Cokroaminoto, Ciledug - Tangerang
39	R50	Jl. Andi Pettarani; Panakukang Mas - Makasar
40	R51	Jl. Sukarno, Plaza Muara Rapak - Balikpapan
41	R52	Jl. Pasar Pangkal Pinang, Bangka
42	R54	Jl. Letkol Iskandar, Kompleks Ilir Barat Permai - Palembang
43	R55	Jl. Pulau Irian - Samarinda
44	R57	Jl. Tanjung Pura - Pontianak
45	R58	Jl. Sisingamangaraja - Medan
46	R60	Jl. Gajah Mada, Pasar Simpang 3 - Tarakan
47	R61	Jl. Lalamentik, Floabamora Mal - Kupang
48	R62	Jl. Iskandar Muda, Plasa Medan Baru - Medan
49	R63	Jl. P. Antasari, Pasar Sentra Antasari - Banjarmasin
50	R65	Jl. Aksara No. 2 - Medan
51	R66	Jl. Pemuda - Padang
52	R67	Jl. Tuparev - Karawang
53	R68	Jl. Alternatif, Cileungsi
54	R70	Jl. Pengayoman - Makasar
55	R71	Jl. Juanda - Bogor
56	R73	Jl. Emmy Saelan - Palu
57	R74	Jl. R.E Martadinata, Cikarang
58	R75	Jl. Veteran, Kel Kota Baru - Serang
59	R77	Jl. A.Yani. No. 1, Kel Benteng Pasar Atas - Bukit Tinggi

No.	Store	Address
60	R78	Jl. Jend. A Yani - Baturaja
61	R79	Jl. Perintis Kemerdekaan - Makassar
62	R80	Jl. Jend. Sudirman - Dumai
63	R81	Jl. Mulawarman - Bontang
64	R82	Jl. Raya Sesetan - Denpasar
65	R83	Jl. Adi Sucipto - Banyuwangi
66	R84	Jl. Raya Perawang, Kel. Tualang, Kab. Siak, Perawang
67	R85	Jl. Jenderal Sudirman - Duri
68	R86	Jl. Lintas Timur - Kerinci
69	R88	Jl. Jend. Sudirman - Payakumbuh
70	R89	Jl. Jend. Sudirman - Tebing Tinggi
71	R90	Jl. Jend. Sudirman - Kotabumi Lampung
72	R91	Jl Raya Abepura, Kec Jayapura Selatan - Abepura
73	R93	Jl. Latumenten No 33 - Jakarta
74	R94	Jl. M. Yamin - Samarinda
75	R95	Jl. Jend. Sudirman - Balikpapan
76	R96	Jl. HR. Subrantas - Pekanbaru
77	R97	Jl. Raya Padalarang, Kab. Bandung Barat
78	R98	Jl. Panglima Sudirman - Kediri
79	R99	Jl. Guntur, Kel Pakuwon - Garut
80	R100	Jl. Raya Plered - Cirebon
81	R101	Jl. Z.A. Pagar Alam - Lampung
82	R102	Jl. Pasar Kebayoran Lama - Jakarta
83	R103	Jl. Jend Ahmad Yani, Kel Klademak - Sorong
84	R105	Jl. Raya Parung Bogor, Kab. Bogor
85	R106	Jl. Siliwangi/ Kamp. Sekarwangi, Cibadak
86	R107	Jl.H.R Lukman, Link. Kayu Manis - Bogor
87	R108	Jl.Raya Bogor, Cililitan, Jakarta Timur
88	R109	Jl. Raya Teratai Putih, Duren Sawit - Jakarta
89	R110	Jl. DR. Sutomo, Kel Noyontaan - Pekalongan
90	R111	Maluku Mall City, Jl Sultan Hassanudin - Ambon
91	R114	Jl.Bogor Baru Kel. Kedaung Jaya - Bogor
92	R115	Mall Mega Sanur Bulu Kumba, Jl Samratulangi - Bulukumba
93	R119	Mall Dinoyo City Square, Jl. MT. Haryono - Malang
94	RB03	Jl. Pemuda; Jl. Jend Sudirman - Salatiga
95	RB05	Jl. Tipar Gede No. 17 - Sukabumi
96	RB07	Jl. Pasuketan, Mal Cirebon, Lt. 1 - Cirebon
97	RB09	Jl. Malioboro No. 124 - Yogyakarta
98	RB10	Jl. Kusuma Bangsa, THR Mal Surabaya
99	RB11	Jl. Simpang Lima, Mal Citraland, Lt. 1 - Semarang
100	RB12	Jl. Rio No. 1, Cimahi Mekar
101	RB13	Jl. Merdeka Timur, Plaza Mataraman
102	RB14	Jl. Taman Jayeng Romo, Jembatan Merah - Surabaya
103	RB16	Jl. Gubernur Suryo, Plaza Multi Sarana - Gresik
104	RB17	Jl. Jend. A. Yani 66-74 - Yogyakarta
105	RB20	Jl. Diponegoro No. 103-AI - Denpasar
106	RB21	Jl. Komplek Jodoh, Marina - Batam
107	RB22	Jl. Bungur Asih - Surabaya
108	RB23	Jl. Raya Krian, Kompleks Pasar Krian
109	RB26	Jl. Wiratno - Tanjung Pinang
110	RB27	Jl. Diponegoro - Sidoarjo
111	RB28	Jl. Simpang Tujuh - Kudus
112	RB29	Jl. Jend. Sudirman - Denpasar
113	RB30	Jl. Kawasan Komersil Muka Kuning - Batam
114	RB31	Jl. Bubutan no 1-7 - Surabaya



B I ODATA: THE BOARD OF COMMISSIONERS



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 parents' shop in Ujung Pandang (today known as 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, Tbk. Calling upon his more than thirty years of experience, Mr. Tumewu has been the driving force behind Ramayana's growth and sustained success.



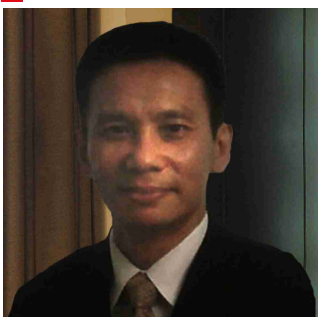
M. Iqbal, Commissioner

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 has once again joined the Board of Commissioners.



Koh Boon Kim, Independent Commissioner

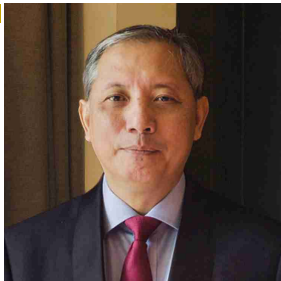
A Singaporean national born in 1947, Mr. Koh attended the University of Chicago Graduate School of Business. He has over thirty years of experience in the Asian retail industry and has served as Senior Advisor to the Company since 1988.



Selamat, Independent Commissioner

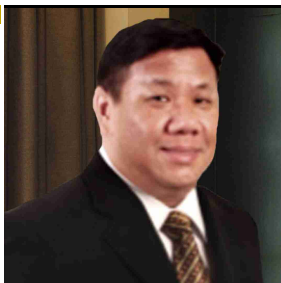
An Indonesian national. Born at Pematang Siantar in 1963. Awarded a degree from Trisakti University. Has over 20 years experience in Accounting and finance in several Public Companies. Appointed as Company Independent Commissioner based on General Meeting of Shareholders resolutions on 23 May 2014

B I O D A T A : THE BOARD OF DIRECTORS



Agus Makmur, President Director

An Indonesian national, he is 58 years old, and was born in Makassar (Ujung Pandang), Sulawesi, where he graduated from the Catholic University of Ujung Pandang. He later joined Mr. Paulus Tumewu in a joint effort managing the growing retail business. Mr. Agus Makmur has 36 years of experience in the retail industry and currently supervises the daily operations of the Company.



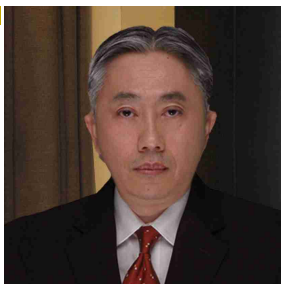
Suryanto, Director

An Indonesian national born in Pangkal Pinang, This 52-year-old executive holds a Degree in Accounting from Trisakti University, where he graduated in 1987. He is also an Honors 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.



Kismanto, Director

Mr. Kismanto is an Indonesian national, 55 years old. 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 worked as a Store Manager. He played a central role 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.



Gantang Nitipranatio, Director

Mr. 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), as well as starting up and developing a specialty store (2004-2006) before entering Ramayana as Head of Merchandising in 2007.



Halomoan Hutabarat, Director

An Indonesian national, born in North Sumatra on 22 April 1966, awarded a Bachelor's Degree in Law from Universitas Kristen Indonesia. Mr Halomoan joined PT. Ramayana Lestari Sentosa as Senior Operations Manager in 1992; in 2011 he began to manage a retail business independently before rejoining the company as Independent Director on 23 May 2014.

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

Public Accountant:

Purwantono, Suherman & Surja
Indonesia Stock Exchange Building
Tower 2, 7th Floor
Jln. Jend. Sudirman Kav. 52-53
Jakarta 12190, Indonesia
Telp : + 62 21 52895000
Fax : + 62 21 52894100
www.ey.com/id

Share Registrar:

PT Sinartama Gunita
Plaza BII Menara 3, 12th Floor
Jln. 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 Financial Service Authority (OJK - previously known as 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 16, 2015 to review the Company's financial statements ended December 31, 2014, Mei 8, 2015, August 7, 2015, and November 12, 2015 to review the Company's interim report. 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 2014, 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 29, 2015.
- 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 21, 2016

Audit Committee PT Ramayana Lestari Sentosa Tbk



Ruddy Hermawan Wongso
Member



Selamat
Chairman



Tonang Sandjaja
Member

MANAGEMENT REPORT

STATEMENT OF RESPONSIBILITY FROM BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS STATEMENT OF RESPONSIBILITY FOR
THE 2015 ANNUAL REPORT OF PT RAMAYANA LESTARI SENTOSA Tbk

We, the undersigned hereby declare that all the information contained the 2015 Annual Report of
PT Ramyana Lestari Sentosa Tbk has been presented completely in all material aspects and
we fully responsible for the trustworthiness of the contents of this Annual Report.

We acknowledged accordingly.

BOARD OF COMMISSIONERS



Paulus Tumewu
President Commissioner



Koh Boon Kim
Independent Commissioner



M. Iqbal
Commissioner



Selamat
Independent Commissioner

BOARD OF DIRECTORS



Agus Makmur
President Director



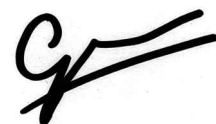
Suryanto
Director



Kismanto
director



Halomoan Hutabarat
Director



Gantang Nitipranatio
Director

FINANCIAL STATEMENTS



Independent Auditor's report
for the Year Ended

December 31, 2015 and 2014

PT Ramayana Lestari Sentosa Tbk

Financial statements as of December 31, 2015
and for the year then ended
with independent auditors' report



**BOARD OF DIRECTORS' STATEMENT
REGARDING THE RESPONSIBILITY FOR
THE FINANCIAL STATEMENTS OF
PT RAMAYANA LESTARI SENTOSA, Tbk
AS OF DECEMBER 31, 2015
AND FOR THE YEAR THEN ENDED
WITH INDEPENDENT AUDITORS' REPORT**

We, the undersigned :

1. Name : AGUS MAKMUR
Office address : Jl. K.H. Wahid Hasyim No. 220 A-B, Jak-Pus
Home address /
As stated in ID : Kp. Paragajen RT / RW. 03 / 06, Cisarua - Bogor
Phone number : (021) 3151563
Title : President Director
2. Name : SURYANTO
Office address : Jl. K.H. Wahid Hasyim No. 220 A-B, Jak-Pus
Home address /
As stated in ID : Jl. Mangga Besar IVL No. 71A, Jak-Bar
Phone number : (021) 3151563
Title : Director

Declare that :

1. We are responsible for the preparation and presentation of the Company's financial statements;
2. The financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information contained in the Company's financial statements has been disclosed in a complete and truthful manner;
b. The Company's financial statements do not contain any incorrect information or material facts, and do not omit material information and facts;
4. We are responsible for the Company's internal control systems .

Thus, this statement is made truthfully.

Jakarta, March 17, 2016

A handwritten signature of Agus Makmur is on the left, and a handwritten signature of Suryanto is on the right. In the center is a green 6000 Rupiah stamp with the text 'METERAI TEMPEL', 'EFBA2AD520412521', and '6000 RUPIAH'.

Agus Makmur
President Director

Suryanto
Director

These financial statements are originally issued in the Indonesian language.

**PT RAMAYANA LESTARI SENTOSA Tbk
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2015 AND
FOR THE YEAR THEN ENDED
WITH INDEPENDENT AUDITORS' REPORT**

Table of Contents

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Independent Auditors' Report	
Statement of Financial Position	1-2
Statement of Profit or Loss and Other Comprehensive Income	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-52



Purwanto, Sungkoro & Surja

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Tower 2, 7th Floor
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Jakarta 12190, Indonesia

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Fax: +62 21 5289 4100
ey.com/id

This report is originally issued in the Indonesian language.

Independent Auditors' Report

Report No. RPC-462/PSS/2016

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

We have audited the accompanying financial statements of PT Ramayana Lestari Sentosa Tbk, which comprise the statement of financial position as of December 31, 2015, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

This report is originally issued in the Indonesian language.

Independent Auditors' Report (continued)

Report No. RPC-462/PSS/2016 (continued)

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Ramayana Lestari Sentosa Tbk as of December 31, 2015, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Purwantono, Sungkoro & Surja



Arief Somantri
Public Accountant Registration No. AP.1174

March 17, 2016

These financial statements are originally issued in the Indonesian language.

PT RAMAYANA LESTARI SENTOSA TBK
STATEMENT OF FINANCIAL POSITION
As of December 31, 2015
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

	Notes	December 31, 2015	December 31, 2014 (As restated - Note 30)	January 1, 2014/ December 31, 2013 (As restated - Note 30)
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	2c,2j 4,26,28	844,253	625,373	869,000
Time deposits	2j,5,26,28	984,004	1,026,105	403,089
Accounts receivable	28			
Trade	3			
Third parties	6	3,652	2,590	2,319
Others	26			
Related parties	2d,23	6,470	6,065	745
Third parties		23,490	14,651	17,200
Short-term investments	2j,7 26,28	483	36,387	1,097
Inventories	2e,3,8	823,909	808,569	872,064
Prepaid expenses	2i	6,155	1,215	940
Advances		17,590	23,624	37,696
Current portion of long-term prepaid rent	2d,2h,2i, 10a,19,23a,24	121,166	150,365	170,434
Total Current Assets		2,831,172	2,694,944	2,374,584
NON-CURRENT ASSETS				
Fixed assets - net	2f,3,9,20	1,333,227	1,375,402	1,445,497
Long-term prepaid rent - net of current portion and impairment loss	2d,2h,2i 10a,19,23a,24	342,432	428,862	503,377
Security deposits	2j,10b,23b,28	28,369	30,116	31,857
Deferred tax assets - net	2o,3,12	33,457	26,715	18,480
Other non-current financial assets	2j,28	6,247	9,884	12,962
Total Non-Current Assets		1,743,732	1,870,979	2,012,173
TOTAL ASSETS		4,574,904	4,565,923	4,386,757

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

These financial statements are originally issued in the Indonesian language.

PT RAMAYANA LESTARI SENTOSA TBK
STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2015
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

	Notes	December 31, 2015	December 31, 2014 (As restated - Note 30)	January 1, 2014/ December 31, 2013 (As restated - Note 30)
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Accounts payable - third parties	2j,27,28			
Trade	11	885,960	874,411	874,054
Others	26	13,598	14,659	20,731
Taxes payable	2o,3,12	32,283	31,760	34,380
Accrued expenses	2j,13 27,28	29,049	46,714	34,202
Total Current Liabilities		960,890	967,544	963,367
NON-CURRENT LIABILITIES				
Liabilities for employee benefits	2k,3,14	280,210	272,699	230,823
Total Liabilities		1,241,100	1,240,243	1,194,190
EQUITY				
Share capital - Rp50 par value per share (full amount) Authorized - 28,000,000,000 shares Issued and fully paid - 7,096,000,000 shares	15	354,800	354,800	354,800
Additional paid-in capital - net	2l	117,570	117,570	117,570
Treasury shares - 208,332,000 shares	2r,15	(135,846)	-	-
Retained earnings:				
Appropriated	16	70,000	70,000	70,000
Unappropriated	16	2,975,099	2,830,637	2,687,854
Other comprehensive loss	7,14	(47,819)	(47,327)	(37,657)
Total Equity		3,333,804	3,325,680	3,192,567
TOTAL LIABILITIES AND EQUITY		4,574,904	4,565,923	4,386,757

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

These financial statements are originally issued in the Indonesian language.

PT RAMAYANA LESTARI SENTOSA TBK
STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For the Year Ended December 31, 2015
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

	Notes	Year Ended December 31	
		2015	2014 (As restated - Note 30)
REVENUES			
Outright sales	17	4,788,667	5,131,375
Commission on consignment sales	2d,17,23c	744,337	729,973
Total Revenues	2n,17	5,533,004	5,861,348
COST OF OUTRIGHT SALES			
	2n,8,18	(3,537,000)	(3,813,511)
GROSS PROFIT			
		1,996,004	2,047,837
Selling expenses	2d,2n,19	(385,212)	(399,364)
General and administrative expenses	2d,2n,20	(1,377,266)	(1,354,182)
Other income	2n,7,21	19,420	4,939
Other expenses	2n,8,9	(2,252)	(33)
INCOME FROM OPERATIONS			
		250,694	299,197
Finance income	2n	141,645	111,301
Tax on finance income		(27,719)	(21,589)
INCOME BEFORE INCOME TAX			
		364,620	388,909
Income tax expense - net	2o,12	(28,566)	(33,246)
INCOME FOR THE YEAR			
		336,054	355,663
OTHER COMPREHENSIVE LOSS			
Items that may be reclassified to profit or loss:			
Changes in fair value of available for sale financial assets	2j	(2,303)	54
Related income tax		535	27
Items that will not be reclassified to profit or loss:			
Remeasurement of gain (loss) on liabilities for employee benefits		1,701	(13,002)
Related income tax		(425)	3,251
OTHER COMPREHENSIVE LOSS FOR THE YEAR AFTER TAX			
		(492)	(9,670)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
		335,562	345,993
EARNINGS PER SHARE (full amount)			
	2q,22	47.64	50.12

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

These financial statements are originally issued in the Indonesian language.

PT RAMAYANA LESTARI SENTOSA TBK
STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2015
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

Notes	Share Capital - Issued and Fully Paid	Additional Paid-in Capital - Net	Treasury Shares	Retained Earnings		Other Comprehensive Loss		Total Equity
				Appropriated	Unappropriated	Changes in fair value of available for sale financial assets - net	Remeasurement of gain (loss) on liabilities for employee benefits - net	
Balance as of January 1, 2014/ December 31, 2013 (As previously reported)	354,800	117,570	-	70,000	2,683,285	(8,484)	-	3,217,171
Effect of retrospective adoption of Statement of Financial Accounting Standards (PSAK) 24 (Revised 2013)	-	-	-	-	4,569	-	(29,173)	(24,604)
Balance as of January 1, 2014/ December 31, 2013 (As restated)	354,800	117,570	-	70,000	2,687,854	(8,484)	(29,173)	3,192,567
Total comprehensive income for the year (As restated)	-	-	-	-	355,663	81	(9,751)	345,993
Cash dividends	-	-	-	-	(212,880)	-	-	(212,880)
Balance as of December 31, 2014 (As restated)	354,800	117,570	-	70,000	2,830,637	(8,403)	(38,924)	3,325,680
Acquisition of treasury shares	-	-	(135,846)	-	-	-	-	(135,846)
Total comprehensive income for the year	-	-	-	-	336,054	(1,768)	1,276	335,562
Cash dividends	-	-	-	-	(191,592)	-	-	(191,592)
Balance as of December 31, 2015	354,800	117,570	(135,846)	70,000	2,975,099	(10,171)	(37,648)	3,333,804

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

These financial statements are originally issued in the Indonesian language.

PT RAMAYANA LESTARI SENTOSA TBK
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2015
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

	Notes	Year Ended December 31	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from sales		7,805,695	7,925,361
Cash payments to suppliers		(6,650,420)	(6,463,904)
Cash payments for salaries and employee welfare		(583,353)	(570,223)
Payments for income taxes		(36,091)	(56,007)
Cash receipts from:			
Finance income - net		115,467	87,100
Other operating activities		6,871	205
Net Cash Provided by Operating Activities		658,169	922,532
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement of time deposits - net		42,101	(623,016)
Proceeds from sales of short-term investments	7	35,585	35,136
Proceeds from sales of fixed assets	9	316	-
Placement of short-term investments		-	(69,992)
Additions in security deposits		(332)	(134)
Additions to long-term rent	10a	(44,079)	(168,464)
Acquisitions of fixed assets	9	(145,442)	(126,809)
Net Cash Used in Investing Activities		(111,851)	(953,279)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of cash dividends	16	(191,592)	(212,880)
Acquisition of treasury shares	15	(135,846)	-
Net Cash Used in Financing Activities		(327,438)	(212,880)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		218,880	(243,627)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		625,373	869,000
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	844,253	625,373

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT RAMAYANA LESTARI SENTOSA TBK
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2015 and for the Year Then Ended
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

1. GENERAL

a. Establishment of the Company

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 regarding the approval from shareholders for the changes the Company's Article of Association to adjust with the regulation of Financial Service Authority ("OJK") of which as notarized under Notarial Deed No. 5 dated September 16, 2015 of Rianto, S.H. The amendment of the Articles of Association has been approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0024968.AH.01.11.Tahun 2016 dated February 25, 2016.

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 through the Company's store and supermarket. In 2015, the Company closed three (3) stores and opened one (1) new store. As of December 31, 2015 and 2014, the number of stores operated by the Company are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Ramayana	108	110
Robinson	5	5
Cahaya	1	1

On December 31, 2015 the above stores include 15 supermarkets under the Spar name. All the stores operated by the Company 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 in Jl. K.H. Wahid Hasyim No. 220 A-B, Jakarta 10250.

The Company's ultimate shareholder is PT Ramayana Makmursentosa with 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 80 million shares to the public with par value of Rp500 (full amount) per share through the Indonesia 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.

PT RAMAYANA LESTARI SENTOSA TBK
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2015 and for the Year Then Ended
(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)

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.
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.
7. Starting on August 25, 2015 until December 31, 2015, the Company has purchased 208,332,000 treasury shares. The outstanding shares became 6,887,668,000 shares.

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

c. Boards of Commissioners and Directors, Audit Committee and Employees

As of December 31, 2015 and 2014, 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
Selamat	- Independent Commissioner	Gantang Nitipranatio	- Director
		Halomoan Hutabarat	- Director

As of December 31, 2015 and 2014, the composition of the Audit Committee are as follows:

Chairman:	- Selamat
Members:	- Ruddy Hermawan Wongso
	- Tonang Sendjaja

The establishment of the Company's Audit Committee has complied with OJK Rule No. IX.I.5.

The Company's key management consists of Boards of Commissioners and Directors.

As of December 31, 2015 and 2014, the Company has 11,279 and 12,640 employees, respectively (unaudited).

The Company's financial statements were completed and authorized for issuance by the Company's Board of Directors on March 17, 2016.

PT RAMAYANA LESTARI SENTOSA TBK
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2015 and for the Year Then Ended
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies were applied consistently in the preparation of the financial statements except for the adoption of several amended and issued Statements of Financial Accounting Standards ("PSAKs") in 2015, as discussed in the succeeding paragraphs:

a. Statement of Compliance and Basis of Preparation of the Financial Statements

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards ("SAKs"), which comprise the Statements of Financial Accounting Standards ("PSAK") and Interpretations to Financial Accounting Standards ("ISAKs") issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants, and Rule No. VIII.G.7 regarding Presentation and Disclosures of Listed or Public Company's financial statement issued by the OJK.

The financial statements have been prepared using the accrual basis, and using the historical cost basis, except for certain accounts which are measured on the basis as described in the relevant notes herein.

The statement of cash flows presents receipts and payments of cash and cash equivalents into operating, investing and financing activities, with operating activities presented using the direct method.

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

The accounts included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Rupiah which is the functional currency of the Company.

All amounts in the financial statements are rounded to and presented in millions of Rupiah, unless otherwise stated.

b. Changes of Accounting Principles

The accounting policies adopted by the Company are consistently applied for the years covered by the financial statements. The Company has adopted all the new and revised accounting standards that are effective on January 1, 2015, including the following new and revised accounting standards that are considered relevant to the Company and therefore affect the financial position and/or performance of the Company and/or the related disclosures in the accounting policies and Notes to the financial statements:

i. PSAK 1: Presentation of Financial Statements

The revision to PSAK 1 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time, such as net loss or gain on available for sale financial assets, have to be presented separately from items that will not be reclassified, such as revaluation of fixed assets. The revisions affect presentation only and have no impact on the financial position or performance of the Company.

ii. PSAK 24: Employee Benefits

The Company applied PSAK 24 retrospectively in accordance with the transitional provisions set out in the revised standard. The opening statement of financial position of the earliest comparative period presented (January 1, 2014) and the comparative figures have been accordingly restated. The revised PSAK 24 changes, amongst other things, the accounting for defined benefit plans.

PT RAMAYANA LESTARI SENTOSA TBK
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2015 and for the Year Then Ended
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes of Accounting Principles (continued)

ii. PSAK 24: Employee Benefits (continued)

For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the "Corridor Approach") has been removed, and past service cost is to be recognized as an expense at the earlier between: (i) when the plan amendment or curtailment occurs; and (ii) when the entity recognizes related restructuring costs or termination benefits.

As restated in accordance with the revised PSAK 24, amounts recorded in profit or loss are limited to current and past service costs, gains or losses on settlements, and net interest income/(expense). All other changes in the net employee benefits liability, including actuarial gains and losses, are recognized in other comprehensive income with no subsequent recycling to profit or loss.

Expected returns are replaced by recording interest income in profit or loss, which is calculated using the discount rate used to measure the employee benefits liability.

The revised PSAK 24 also requires more extensive disclosures, as provided in Note 14.

The impact of application of PSAK 24 are disclosed in Note 30.

iii. PSAK 46: Income Taxes

PSAK 46 clarifies the principal issues on how to account for the current and future tax consequences of: (a) the future recovery (settlement) of carrying amount of assets (liabilities) recognized in an entity's statement of financial position; and (b) transactions and other events in the current period which are recognized in an entity's financial statements. This PSAK also deals with the recognition of deferred tax assets arising from unused tax loss or unused tax credits, the presentation of income taxes in the financial statements and the disclosure of information relating to income taxes.

Referring to revised PSAK 46 as mentioned above, final tax is no longer governed by PSAK 46. Therefore, the Company has decided to present all of the final tax arising from finance income as separate line item.

iv. PSAK 48: Impairment of Assets

PSAK 48 prescribes the measurement of fair value less costs of disposal in reference to the fair value hierarchy in PSAK 68, "Fair Value Measurement", and requires additional disclosures for each individual asset or Cash Generating Unit ("CGU") for which impairment loss has been recognized or reversed during the reporting period.

There was no impact to the financial position and performance of the Company upon the initial adoption of the said PSAK 48, except for the related disclosures of accounting policies and the relevant Notes to the financial statements.

PT RAMAYANA LESTARI SENTOSA TBK
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2015 and for the Year Then Ended
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes of Accounting Principles (continued)

v. PSAK 68: Fair Value Measurement

PSAK 68 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value when fair value is required or permitted. PSAK 68 also requires further disclosures on fair values. As a result of the guidance in PSAK 68, the Company reassessed its policies for measuring assets and liabilities required to be carried at fair values.

There was no impact to the financial position and performance of the Company upon the initial adoption of the said PSAK 68, except for the related disclosures of accounting policies and the relevant Notes to the financial statements.

c. 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 three (3) months or less at the time of placement and not pledged as collateral.

d. Transactions with Related Parties

A related party is a person or entity that is related to the Company as follows:

- a. A person or close member of that person's family as follows:
 - i. has control or joint control over the Company;
 - ii. has significant influence over the Company; and
 - iii. is a member of the key management personnel of the Company or of a parent of the Company;
- b. An entity which meets any of the following conditions:
 - i. is a member of the same group with the Company (which means that each parent, subsidiary and fellow subsidiary is related to each other);
 - ii. 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);
 - iii. an entity and the Company, are joint ventures of the same third party;
 - iv. is a joint venture of an associate of the Company or is an associate of a joint venture of the Company;
 - v. is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
 - vi. is controlled or jointly controlled by the person identified above; and
 - vii. a person identified in a(i) has significant influence over the company or is a member of the key management personnel of the company (or of a parent of the entity).

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 financial statements.

PT RAMAYANA LESTARI SENTOSA TBK
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2015 and for the Year Then Ended
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. 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 incurred to get the 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.

f. Fixed Assets

All fixed assets are initially recognized at cost, which comprises the purchase price and any costs directly attributable in bringing the assets to the location and condition necessary for the assets to be capable of operating in the manner intended by management.

Subsequent to initial recognition, fixed assets, except land, are carried at cost less any subsequent accumulated depreciation and impairment losses.

Depreciation of fixed assets starts when the assets are available for intended use and is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	Years
Buildings	10 - 20
Building renovations and improvements	4 - 8
Store equipment	4 - 8
Transportation equipment	4
Office equipment	4 - 8

Land is stated at cost and not amortized.

The legal cost of land rights in the form of Business Usage Rights ("Hak Guna Usaha" or "HGU"), Building Usage Right (Hak Guna Bangunan or "HGB") and Usage Rights ("Hak Pakai" or "HP") when the land was acquired initially are recognized as part of the cost of the land under the "Fixed Asset" account and not amortized.

Meanwhile the extension or the legal renewal costs of land rights in the form of HGU, HGB and HP are recognized as part of deferred charges account in the statement of financial position and are amortized over the shorter of the rights' legal life and land's economic life.

The carrying amounts of fixed assets are reviewed for impairment and possibility of impairment when events or changes in circumstances indicate that the carrying values may not be fully recoverable.

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. 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.

PT RAMAYANA LESTARI SENTOSA TBK
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2015 and for the Year Then Ended
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Fixed Assets (continued)

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

Repairs and maintenance are taken to the profit or loss when these are incurred. The cost of major renovation and restoration is included in the carrying amount of the related fixed assets when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company, and is depreciated over the remaining useful life of the related asset.

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

g. Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss is recognized. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss and other comprehensive income.

h. Leases

The Company classify leases based on the extent to which risks and rewards incidental to the ownership of a leased asset are vested upon the lessor or the lessee, and the substance of the transaction rather than the form of the contract.

Operating Lease - as Lessee

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the leased asset. Accordingly, the related lease payments are recognized as expenses on a straight-line basis over the lease term

Operating Lease - as Lessor

Leases where the Company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases.

i. Prepaid Expenses

Prepaid expenses are amortized and charged to operations over the periods benefited. The long-term portion of prepaid rent expenses are presented as "Long-Term Prepaid Rent" account in the statement of financial position.

PT RAMAYANA LESTARI SENTOSA TBK
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2015 and for the Year Then Ended
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Financial Instruments

i. Financial Assets

The Company's financial assets include cash and cash equivalents, time deposits, trade and other receivables, short-term investments, certain security deposits, and other non-current financial assets.

Loans 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 subsequently measured at amortized cost using the effective interest method, less impairment, if any. The losses arising from impairment are recognized in the statement of profit or loss and other comprehensive income.

Cash and cash equivalents, time deposits, trade and other receivables, certain security deposits, and other non-current financial assets are classified as loans and receivables.

Available for sale ("AFS") financial assets

AFS financial assets are non-derivative financial assets that are designated as available-for-sale or those that are not classified as financial assets at fair value through statement of profit or loss and other comprehensive income, loans and receivables or held-to-maturity investments. After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized in equity in the statement of financial position until the investment is derecognized. At that time, the cumulative gain or loss previously recognized in equity shall be reclassified to profit or loss as a reclassification adjustment.

The Company has short-term investments in this category.

Impairment of financial assets

The Company assess at each reporting date 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.

Trade receivables are carried at original invoice amount net of allowance for impairment loss, if any. An estimate of allowance for impairment loss is made when there is objective evidence (such as probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect the receivables under the original terms of the invoice and is established through provisions charged to income. The outstanding balance of trade receivables is derecognized and written off against the allowance for impairment loss when assessed to be uncollectible.

PT RAMAYANA LESTARI SENTOSA TBK
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2015 and for the Year Then Ended
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Financial Instruments (continued)

i. Financial Assets (continued)

Impairment of financial assets (continued)

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, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them 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 objective evidence that an impairment loss has been incurred, 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.

ii. Financial Liabilities

The Company's liabilities include of trade and other payables and accrued expense.

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss and other comprehensive income when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss and other comprehensive income.

iii. Derecognition of Financial Assets and Liabilities

Financial Assets

A financial asset is derecognized when (i) the rights to receive cash flows from the asset expired, or (ii) the Company transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement, or (iii) the Company have transferred substantially all the risks and rewards of the asset, or have neither transferred nor retained substantially all the risks and rewards of the asset but have transferred the control of the asset.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Financial Instruments (continued)

iii. Derecognition of Financial Assets and Liabilities (continued)

Financial Liabilities

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

When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing 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 the statement of profit or loss and other comprehensive income.

iv. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement 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.

k. Employee Benefits

The Company provides liabilities for employee benefits under the Company's regulations and Labor Law No. 13/2003 dated March 25, 2003.

Remeasurement, comprising of actuarial gains and losses, is recognized immediately in the statement of financial position through Other Comprehensive Income ("OCI") in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Service costs comprise current service costs and past service costs, gains and losses on curtailments and non-routine settlements, if any. Net interest expense or income and service costs are recognized in profit or loss.

For employee retirement benefits, prior to January 1, 2015, actuarial gains and losses were recognized as income or expense when the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting year exceeded 10% of the higher of the present value of the defined benefit obligation or the fair value of the plan assets, if any, at that date. These gains or losses were recognized on a straight-line basis over the expected average remaining working lives of the employees. Past service costs were amortized over the remaining estimated average service years of employees.

For other long-term benefits, net interest income or expense, service cost and actuarial gains or losses are immediately recognized in profit or loss.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. 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.

m. Foreign Currencies Transactions and Balances

The Company considers the primary indicators and other indicators in determining its functional currency, if indicators are mixed and the functional currency is not obvious, management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

The financial statements are presented in Rupiah, which is the Company's functional currency and the presentation currency. Transactions involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At reporting date, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the prevailing exchange rates at such date and the resulting gains or losses are credited or charged to current year operations.

As of December 31, 2015 and 2014, the exchange rates used are as follows (full amount):

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
United States Dollar	13,795	12,440
Singapore Dollar	9,751	9,422

The rates of exchange used were computed by taking the average of the transaction exchange rate by Bank Indonesia as of December 31, 2015 and 2014, respectively.

n. Recognition of Revenues and Expenses

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, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts and Value Added Taxes ("VAT"). 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. Commission on consignment sales are recognized as the amount of the sales of consignment goods to customers less the related costs, which are recognized as amount due to consignors.

Expenses are recognized as incurred.

o. Taxation

Final Tax

Tax regulation in Indonesia determined that certain taxable income is subject to final tax. Final tax applied to the gross value of transactions is applied even when the parties carrying the transaction recognizing losses.

Referring to revised PSAK 46 as mentioned above, final tax is no longer governed by PSAK 46. Therefore, the Company has decided to present all of the final tax arising from finance income as separate line item.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Taxation (continued)

Final Tax (continued)

The difference between the carrying amount of a revalued asset and its tax base is a temporary difference and gives rise to a deferred tax liability or asset, except for certain asset such as land, which realization is taxed with final tax on gross value of transaction.

Current Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority. Current tax expense is determined based on the taxable profit for the year computed using the prevailing tax rates.

Underpayment/overpayment of income tax are presented as part of "Income Tax Expense - Current" in the statement of profit or loss and other comprehensive income. The Company also presented interest/penalty, if any, as part of "Income Tax Expense - Current".

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

Deferred Tax

Deferred tax assets and liabilities are recognized using the liability method for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases at each reporting date. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and accumulated fiscal losses to the extent that it is probable that taxable profit will be available in future years against which the deductible temporary differences and accumulated fiscal losses can be utilized.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax assets to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the reporting date. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates are charged to current period operations, except to the extent that they relate to items previously charged or credited to equity.

Deferred tax assets and liabilities are offset in the statement of financial position, except if they are for different legal entities, consistent with the presentation of current tax assets and liabilities.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Segment Reporting

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.

q. Earnings per Share (“EPS”)

EPS is computed by dividing income for the year with the weighted-average number of shares outstanding during the year.

r. Treasury Shares

Repurchase of equity instruments (treasury shares) are recognized at reacquisition cost and deducted from equity. No gain or loss is recognized in profit or loss on the acquisition, resale, issuance or cancellation of the Company's equity instrument. The difference between the carrying amount and the consideration, if reissued, is recognized as part of additional paid-in capital in the equity.

s. Provisions

Provisions are recognized when the Company have 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.

t. Accounting Standards Issued but not yet Effective

The following are several issued accounting standards by the Indonesian Financial Accounting Standards Board (“DSAK”) that are considered relevant to the financial reporting of the Company but not yet effective for 2015 financial statements:

- Amendments to PSAK 1: Presentation of Financial Statements on Disclosures Initiative, effective January 1, 2017.
This amendments clarify, rather than significantly change, existing PSAK 1 requirements, among others, to clarify the materiality, flexibility as to the order in which they present the notes to financial statements and identification of significant accounting policies.
- Amendments to PSAK 16: Property, Plant and Equipment on Clarification of the Accepted Method for Depreciation and Amortization, effective January 1, 2016.
The amendments clarify the principle in PSAK 16 and PSAK 19 Intangible Asset that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate the fixed assets.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t. Accounting Standards Issued but not yet Effective (continued)

The following are several issued accounting standards by the Indonesian Financial Accounting Standards Board ("DSAK") that are considered relevant to the financial reporting of the Company but not yet effective for 2015 financial statements: (continued)

- Amendments to PSAK 19: Intangible Assets on Clarification of the Accepted Method for Depreciation and Amortization, effective January 1, 2016.
The amendments clarify the principle in PSAK 16 Property, Plant and Equipment and PSAK 19 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate the fixed assets and may only be used in very limited circumstances to amortize intangible assets.
- Amendments to PSAK 24: Employee Benefits on Defined Benefit Plans: Employee Contributions, effective January 1, 2016.
PSAK 24 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of service years, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.
- ISAK 30 (2015): Levies, adopted from IFRIC 21, effective January 1, 2016.
This Interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of PSAK 57 Provisions, Contingent Liabilities and Contingent Assets. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain.
- PSAK 5 (2015 Improvement): Operating Segments, effective January 1, 2016.
The improvement clarifies that:
 - An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of PSAK 5 including a brief description of operating segments that have been aggregated and the economic characteristics.
 - Disclose the reconciliation of segment assets to total assets if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.
- PSAK 7 (2015 Improvement): Related Party Disclosures, effective January 1, 2016.
The improvement clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.
- PSAK 16 (2015 Improvement): Property, Plant and Equipment, effective January 1, 2016.
The improvement clarifies that in PSAK 16 and PSAK 19 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. Carrying amounts of the asset is restated by revaluated amounts.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t. Accounting Standards Issued but not yet Effective (continued)

The following are several issued accounting standards by the Indonesian Financial Accounting Standards Board (“DSAK”) that are considered relevant to the financial reporting of the Company but not yet effective for 2015 financial statements: (continued)

- PSAK 19 (2015 Improvement): Intangible Assets, effective January 1, 2016.
The improvement clarifies that in PSAK 16 and PSAK 19 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. Carrying amounts of the asset is restated by revaluated amounts.
- PSAK 25 (2015 Improvement): Accounting Policies, Changes in Accounting Estimates and Errors.
The improvement provides editorial correction for paragraph 27 of PSAK 25.
- PSAK 68 (2015 Improvement): Fair value Measurement, effective January 1, 2016.
The improvement clarifies that the portfolio exception in PSAK 68 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PSAK 55.

The Company are presently evaluating and has not yet determined the effects of these accounting standards on its financial statements.

3. SOURCE OF ESTIMATION UNCERTAINTY

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 amounts of the assets and liabilities affected in future periods.

Judgments

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:

Leases

The Company has several leases whereas the Company act as lessee in respect of rental of land and spaces for warehouses and stores. The Company evaluates whether significant risks and rewards of ownership of the leased assets are transferred based on PSAK 30 (Revised 2011), “Leases”, which requires the Company to make judgment and estimates of the transfer of risks and rewards related to the ownership of asset. Based on the review performed by the Company for the current rental agreement, accordingly, the rent transactions were classified as operating lease.

The Company entered into agreement where the Company acts as lessor to rent space at the stores. The Company has determined, based on evaluating term and condition of agreements, that all risks and rewards of ownership of the rented space at the store are not transferred, accordingly the Company records the rent transaction as operating lease.

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3. SOURCE OF ESTIMATION UNCERTAINTY (continued)

Judgments (continued)

Determination of Functional Currency

The Company's functional currency is the currency from the primary economic environment where the Company conducts business. The functional currency is the currency that has impact on revenue and expenses from product given.

Classification of Financial Assets and Financial Liabilities

The Company determines the classification of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK 55 (Revised 2014). Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Note 2j.

Allowance for Impairment of Trade Receivables

The Company evaluates specific accounts where it has information that certain customers are unable to meet their financial obligations. In these cases, the Company uses judgment, based on the best available facts and circumstances, including but not limited to the length of its relationship with the customer and the customer's current credit status based on third party credit reports and known market factors, to record specific provisions for customers against amounts due to reduce its receivable amounts that the Company expects to collect. These specific provisions are re-evaluated and adjusted as additional information received affects the amounts of allowance for impairment of trade receivables.

These specific allowance are re-evaluated and adjusted as additional information received affects the amounts of allowance for impairment of trade receivable. As of December 31, 2015 and 2014, the Company's management believes that all trade receivables are collectible and therefore no allowance for impairment loss is needed. Further details on trade receivables are disclosed in Note 6.

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.

Impairment of Non-financial Assets

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks to the asset.

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3. SOURCE OF ESTIMATION UNCERTAINTY (continued)

Estimates and Assumptions (continued)

Impairment of Non-financial Assets (continued)

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the assets. These calculations are corroborated by valuation multiples or other available fair value indicators. The value in use calculation is based on a discounted cash flow model. The future cash flow projection is for a period of ten years and does not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

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, 2015 and 2014.

Employee Benefits

The measurement of the Company's obligations and cost for pension and liabilities for employee benefits is dependent on its selection of certain assumptions used by the independent actuaries 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. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in the financial position through other comprehensive income the period in which they occur.

While the Company believes that its assumptions are reasonable and appropriate, significant differences in the Company's actual experiences or significant changes in the Company's assumptions may materially affect its estimated liabilities for pension and employee benefits and net employee benefits expense.

The net carrying amount of the Company's liabilities for employee benefits as of December 31, 2015 and 2014 was Rp280,210 and Rp272,699, respectively. Further details on employee benefits are disclosed in Note 14.

Useful Lives of Fixed Assets

The costs of fixed assets, except land, are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these fixed assets to be within 4 to 20 years. These are common life expectancies applied in the industry where the Company conducts its business. 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 fixed assets amounted to Rp1,333,227 and Rp1,375,402 as of December 31, 2015 and 2014, respectively. Further details are disclosed in Note 9.

Income Tax

The Company recognizes liabilities for corporate income tax based on estimation of whether additional corporate income tax will be due. The net carrying amount of the Company's corporate income tax payable amounted to Rp239 and Rp1,132 as of December 31, 2015 and 2014, respectively. Further details are disclosed in Note 12.

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3. SOURCE OF ESTIMATION UNCERTAINTY (continued)

Estimates and Assumptions (continued)

Deferred Tax Assets

The Company reviews the carrying amounts of deferred tax assets at the end of each reporting period and reduces these to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized.

The Company's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the level and timing of forecasted taxable income of the subsequent reporting periods. This forecast is based on the Company's past results and future expectations on revenues and expenses as well as future tax planning strategies. However, there is no assurance that the Company will generate sufficient taxable income to allow all or part of the deferred tax assets to be utilized.

The carrying amount of deferred tax assets - net of the Company amounted to Rp33,457 and Rp26,715 as of December 31, 2015 and 2014. Further details are disclosed in Note 12.

Allowance for Obsolescence and Decline in Value of Inventories

Allowance for obsolescence and decline in value 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, 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 value amounted to Rp823,909 and Rp808,569 as of December 31, 2015 and 2014, respectively. Further details are disclosed in Note 8.

Uncertain Tax Exposure

In certain circumstances, the Company may not able to determine the exact amount of current or future tax liabilities due to possibility of examination by the taxation authority. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. In determining the amount to be recognized in respect of an uncertain tax liability, the Company applies similar considerations as it would use in determining the amount of a provision to be recognized in accordance with PSAK 57 (Revised 2009), "Provisions, Contingent Liabilities and Contingent Assets". The Company analyzes all tax positions related to income taxes to determine if a tax liability for unrecognized tax expense should be recognized.

These financial statements are originally issued in the Indonesian language.

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4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Cash on hand	26,509	26,973
Cash in banks - third parties:		
Rupiah		
PT Bank Danamon Indonesia Tbk	97,656	50,553
PT Bank Negara Indonesia (Persero) Tbk	59,630	42,854
Citibank N.A., Indonesia	26,957	8,781
Deutsche Bank AG, Indonesia	9,578	37
PT Bank Central Asia Tbk	7,956	2,981
PT Bank Maybank Indonesia Tbk (formerly PT Bank Internasional Indonesia Tbk)	4,017	1,784
PT Bank Rakyat Indonesia (Persero) Tbk	3,126	578
PT Bank Mandiri (Persero) Tbk	2,137	1,208
PT Bank Permata Tbk	1,821	85
PT Bank CIMB Niaga Tbk	1,041	-
United States Dollar		
Deutsche Bank AG, Indonesia (US\$197,530 as of December 31, 2015 and US\$99,631 as of December 31, 2014)	2,725	1,239
Sub-total	<u>216,644</u>	<u>110,100</u>
Cash equivalents (time deposits and on call deposits) - third parties:		
Rupiah		
PT Bank Rakyat Indonesia (Persero) Tbk	290,100	180,200
PT Bank Danamon Indonesia Tbk	92,900	-
PT Bank Permata Tbk	74,600	169,200
PT Bank CIMB Niaga Tbk	69,600	11,000
PT Bank Central Asia Tbk	30,000	36,000
PT Bank Bukopin Tbk	25,000	20,000
PT Bank Negara Indonesia (Persero) Tbk	15,000	15,000
Citibank N.A., Indonesia	3,900	31,900
Deutsche Bank AG, Indonesia	-	15,000
PT Bank Mandiri (Persero) Tbk	-	10,000
Sub-total	<u>601,100</u>	<u>488,300</u>
Total	<u>844,253</u>	<u>625,373</u>

Annual interest rates for time deposits and on call deposits ranged from 3.36% to 10.00% and 3.60% to 11.00% for the years ended December 31, 2015 and 2014, respectively.

There were no cash and cash equivalents balances placed to a related party.

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5. TIME DEPOSITS

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Rupiah		
PT Bank Maybank Indonesia Tbk (formerly PT Bank Internasional Indonesia Tbk)	370,000	143,200
PT Bank Danamon Indonesia Tbk	349,400	430,000
PT Bank Rakyat Indonesia (Persero) Tbk	103,400	216,300
PT Bank UOB Indonesia	-	43,500
PT Bank CIMB Niaga Tbk	-	28,000
PT Bank Bukopin Tbk	-	20,000
United States Dollar		
Credit Suisse AG, Singapore (US\$7,458,158 as of December 31, 2015 and US\$7,445,801 as of December 31, 2014)	102,885	92,626
UBS AG, Singapore (US\$4,227,509 as of December 31, 2015 and US\$4,218,593 as of December 31, 2014)	58,319	52,479
Total	<u>984,004</u>	<u>1,026,105</u>

The above time deposits have maturities within six (6) months from the time of placement and not pledged as collateral. The annual interest for the time deposits are as follows:

	<u>Year Ended December 31</u>	
	<u>2015</u>	<u>2014</u>
Rupiah	8.50% - 10.00%	7.25% - 11.00%
United States Dollar	0.13% - 0.30%	0.05% - 0.18%

There were no time deposits placed to a related party.

6. ACCOUNTS RECEIVABLE - TRADE - THIRD PARTIES

This account represents receivables from some banks for payments made by customers for their purchases using credit cards. All receivables are denominated in Rupiah. All receivables are in current category and are not impaired. Based on the review of the possibility of impairment at the end of the year, management believes that no allowance for impairment loss is needed to cover the possibility of impairment.

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7. 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>December 31, 2015</u>	<u>December 31, 2014</u>
Debt securities - third parties:		
United States Dollar		
BLT Finance B.V. Guaranteed Senior Notes (US\$35,000 as of December 31, 2015 and US\$100,000 as of December 31, 2014)	483	1,244
Rupiah		
Obligasi Berkelanjutan I Toyota Astra Financial Service Tahap I Tahun 2014 Seri B	-	10,175
Obligasi Berkelanjutan I Summarecon Agung Tahap II Tahun 2014	-	10,030
Obligasi Subordinasi Berkelanjutan II Bank Permata Tahap II Tahun 2014	-	10,000
Obligasi Subordinasi Berkelanjutan I Bank BII Tahap I Tahun 2011	-	4,938
Total	<u>483</u>	<u>36,387</u>

Total nominal values of the debt securities in United States Dollar were amounted to US\$1,000,000 or equal to Rp13,795 and Rp12,440 as of December 31, 2015 and 2014, respectively. As of December 31, 2014 and 2015, total nominal values in Rupiah amounted to Rp35,143.

In 2015 and 2014, annual interest rates of debt securities are as follows:

	<u>Year Ended December 31</u>	
	<u>2015</u>	<u>2014</u>
Rupiah	10.00% - 11.75%	10.00% - 11.75%
United States Dollar	7.50%	7.50%

In 2015, proceeds from sales of short-term investments were amounting to Rp35,585. Total realized gain on the related sales were amounting to Rp514 in 2015 and was presented in "Other Income - Gain on sale of short-term investments - net" account in the statement of profit or loss and other comprehensive income (Note 21). In 2014, the Company purchased short-term investments amounting to Rp35,012, which directly realized in 2014 at the amount of Rp35,136. Total realized gain on the related sales amounting to Rp124 in 2014 and were presented in "Other Income - Gain on sale of short-term investments - net" account in the statement of profit or loss and other comprehensive income (Note 21). As of December 31, 2015 and 2014 changes in fair value of available for sale financial assets, net of deferred tax, resulted unrealized loss were amounting to Rp10,171 and Rp8,403, respectively, and were presented as "Other Comprehensive Loss" account in the equity section of the statement of financial position.

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7. SHORT-TERM INVESTMENTS (continued)

Based on Fitch Ratings, securities rating agency, as of December 31, 2014 and 2015, the ratings of the bonds are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
BLT Finance B.V. Guaranteed Senior Notes	RR5	RR5
Obligasi Berkelanjutan I Toyota Astra Financial Service Tahap I Tahun 2014 Seri B	-	AAA

Based on PT Pemeringkat Efek Indonesia, securities rating agency, as of December 31, 2014, the ratings of the bonds are as follows:

	<u>Peringkat</u>
Obligasi Berkelanjutan I Summarecon Agung Tahap II Tahun 2014	A+
Obligasi Subordinasi Berkelanjutan II Bank Permata Tahap II Tahun 2014	AA
Obligasi Subordinasi Berkelanjutan I Bank BII Tahap I Tahun 2011	AA+

8. INVENTORIES

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
West Java	241,074	226,909
Sumatera	160,433	163,325
Jakarta	156,543	161,621
East Java	71,488	65,190
Kalimantan	64,706	64,413
Bali and Nusa Tenggara	41,498	42,259
Sulawesi	38,827	35,009
Central Java	28,845	28,717
Papua	20,495	21,126
Total (Note 18)	823,909	808,569

The above inventories are covered by insurance against losses from fire, damage, natural disasters, riots and other risks amounting to Rp705,176 as of December 31, 2015 (2014: US\$48,368,417 or equivalent to Rp601,703), which in the opinion of the Company's management is adequate to cover possible losses arising from such risks. As of December 31, 2015 and 2014, 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 for decline in value for above inventories.

In 2015, there were fire accidents in several of the Company's stores that resulted in losses of inventories amounted to Rp8,438 and fixed assets amounted to Rp2,034 (Note 9). For the losses of inventories and fixed assets amounted to Rp3,095, the Company will receive compensation from insurance claim amounted to Rp8,220. While for the losses of inventories and fixed assets amounting to Rp7,377 are still in the process of filing insurance claim and could not yet determined for the total compensation. The net loss over these fire incidents charged by the Company were amounted to Rp2,252 which was recorded as part of "Other Expenses" in the statement of profit or loss and other comprehensive income.

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9. FIXED ASSETS

Fixed assets consists of:

	Year Ended December 31, 2015				
	Beginning Balance	Additions	Deductions	Reclassification	Ending Balance
Cost					
Land	367,723	-	-	-	367,723
Buildings	818,724	16,655	1,595	37,000	870,784
Building renovations and improvements	967,645	26,888	19,557	38,062	1,013,038
Store equipment	732,203	16,777	20,316	16,613	745,277
Transportation equipment	48,295	1,407	-	-	49,702
Office equipment	64,904	4,621	-	4,426	73,951
Sub-total	2,999,494	66,348	41,468	96,101	3,120,475
Construction in Progress					
Buildings	27,880	9,120	-	(37,000)	-
Building renovations and improvements	52,603	43,665	88	(38,062)	58,118
Store equipment	11,603	25,574	59	(16,613)	20,505
Office equipment	4,421	735	-	(4,426)	730
Sub-total	96,507	79,094	147	(96,101)	79,353
Total Cost	3,096,001	145,442	41,615	-	3,199,828
Accumulated Depreciation					
Buildings	348,829	42,311	1,124	-	390,016
Building renovations and improvements	690,569	85,717	18,843	-	757,443
Store equipment	588,542	48,752	19,614	-	617,680
Transportation equipment	40,460	3,295	-	-	43,755
Office equipment	52,199	5,508	-	-	57,707
Total Accumulated Depreciation	1,720,599	185,583	39,581	-	1,866,601
Net Book Value	1,375,402				1,333,227

	Year Ended December 31, 2014				
	Beginning Balance	Additions	Deductions	Reclassification	Ending Balance
Cost					
Land	367,723	-	-	-	367,723
Buildings	810,205	5,032	-	3,487	818,724
Building renovations and improvements	877,761	12,378	-	77,506	967,645
Store equipment	694,368	16,841	192	21,186	732,203
Transportation equipment	43,424	4,871	-	-	48,295
Office equipment	57,149	7,734	-	21	64,904
Sub-total	2,850,630	46,856	192	102,200	2,999,494
Construction in Progress					
Buildings	3,487	27,880	-	(3,487)	27,880
Building renovations and improvements	86,129	43,980	-	(77,506)	52,603
Store equipment	29,138	3,651	-	(21,186)	11,603
Office equipment	-	4,442	-	(21)	4,421
Sub-total	118,754	79,953	-	(102,200)	96,507
Total Cost	2,969,384	126,809	192	-	3,096,001
Accumulated Depreciation					
Buildings	307,527	41,302	-	-	348,829
Building renovations and improvements	597,681	92,888	-	-	690,569
Store equipment	534,020	54,681	159	-	588,542
Transportation equipment	37,286	3,174	-	-	40,460
Office equipment	47,373	4,826	-	-	52,199
Total Accumulated Depreciation	1,523,887	196,871	159	-	1,720,599
Net Book Value	1,445,497				1,375,402

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9. FIXED ASSETS (continued)

Depreciation charged to general and administrative expenses were amounted to Rp185,583 in 2015 and Rp196,871 in 2014 (Note 20).

The computation of gain (loss) on disposal of fixed assets are as follows:

	Year Ended December 31	
	2015	2014
Proceeds from sales	316	-
Net book value	-	33
Gain (loss) on disposal of fixed assets	316	(33)

Gain on disposal of fixed assets is presented as part of "Other Income - Others - Net", whereas loss on disposal of fixed assets presented as "Other Expense".

As a result of fire accidents in several of the Company's store in 2015, the Company suffered losses on fixed assets amounting to Rp2,034 in 2015 (Note 8).

Land under Building Usage Right ("HGB") status owned by the Company is located in several cities in Indonesia. These HGBs will expire on various dates from 2016 until 2040 and the Company's management believes that these rights can be renewed upon their expiry.

Fair value of land as of December 31, 2015 and 2014 are Rp671,439 and Rp762,998 that has been determined based on the Tax Office's sale value of tax objects ("NJOP").

The details of constructions in progress are as follows:

December 31, 2015	Estimated Percentage of Completion from Financial Point of View	Accumulated Costs	Estimated Completion
Building renovations and improvements	10-94%	58,118	Year 2016
Store equipment	10-94%	20,505	Year 2016
Office equipment	90-94%	730	Year 2016
Total		79,353	

December 31, 2014	Estimated Percentage of Completion from Financial Point of View	Accumulated Costs	Estimated Completion
Buildings	65%	27,880	Year 2015
Building renovations and improvements	10-90%	52,603	Year 2015
Store equipment	10-90%	11,603	Year 2015
Office equipment	10-90%	4,421	Year 2015
Total		96,507	

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9. FIXED ASSETS (continued)

Fixed assets, except for land and construction in progress, are covered by insurance against losses from fire, damage, natural disasters, riots and other risks amounting to Rp1,648,308 as of December 31, 2015 and US\$165,799,854 and Rp71,267 with total equivalent amount of Rp2,133,817 as of December 31, 2014, which in the opinion of the Company's management is adequate to cover possible losses arising from such risks.

As of December 31, 2015 and 2014, the Company's management believes that there is no event or change in circumstances that may indicate any impairment in value of its fixed assets.

As of December 31, 2015 and 2014, there were no fixed assets pledged as collateral.

10. LONG-TERM PREPAID RENT

(a) This account represents long-term prepaid rent for several land and spaces for stores and warehouses. The Company entered into various long-term rental agreements with PT Jakarta Intiland ("JIL"), a related party, and with third parties for several stores and warehouses spaces which in general are valid for 5 years. The Company also entered into various long-term land rental agreements with third parties which are used for store buildings. The land rental agreements in general are valid for 25 years.

The details of long-term prepaid rent as of December 31, 2015 and 2014 are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Contract value		
PT Jakarta Intiland, a related party	421,685	481,545
Third parties	472,373	462,456
Total	894,058	944,001
Less accumulated amortization	(421,460)	(355,774)
Unamortized portion	472,598	588,227
Less:		
Impairment loss	(9,000)	(9,000)
Current portion	(121,166)	(150,365)
Long-term portion	<u>342,432</u>	<u>428,862</u>

The outstanding balance of long-term prepaid rent with related party amounted to Rp177,421 and Rp286,568 as of December 31, 2015 and 2014, respectively, or representing 3.88% and 6.28% of total assets, respectively (Note 23a).

Total additions of long-term prepaid rent in 2015 and 2014 amounted to Rp44,079 and Rp168,464, respectively.

Amortization of long-term prepaid rent charged to operations amounted to Rp159,708 in 2015 and Rp263,049 in 2014 (Note 19).

As of December 31, 2015, store and warehouse long-term rent agreements with JIL cover 38 locations (December 31, 2014: 40 locations). Under these agreements, JIL has give has the right to use the stores and warehouse locations to the Company for a period of 4 to 5 years. As of December 31, 2015, these agreements will expire at various dates from 2016 until 2019, which can be renewed for another period to be agreed by both parties. Total additions of long-term prepaid rent to JIL in 2014 amounted to Rp118,298. In 2015, there was no addition of long-term prepaid rent to JIL (Note 23).

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10. LONG-TERM PREPAID RENT (continued)

(b) The Company also have several rental agreements with JIL and third parties which payments were spread over the rental period and the Company is required to paid deposit. Total rent expense for these rental agreements in 2015 and 2014 were amounting to Rp201,536 and Rp102,901, respectively, including rental with a related party of Rp133,327 and Rp20,225, respectively, or representing 34.61% and 5.06% of total selling expenses, respectively, are presented as part of "Selling Expenses - Rent - Net" account in the statement of profit or loss and other comprehensive income (Note 19). As of December 31, 2015 and 2014, the outstanding refundable security deposits paid by the Company to JIL amounted to Rp2,905 or representing 0.06% and 0.06% of total assets, respectively, are presented as part of "Security Deposits" account in the statement of financial position (Note 23b).

11. ACCOUNTS PAYABLE - TRADE - THIRD PARTIES

This account represents liabilities to suppliers for purchases of merchandise inventories in Rupiah. The terms of payments for the suppliers are ranging 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>December 31, 2015</u>	<u>December 31, 2014</u>
Current	851,745	757,506
1 - 2 months	6,317	92,992
More than 2 months	27,898	23,913
Total	<u>885,960</u>	<u>874,411</u>

As of December 31, 2015 and 2014, there was no collateral provided by the Company for the accounts payable - trade stated above.

12. TAXATION

Taxes payable consists of:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Income taxes:		
Article 4 (2)	5,338	5,283
Article 21	761	1,235
Article 23	534	236
Article 26	459	-
Article 29	239	1,132
Value Added Tax	24,952	23,874
Total	<u>32,283</u>	<u>31,760</u>

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12. TAXATION (continued)

The reconciliation between income before income tax as shown in the statement of profit or loss and other comprehensive income and taxable income for the years ended December 31, 2015 and 2014 are presented as follows:

	Year Ended December 31	
	2015	2014 (As restated - Note 30)
Income before income tax as shown in the statement of profit or loss and other comprehensive income	364,620	388,909
Temporary differences:		
Amortization of long-term prepaid rent	14,208	894
Provision for liabilities for employee benefits	9,213	28,873
Depreciation of fixed assets	8,043	(9,665)
Amortization of prepaid expenses	(4,940)	(275)
Permanent differences:		
Donations and entertainment	17,032	8,543
Employee welfare	3,744	4,266
Business trip	1,184	-
Rent	1,155	-
Tax penalties	11	219
Others	391	-
Income already subjected to final tax:		
Rent	(148,905)	(141,122)
Interest	(113,508)	(89,507)
Gain on sale of short-term investments	(514)	(124)
Taxable income	151,734	191,011

The details of income tax expense is as follows:

	Year Ended December 31	
	2015	2014 (As restated - Note 30)
Income tax expense - current		
Income tax expense - current	30,347	38,202
Expense related to correction of prior years corporate income tax	4,850	-
Total income tax expense - current	35,197	38,202
Income tax expense (benefit) - deferred		
Amortization of prepaid expenses	1,235	69
Depreciation of fixed assets	(2,011)	2,416
Provision for liabilities for employee benefits	(2,303)	(7,218)
Amortization of prepaid long-term rent	(3,552)	(223)
Income tax benefit - deferred - net	(6,631)	(4,956)
Income tax expense - net	28,566	33,246

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12. TAXATION (continued)

The Company will report its 2015 Annual Income Tax Return ("SPT") based on the abovementioned calculation. The Company's estimated taxable income for the year ended December 31, 2014 was consistent with the Annual Income Tax Return as reported to the Tax Office.

The computation of income tax payable - Article 29 is as follows:

	December 31, 2015	December 31, 2014
Income tax expense - current	30,347	38,202
Prepayments of income taxes:		
Article 22	10	21
Article 23	1,600	3,087
Article 25	28,498	33,962
Total	30,108	37,070
Income tax payable - Article 29	239	1,132

On January 8, 2016 and January 9, 2015, the Company obtained letters from the Securities Administration Agency confirming its compliance with criteria of PP No. 77/2013 on "Reduction of income Tax Rate on Domestic Corporate Taxpayers in the Form of Publicly-listed Companies". Accordingly, the Company applied the reduction of the tax rate in the 2015 and 2014 corporate 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 statement of profit or loss and other comprehensive income for the years ended December 31, 2015 and 2014 are as follows:

	Year Ended December 31	
	2015	2014 (As restated - Note 30)
Income before income tax as shown in the statement of profit or loss and other comprehensive income	364,620	388,909
Income tax expense at applicable tax rate	72,924	77,782
Tax effect of permanent differences:		
Donations and entertainment	3,406	1,708
Employee welfare	749	853
Business trip	237	-
Rent	231	-
Others	80	45
Income already subjected to final tax:		
Rent	(29,781)	(28,225)
Interest	(22,702)	(17,901)
Gain on sale of short-term investments	(103)	(24)
Impact on changes in corporate income tax rates under PP No. 77/2013	(1,325)	(992)
Expense related to correction of prior years corporate income tax	4,850	-
Income tax expense - net	28,566	33,246

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12. TAXATION (continued)

The deferred tax assets and liabilities as of December 31, 2015, 2014 and January 1, 2014/December 31, 2013 are as follows:

	December 31, 2015	December 31, 2014 (As Restated - Note 30)	January 1, 2014/ December 31, 2013 (As Restated - Note 30)
Deferred tax assets on:			
Liabilities for employee benefits	70,052	68,175	57,705
Unrealized loss on available-for-sale financial assets	3,390	2,854	2,827
Total	73,442	71,029	60,532
Deferred tax liabilities on:			
Fixed assets	(24,179)	(26,189)	(23,773)
Long-term rent	(14,268)	(17,821)	(18,044)
Prepaid expenses	(1,538)	(304)	(235)
Total	(39,985)	(44,314)	(42,052)
Deferred tax assets - net	33,457	26,715	18,480

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

On November 30, 2015, the Company revised its 2011, 2012, 2013 and 2014 Annual Income Tax Return ("SPT") as the result of the prior year tax audit. Based on the revision of those SPTs, the Company has paid underpayment of corporate income tax amounted to Rp503, Rp1,627, Rp1,333 and Rp1,387 for the year 2011, 2012, 2013 and 2014, respectively. The settlement for underpayment of corporate tax income is recorded as "Expense related to correction of prior years corporate income tax", as part of "Income tax expense" in the statement of profit or loss and other comprehensive income.

13. ACCRUED EXPENSES

Accrued expenses consist of :

	December 31, 2015	December 31, 2014
Electricity and energy	13,795	21,111
Rent	5,391	16,683
Promotion	159	335
Others	9,704	8,585
Total	29,049	46,714

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14. LIABILITIES FOR EMPLOYEE BENEFITS

The Company recognized liabilities for employee benefits amounting to Rp280,210 and Rp272,699 as of December 31, 2015 and 2014, respectively, presented in "Liabilities for Employee Benefits" account in the statement of financial position. The related expenses amounting to Rp39,680 and Rp53,845 in 2015 and 2014, respectively, are presented as part of "General and Administrative Expenses - Salaries and Employee Welfare" account in the statement of profit or loss and other comprehensive income (Note 20). The liabilities for employees benefits were determined based on actuarial valuations performed by PT Dayamandiri Dharmakonsilindo, an independent actuary, based on its reports dated February 1, 2016.

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Discount rate	9.1% per year	8.3% per year
Salary increase rate	8% per year	8% per year
Pension age	55 years old	55 years old
Mortality rate	TMI 2011	TMI 2011

The benefits expense are as follows:

	<u>Year Ended December 31</u>	
	<u>2015</u>	<u>2014</u> <u>(As restated -</u> <u>Note 30)</u>
Current service cost	21,756	18,718
Past service cost of curtailment	(23,038)	-
Interest cost	21,274	19,047
Adjustment for new employees	-	84
Excess of benefits payments	19,688	15,996
Total	39,680	53,845

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14. LIABILITIES FOR EMPLOYEE BENEFITS (continued)

Movements in the present value of defined benefit obligation as of December 31, 2015 and 2014 are as follows:

	Year Ended December 31	
	2015	2014 (As restated - Note 30)
Balance at beginning of year	272,699	230,823
Current service cost	21,756	18,718
Past service cost of curtailment	(23,038)	-
Interest cost	21,274	19,047
Provision of excess benefit payment	19,688	15,996
Benefits payments during the year	(10,780)	(8,975)
Excess of benefits payments during the year	(19,688)	(15,996)
Adjustment for new employees	-	84
Remeasurement of present value of defined benefit obligation:		
Loss (gain) from changes in financial assumption	(24,352)	22,215
Loss (gain) from experience adjustments	22,651	(9,213)
Balance at end of year	280,210	272,699

The movements in the liabilities for employee benefits for the years ended December 31, 2015 and 2014 are as follows:

	Year Ended December 31	
	2015	2014 (As restated - Note 30)
Balance at beginning of year	272,699	230,823
Provision during the year	39,680	53,845
Payment during the year	(10,780)	(8,975)
Provision of excess benefit payment	(19,688)	(15,996)
Other comprehensive loss (income)	(1,701)	13,002
Balance at end of year	280,210	272,699

The amounts of experience adjustments arising on liabilities for the years ended December 31, 2015, 2014 and 2013 are as follows:

	December 31, 2015	December 31, 2014 (As restated - Note 30)	January 1, 2014/ December 31, 2013 (As restated - Note 30)
Present value of defined benefit obligation	280,210	272,699	230,823
Experience adjustments on liability	22,651	(9,213)	20,865

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14. LIABILITIES FOR EMPLOYEE BENEFITS (continued)

As of December 31, 2015 and 2014, if the discount rate appreciated by 1% with all other variables held constant, the present value of defined benefit obligation would have been lower by Rp24,556 and Rp25,684, respectively and if the discount rate depreciated by 1% with all other variables held constant, the present value of defined benefit obligation would have been higher by Rp28,623 and Rp30,129, respectively.

The following payments are expected contributions to the benefit obligation in future years:

	Year Ended December 31	
	2015	2014
Within the next 12 months	37,346	32,772
Between 1 and 2 years	9,697	7,696
Between 2 and 5 years	34,972	33,765
Beyond 5 years	442,700	466,353
Total	524,715	540,586

15. SHARE CAPITAL AND TREASURY SHARES

Share Capital

The shareholders and their share ownership as of December 31, 2015 and 2014 are as follows:

Shareholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount
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

Treasury Shares

Based on Extraordinary General Meeting of Shareholders, the shareholders approved among others the management's plan to buyback the Company's outstanding shares with the maximum purchase amount of Rp400,000, include the transaction cost, broker fee and other costs related to the Company's buyback shares or maximum 567,680,000 shares, or 8% of the Company's issued and fully paid shares, gradually until March 15, 2017.

Up to December 31, 2015, the Company has re-purchased 208,332,000 treasury shares with total costs amounting to Rp135,846, which presented in "Treasury Shares" account as deduction of equity in the statement of financial position.

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16. RETAINED EARNINGS

In the Annual Shareholder's General Meeting held on May 29, 2015, which were notarized by Deed No. 6 on the same date of Rianto, S.H., the shareholders approved the declaration of cash dividends of Rp27 (full amount) per share or in total amount of Rp191,592.

In the Annual Shareholder's General Meeting held on May 23, 2014, which were notarized by Deed No. 8 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 Rp212,880.

17. REVENUES

The details of revenues are as follows:

	Year Ended December 31	
	2015	2014
Outright sales	4,788,667	5,131,375
Consignment sales (Note 23c)	2,997,527	2,810,340
Cost of consignment sales	(2,253,190)	(2,080,367)
Commission on consignment sales	744,337	729,973
Total	5,533,004	5,861,348

There were no sales to a specific customer that exceeded 10% of total revenues in 2015 and 2014.

18. COST OF OUTRIGHT SALES

The details of cost of outright sales are as follows:

	Year Ended December 31	
	2015	2014
Beginning inventories	808,569	872,064
Net purchases	3,552,340	3,750,016
Inventories available for sale	4,360,909	4,622,080
Ending inventories (Note 8)	(823,909)	(808,569)
Cost of outright sales	3,537,000	3,813,511

There were no purchases from a supplier of the Company that exceeded 10% of total revenues in 2015 and 2014.

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19. SELLING EXPENSES

The details of selling expenses are as follows:

	Year Ended December 31	
	2015	2014
Rent - net (Notes 10a,10b, 23b and 24)	195,765	214,331
Promotion	83,584	75,777
Transportation	62,260	68,416
Plastic bags	23,571	20,735
Credit card charges	6,840	8,200
Royalty and travel fees (Note 24)	6,478	2,381
Others	6,714	9,524
Total	385,212	399,364

20. GENERAL AND ADMINISTRATIVE EXPENSES

The details of general and administrative expenses are as follows:

	Year Ended December 31	
	2015	2014 (As restated - Note 30)
Salaries and employee welfare (Note 14)	596,200	602,174
Electricity and energy	289,842	289,046
Depreciation (Note 9)	185,583	196,871
Repairs and maintenance (Note 23b)	138,862	121,928
Supplies	34,146	21,094
Taxes and licenses (Note 12)	25,484	23,659
Insurance	24,260	22,507
Stationeries and printing	17,388	12,518
Social security contribution	14,106	13,367
Business trips	12,164	11,328
Others (below Rp10,000 each)	39,231	39,690
Total	1,377,266	1,354,182

21. OTHER INCOME

The details of other income are as follows:

	Year Ended December 31	
	2015	2014
Gain on foreign exchange - net	15,246	1,328
Gain on sale of short-term investments - net (Note 7)	514	124
Others - net	3,660	3,487
Total	19,420	4,939

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22. EARNINGS PER SHARE (“EPS”)

The computation of earnings per share in 2015 and 2014 is as follows:

	Year Ended December 31	
	2015	2014 (As restated - Note 30)
Income for the year	336,054	355,663
Weighted average number of shares outstanding	7,053,445,913	7,096,000,000
Earnings per share (full amount)	47.64	50.12

23. 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:

	December 31, 2015	December 31, 2014	Percentage to Total Assets	
			December 31, 2015	December 31, 2014
<u>Other receivable</u>				
PT Ramayana Makmursentosa	4,726	5,183	0.10	0.11
PT Indonesia Fantasi Sentosa	1,544	705	0.03	0.02
PT Jakarta Intiland	200	177	0.00	0.00
Total	6,470	6,065	0.13	0.13
<u>Long-term prepaid rent (Note 10a)</u>				
PT Jakarta Intiland (a)	177,421	286,568	3.88	6.28
<u>Security deposits (Note 10b)</u>				
PT Jakarta Intiland (b)	2,905	2,905	0.06	0.06

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23. RELATED PARTIES TRANSACTIONS (continued)

	Year Ended December 31		Percentage to Related Total Income/Expenses *)	
	Year Ended December 31		Year Ended December 31	
	2015	2014	2015	2014
<u>Consignment sales</u> (Note 17)				
PT Ramayana Makmursentosa (c)	-	21,724	-	0.37
<u>Rental revenue</u>				
PT Ramayana Makmursentosa (d)	66,882	54,170	1.21	0.92
PT Indonesia Fantasi Sentosa (e)	9,926	6,012	0.18	0.10
Total	<u>76,808</u>	<u>60,182</u>	<u>1.39</u>	<u>1.02</u>
<u>Selling expenses - Rent</u> (Note 10b)				
PT Jakarta Intiland (b)	<u>242,473</u>	<u>253,611</u>	<u>62.95</u>	<u>63.50</u>
<u>General and administrative expenses - Repairs and maintenance</u>				
PT Jakarta Intiland (b)	<u>11,657</u>	<u>18,954</u>	<u>0.85</u>	<u>1.40</u>

*) Percentage to total revenue/selling expenses/general and administrative expenses

	Year Ended December 31		Percentage to Salaries and Employee's Welfare	
	Year Ended December 31		Year Ended December 31	
	2015	2014 (As restated - Note 30)	2015	2014 (As restated - Note 30)
<u>Short-term employee benefits</u>				
Board of Commissioners	5,498	5,671	0.92	0.94
Board of Directors	5,610	4,580	0.94	0.76
Sub-total	<u>11,108</u>	<u>10,251</u>	<u>1.86</u>	<u>1.70</u>
<u>Long-term employee benefits</u>				
Board of Commissioners	580	579	0.10	0.10
Board of Directors	595	474	0.10	0.08
Sub-total	<u>1,175</u>	<u>1,053</u>	<u>0.20</u>	<u>0.18</u>
Total	<u>12,283</u>	<u>11,304</u>	<u>2.06</u>	<u>1.88</u>

- a. The Company entered into long-term rental agreements for several warehouses and spaces for stores with PT Jakarta Intiland, a related party, as discussed in Notes 10 and 24. Total net book value of these long-term prepaid rent amounted to Rp177,421 dan Rp286,568 as of December 31, 2015 and 2014, respectively.

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23. RELATED PARTIES TRANSACTIONS (continued)

- 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 pay refundable security deposits, as discussed in Note 10b. The outstanding balance of security deposits amounting to Rp2,905 as of December 31, 2015 and 2014 are presented as part of "Security Deposits" account in the statement of financial position. Total rent expense incurred from these agreements amounted to Rp242,473 and Rp253,611 in 2015 and 2014, respectively, and are presented as part of "Selling Expenses - Rent - Net" account in the statement of profit or loss and other comprehensive income (Note 19). Based on the rent agreements, the Company is required to pay service charges. Total service charges paid to PT Jakarta Intiland, a related party, amounted to Rp11,657 and Rp18,954 in 2015 and 2014, respectively, and are presented as part of "Selling Expenses - Repairs and Maintenance" in the statement of profit or loss and other comprehensive income (Note 20).
- c. The Company's share in the revenue shared with RMS, the Company's ultimate shareholder, from the revenue on family entertainment center "Zone 2000" amounting to Rp21,724 in 2014, and is presented as part of revenues in the statement of profit or loss and other comprehensive income (Note 17).
- d. The Company entered into several agreements to lease certain store area to PT Ramayana Makmursentosa. Total rental income from these agreements amounting to Rp66,882 and Rp54,170 in 2015 and 2014, respectively, and are presented as a deduction of rental expense in selling expense (Note 19).
- e. The Company entered into several agreements to lease certain store area to PT Indonesia Fantasi Sentosa. Total rental income from these agreements amounting to Rp9,926 and Rp6,012 in 2015 and 2014, respectively, and are presented as a deduction of rental expense in selling expense (Note 19).

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	Ultimate shareholder of the Company	Consignment sales and space rent
2	PT Jakarta Intiland	A member of the same Group with the Company	Rent of store and warehouse and service charges
3	PT Indonesia Fantasi Sentosa	Under common control	Rent of spaces
4	Board of Commissioners and Directors	A member of the key management personnel of the Company	Salaries and employees' welfare

24. SIGNIFICANT AGREEMENT

Rental

The Company entered into various rental agreements with related party and third parties to lease certain stores area. The rental income from these agreements amounted to Rp167,711 and Rp158,360 in 2015 and 2014, respectively, are presented as a deduction of rental expense in selling expense (Note 19).

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24. SIGNIFICANT AGREEMENT (continued)

License

Since September 1, 2014, the Company and Spar International B.V., Holand (“Spar”), a third party, engaged in a license agreement. Based on this agreement, the Company has the right to use the name and trademark of Spar along with the purchasing, warehouse, distribution, marketing and selling system owned by Spar. Related to that, the Company has to pay annual royalty fee and all traveling fee for Spar’s employees that will be appointed to assist the Company. Royalty and travelling fees incurred are amounted to Rp6,478 and Rp2,381 in 2015 and 2014, respectively, are presented as part of selling expense (Note 19).

25. SEGMENT INFORMATION

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.

	Year Ended December 31, 2015				Total Segment
	Sumatera	Java, Bali and Nusa Tenggara	Kalimantan	Sulawesi and Papua	
Total revenues	1,197,295	3,427,551	473,620	434,538	5,533,004
Income					
Segment income	364,538	1,001,496	156,595	128,611	1,651,240
Unallocated operating expenses					(1,400,546)
Income from operations					250,694
Finance income					141,645
Tax on finance income					(27,719)
Income before income tax					364,620
Income tax expense - net					(28,566)
Income for the year					336,054
Segment assets	538,643	1,700,444	197,683	213,020	2,649,790
Unallocated assets					1,925,114
Total assets					4,574,904
Segment liabilities	1,026	4,011	187	23	5,247
Unallocated liabilities					1,235,853
Total liabilities					1,241,100
Capital expenditures	12,647	125,348	3,421	4,026	145,442
Depreciation and amortization	61,521	222,525	20,610	40,107	344,763

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25. SEGMENT INFORMATION (continued)

	Year Ended December 31, 2014 (As restated)				Total Segment
	Sumatera	Java, Bali and Nusa Tenggara	Kalimantan	Sulawesi and Papua	
Total revenues	1,304,509	3,587,367	526,110	443,362	5,861,348
Income					
Segment income	362,438	950,929	151,724	118,621	1,583,712
Unallocated operating expenses					(1,284,515)
Income from operations					299,197
Finance income					111,301
Tax on finance income					(21,589)
Income before income tax					388,909
Income tax expense - net					(33,246)
Income for the year					355,663
Segment assets	599,162	1,729,255	223,646	241,251	2,793,314
Unallocated assets					1,772,609
Total assets					4,565,923
Segment liabilities	1,082	836	209	23	2,150
Unallocated liabilities					1,238,093
Total liabilities					1,240,243
Capital expenditures	7,371	105,240	4,014	10,184	126,809
Depreciation and amortization	72,259	313,723	33,729	44,414	464,125

The Company determines its business segment based on the products sold consisting of fashion and accessories and groceries are as follows:

Year Ended December 31, 2015	Fashion and Accessories	Groceries	Total Segment
Outright sales	2,649,328	2,139,339	4,788,667
Commission on consignment sales	734,030	10,307	744,337
Cost of outright sales	(1,655,795)	(1,881,205)	(3,537,000)
Gross profit	1,727,563	268,441	1,996,004
Selling expenses	(295,774)	(89,438)	(385,212)
General and administrative expenses	(1,091,893)	(285,373)	(1,377,266)
Other income	14,490	4,930	19,420
Other expenses	(1,804)	(448)	(2,252)
Income (loss) from operations	352,582	(101,888)	250,694
Finance income	113,316	28,329	141,645
Tax on finance income	(22,175)	(5,544)	(27,719)
Income (loss) before income tax	443,723	(79,103)	364,620

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25. SEGMENT INFORMATION (continued)

Year Ended December 31, 2014 (As restated)	Fashion and Accessories	Groceries	Total Segment
Outright sales	2,714,452	2,416,923	5,131,375
Commission on consignment sales	719,069	10,904	729,973
Cost of outright sales	(1,673,374)	(2,140,137)	(3,813,511)
Gross profit	1,760,147	287,690	2,047,837
Selling expenses	(356,450)	(42,914)	(399,364)
General and administratives expenses	(1,054,937)	(299,245)	(1,354,182)
Other income	4,365	574	4,939
Other expenses	(33)	-	(33)
Income (loss) from operations	353,092	(53,895)	299,197
Finance income	88,086	23,215	111,301
Tax on finance income	(17,086)	(4,503)	(21,589)
Income (loss) before income tax	424,092	(35,183)	388,909

26. MONETARY ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

As of December 31, 2015, the Company has monetary assets and liabilities denominated in foreign currencies as follows:

	Equivalent in Rupiah
Assets	
Cash and cash equivalents	
United States Dollar (US\$197,530)	2,725
Time deposits	
United States Dollar (US\$11,685,667)	161,204
Accounts receivable - others	
United States Dollar (US\$7,391)	102
Short-term investment	
United States Dollar (US\$35,000)	483
Total	164,514
Liabilities	
Accounts payable - others	
United States Dollar (US\$92,663)	1,278
Singapore Dollar (Sin\$4,808)	47
Total	1,325
Net monetary assets	163,189

On March 17, 2016, the exchange rates are Rp13,166 (full amount) per US\$1 and Rp9,632 (full amount) per Sin\$1.

If the net monetary assets in foreign currencies as of December 31, 2015 are converted to Rupiah using the exchange rates as of March 17, 2016, the net monetary assets will decrease by Rp7,443.

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27. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

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

a. Risk Management

The Company is exposed to market risk, credit risk and liquidity risk. Interest to manage any kind of risks has 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.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two type of risks: 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, and accounts payable - others.

Foreign currency risk

Foreign currency risk is the risk that the fair value of 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 is related primarily to cash and cash equivalents, time deposits, short-term investments, accounts receivable - others 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 can be compensated with the return on investments which are 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:

	December 31, 2015		December 31, 2014	
	Change in Rupiah Rate	Effect on Income Before Tax Expenses	Change in Rupiah Rate	Effect on Income Before Tax Expenses
United States Dollar	+2%	3,265	+2%	2,930
Singapore Dollar	+2%	(1)	+2%	(1)
United States Dollar	-2%	(3,265)	-2%	(2,930)
Singapore Dollar	-2%	1	-2%	1

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27. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

a. Risk Management (continued)

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 short-term investments. Other than as disclosed below, the Company has no concentration of credit risk.

Credit risk arising from placements of current accounts and deposits is managed in accordance with the Company's policy. Investments of surplus funds are limited for each banks or financial institution and reviewed annually by the Board of Directors. Such limits are set to minimize the concentration of credit risk and therefore mitigate financial loss through potential failure of the banks.

At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets presented in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that occurs when the cash flows position indicates that short-term revenue is insufficient to cover short-term expenditure.

The Company manages 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 tables below summarizes the maturity profile of the Company's financial liabilities based on contractual payments as of December 31, 2015 and 2014:

	<u>< 1 year</u>	<u>1 - 2 years</u>	<u>2 - 3 years</u>	<u>> 3 years</u>	<u>Total</u>
As of December 31, 2015					
Accounts payable - third parties					
Trade	885,960	-	-	-	885,960
Others	13,598	-	-	-	13,598
Accrued expenses	29,049	-	-	-	29,049
Total	928,607	-	-	-	928,607
	<u>< 1 year</u>	<u>1 - 2 years</u>	<u>2 - 3 years</u>	<u>> 3 years</u>	<u>Total</u>
As of December 31, 2014					
Accounts payable - third parties					
Trade	874,411	-	-	-	874,411
Others	14,659	-	-	-	14,659
Accrued expenses	46,714	-	-	-	46,714
Total	935,784	-	-	-	935,784

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27. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

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 requirement is 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 for the years ended December 31, 2015 and 2014.

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

28. FINANCIAL INSTRUMENTS

Financial instruments presented in the statement of financial position are carried at fair value, otherwise, they are presented at carrying amounts as either these are reasonable approximation of fair values or their fair values cannot be reliably measured. Further explanations are provided in the following paragraphs.

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, Certain security deposits and other non-current financial assets are carried at amortized cost using the effective interest rate (EIR) method and the discount rates used are the current market incremental lending rate for similar types of lending. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR.

Financial instruments with carrying amounts that approximate their fair values

Management has determined that the carrying amounts (based on notional amounts) of cash and cash equivalents, time deposits, accounts receivable - trade, accounts receivables - others, short-term investments, security deposit, other non-current financial assets, accounts payable - trade, accounts payable - other and accrued expenses reasonably approximate their fair values because they are mostly short-term in nature.

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28. FINANCIAL INSTRUMENTS (continued)

Financial instruments with carrying amounts that approximate their fair values (continued)

The following table sets out the carrying values and estimated fair values of the Company's financial instruments as of December 31, 2015 and 2014:

	December 31, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash and cash equivalents	844,253	844,253	625,373	625,373
Time deposits	984,004	984,004	1,026,105	1,026,105
Accounts receivable				
Trade				
Third parties	3,652	3,652	2,590	2,590
Others				
Related parties	6,470	6,470	6,065	6,065
Third parties	23,490	23,490	14,651	14,651
Short-term investments	483	483	36,387	36,387
Security deposits	1,278	1,278	1,244	1,244
Other non-current financial assets	6,247	5,452	9,884	8,987
Total	1,869,877	1,869,082	1,722,299	1,721,402
Financial Liabilities				
Accounts payable - third parties				
Trade	885,960	885,960	874,411	874,411
Others	13,598	13,598	14,659	14,659
Accrued expenses	29,049	29,049	46,714	46,714
Total	928,607	928,607	935,784	935,784

29. SUPPLEMENTARY CASH FLOWS INFORMATION

	Year Ended December 31	
	2015	2014
ACTIVITY NOT AFFECTING CASH FLOWS		
Increase (decrease) in fair value of available-for-sale financial assets - net	(1,768)	81

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30. RESTATEMENTS OF THE FINANCIAL STATEMENTS

Certain accounts in the financial statements as of December 31, 2014 and for the year then ended and as of January 1, 2014/December 31, 2013, have been restated in connection with adoption revised accounting standards that are effective on January 1, 2015.

	As of December 31, 2014 and for the year then ended		
	As Previously Reported	Restatement	As Restated
Statement of Financial Position			
Assets			
Non-Current Assets			
Deferred tax assets - net	15,459	11,256	26,715
Total Non-Current Assets	1,859,723	11,256	1,870,979
Total Assets	4,554,667	11,256	4,565,923
Liabilities and Equity			
Non-Current Liabilities			
Liabilities for employee benefits	227,676	45,023	272,699
Total Liabilities	1,195,220	45,023	1,240,243
Equity			
Retained earnings:			
Unappropriated	2,825,480	5,157	2,830,637
Other comprehensive loss	(8,403)	(38,924)	(47,327)
Total Equity	3,359,447	(33,767)	3,325,680
Total Liabilities and Equity	4,554,667	11,256	4,565,923

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30. RESTATEMENTS OF THE FINANCIAL STATEMENTS (continued)

Certain accounts in the financial statements as of December 31, 2014 and for the year then ended and as of January 1, 2014/December 31, 2013, have been restated in connection with adoption revised accounting standards that are effective on January 1, 2015. (continued)

	As of December 31, 2014 and for the year then ended		
	As Previously Reported	Restatement	As Restated
Statement of Profit or Loss and Other Comprehensive Income			
General and administration expenses	(1,354,967)	785	(1,354,182)
Income from Operation	298,412	785	299,197
Finance income	89,712	21,589	111,301
Tax on finance income	-	(21,589)	(21,589)
Income Before Income Tax	388,124	785	388,909
Income tax expenses - net	33,049	197	33,246
Income for the Year	355,075	588	355,663
Other Comprehensive loss			
Item that will not be reclassified to profit or loss:			
Remeasurement loss on liability for employee benefits - net	-	(13,002)	(13,002)
Related income tax	-	3,251	3,251
Other Comprehensive Loss for the Year After Tax	81	(9,751)	(9,670)
Total Comprehensive Income for the Year	355,156	(9,163)	345,993
Earnings per Share (full amount)	50.04	0.08	50.12

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30. RESTATEMENTS OF THE FINANCIAL STATEMENTS (continued)

Certain accounts in the financial statements as of December 31, 2014 and for the year then ended and as of January 1, 2014/December 31, 2013, have been restated in connection with adoption revised accounting standards that are effective on January 1, 2015. (continued)

	As of January 1, 2014/December 31, 2013		
	As Previously Reported	Restatement	As Restated
Statement of Financial Position			
Assets			
Non-Current Assets			
Deferred tax assets - net	10,279	8,201	18,480
Total Non-Current Assets	2,003,972	8,201	2,012,173
Total Assets	4,378,556	8,201	4,386,757
Liabilities and Equity			
Non-Current Liabilities			
Liabilities for employee benefits	198,018	32,805	230,823
Total Liabilities	1,161,385	32,805	1,194,190
Equity			
Retained earnings:			
Unappropriated	2,683,285	4,569	2,687,854
Other comprehensive loss	(8,484)	(29,173)	(37,657)
Total Equity	3,217,171	(24,604)	3,192,567
Total Liabilities and Equity	4,378,556	8,201	4,386,757



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