PT Ramayana Lestari Sentosa Tbk

Financial statements as of December 31, 2021
and for the year then ended
with independent auditors' report

PT.Ramayana Lestari Sentosa, Tbk
Jl. K.H. Wahid Hasyim No. 220 A-B Jakarta 10250 Indonesia
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Fax. (021) 31934245

BOARD OF DIRECTORS' STATEMENT REGARDING THE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS OF PT RAMAYANA LESTARI SENTOSA Tbk ("the Company") AS OF DECEMBER 31, 2021 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, Jakarta Pusat
Home address / As stated in ID	: Kp. Paragajen RT / RW. 03 / 06, Cisarua - Bogor
Phone number	: (021) 3151563
Title	: President Director
2. Nama	: MUHAMMAD YANI
Alamat Kantor	: Jl. K.H. Wahid Hasyim No. 220 A-B, Jakarta Pusat
Alamat domisili/sesuai KTP Atau kartu identitas lainnya	: Medang Lestari Blok B.II / M.17, Pagedangan - Tangerang
Telepon	: (021) 3151563
Jabatan	: Direktur

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 31, 2022

SEPULUH RIBU RUPIAH 10000 METERAI TEMPEL 077E4AJX548268597

Agus Makmur	Muhammad Yani
President Director	Director

These financial statements are originally issued in the Indonesian language.

PT RAMAYANA LESTARI SENTOSA Tbk
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021 AND
FOR THE YEAR THEN ENDED
WITH INDEPENDENT AUDITORS' REPORT

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Building a better
working world

Purwantono, Sungkoro & Surja

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This report is originally issued in the Indonesian language.

Independent Auditors' Report

Report No. 00381/2.1032/AU.1/05/0701-2/1/III/2022

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, 2021, 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.

Building a better working world

This report is originally issued in the Indonesian language.

Independent Auditors' Report (continued)

Report No. 00381/2.1032/AU.1/05/0701-2/1/III/2022 (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, 2021, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Purwantono, Sungkoro & Surja

Sinarta
Public Accountant Registration No. AP.0701

March 31, 2022

00381

PT RAMAYANA LESTARI SENTOSA Tbk
STATEMENT OF FINANCIAL POSITION
As of December 31, 2021
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

	Notes	December 31, 2021	December 31, 2020
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2,4,27,29	1,582,017	1,554,228
Time deposits	2,5,29	902,200	1,001,100
Accounts receivable	29		
Trade	3		
Third parties	6	6,632	7,623
Others - net			
Related parties	2,24	8,143	4,393
Third parties	6,27	34,533	33,066
Short-term investments	2,7,29	100,617	79,261
Inventories - net	2,3,8,19,22	592,982	493,436
Prepaid expenses - net	2	909	3,533
Prepaid Value Added Tax - net		-	1,594
Advances		13,652	22,620
Total Current Assets		**3,241,685**	**3,200,854**
NON-CURRENT ASSETS			
Fixed assets - net	2,3,9a,10a,21	866,824	1,002,168
Advances for purchase of fixed assets		36,728	36,728
Right of use assets - net	2,3,9b,10a,21	796,719	873,570
Security deposits - net	2,10b,24a,29	28,730	28,922
Deferred tax assets - net	2,3,12	81,666	107,093
Intangible assets - net	2,3	2,793	5,318
Estimated claim for tax refund	12	17,619	17,619
Other non-current assets	2,29	12,646	12,946
Total Non-Current Assets		**1,843,725**	**2,084,364**
TOTAL ASSETS		**5,085,410**	**5,285,218**

PT RAMAYANA LESTARI SENTOSA Tbk
STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2021
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

	Notes	December 31, 2021	December 31, 2020
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable - third parties	2,28,29		
Trade	11	607,240	604,163
Others	27	50,323	68,334
Taxes payable	2,3,12	14,858	5,246
Accrued expenses	2,13,28,29	48,955	28,214
Current portion of long-term liabilities:			
Lease liabilities	2,3,14,28,29	180,611	219,701
Total Current Liabilities		**901,987**	**925,658**
NON-CURRENT LIABILITIES			
Liabilities for employee benefits	2,3,15	238,408	262,351
Long-term liabilities - net of current portion:			
Lease liabilites	2,3,14,28,29	348,192	378,465
Total Non-Current Liabilities		**586,600**	**640,816**
Total Liabilities		**1,488,587**	**1,566,474**
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	16	354,800	354,800
Additional paid-in capital - net	2	147,525	147,525
Treasury share - 765,958,700 shares and 353,515,600 shares as of December 31, 2021 and 2020, respectively	2,16	(630,687)	(319,638)
Retained earnings:			
Appropriated		70,000	70,000
Unappropriated	17	3,665,134	3,494,559
Other comprehensive loss - net	7,15	(9,949)	(28,502)
Total Equity		**3,596,823**	**3,718,744**
TOTAL LIABILITIES AND EQUITY		**5,085,410**	**5,285,218**

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

PT RAMAYANA LESTARI SENTOSA Tbk
STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For the Year Ended December 31, 2021
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

	Notes	Year Ended December 31, 2021	2020
REVENUES	2		
Outright sales	18	2,063,298	2,061,686
Commission on consignment sales	18	529,384	466,265
Total Revenues	18	**2,592,682**	**2,527,951**
COST OF OUTRIGHT SALES	2,8,19	**(1,382,622)**	**(1,450,362)**
GROSS PROFIT		**1,210,060**	**1,077,589**
Selling expenses	2,10a,10b,20,24b	(104,606)	(106,968)
General and administrative expenses	2,9,15,21,24b	(1,171,271)	(1,266,663)
Other income	2,8,9a,22	239,558	78,244
Other expenses	2,6,7,9b,22	(18,381)	(36,303)
INCOME (LOSS) FROM OPERATIONS		**155,360**	**(254,101)**
Finance income	2	79,701	133,179
Finance cost		(29,006)	(35,627)
Tax on finance income		(14,444)	(24,896)
INCOME (LOSS) BEFORE INCOME TAX		**191,611**	**(181,445)**
Income tax benefit (expense) - net	2,12	(21,036)	42,571
INCOME (LOSS) FOR THE YEAR		**170,575**	**(138,874)**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss:			
Changes in fair value of available-for-sale financial assets	2,7	1,355	9,224
Related income tax		(69)	(2,876)
Items that will not be reclassified to profit or loss:			
Remeasurement on liabilities for employee benefits	15	21,590	27,666
Related income tax		(4,323)	(8,074)
OTHER COMPREHENSIVE INCOME FOR THE YEAR AFTER TAX		**18,553**	**25,940**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**189,128**	**(112,934)**
EARNINGS (LOSS) PER SHARE (full amount)	2,23	**26.12**	**(20.60)**

PT RAMAYANA LESTARI SENTOSA Tbk
STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2021
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

							Other Comprehensive Loss		
	Notes	Share Capital - Issued and Fully Paid	Additional Paid-in Capital - Net	Treasury Shares	Retained Earnings - Appropriated	Retained Earnings - Unappropriated	Changes in Fair Value of Available-for-Sale Financial Assets - Net	Remeasurement on Liabilities for Employee Benefits - Net	Total Equity
Balance as of December 31, 2019		**354,800**	**149,662**	**(321,647)**	**70,000**	**3,970,557**	**(15,481)**	**(38,961)**	**4,168,930**
Purchase of treasury shares	16	-	-	(4,320)	-	-	-	-	(4,320)
Sales of treasury shares	16	-	(2,137)	6,329	-	-	-	-	4,192
Total comprehensive loss for the year		-	-	-	-	(138,874)	6,348	19,592	(112,934)
Payments of cash dividend	17	-	-	-	-	(337,124)	-	-	(337,124)
Balance as of December 31, 2020		**354,800**	**147,525**	**(319,638)**	**70,000**	**3,494,559**	**(9,133)**	**(19,369)**	**3,718,744**
Purchase of treasury shares	16	-	-	(311,049)	-	-	-	-	(311,049)
Total comprehensive income for the year		-	-	-	-	170,575	1,286	17,267	189,128
Balance as of December 31, 2021		**354,800**	**147,525**	**(630,687)**	**70,000**	**3,665,134**	**(7,847)**	**(2,102)**	**3,596,823**

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

PT RAMAYANA LESTARI SENTOSA Tbk
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

		Year Ended December 31,	
	Notes	**2021**	**2020**
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from sales		4,190,229	3,861,852
Cash payments to suppliers		(3,508,132)	(3,406,932)
Cash payments for salaries and employee welfare		(356,122)	(441,028)
Payments for income taxes		-	(18,947)
Cash receipts from:			
Other operating activities		58,580	62,142
Finance income - net		65,020	111,334
Net Cash Provided by Operating Activities		**449,575**	**168,421**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from withdrawal (placement) of time deposits - net	5	98,900	(286,500)
Additions in security deposits		(135)	(263)
Additions in right of use assets	9b	(17,672)	-
Placement of short-term investments	7	(20,000)	-
Additions in fixed assets	9a	(58,865)	(66,467)
Sales of short-term investments	7	-	33,578
Additions in intangible assets		-	(1,013)
Net Cash Provided by (Used in) Investing Activities		**2,228**	**(320,665)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(112,965)	(164,395)
Purchase of treasury shares	16	(311,049)	(4,320)
Sales of treasury shares	16	-	4,192
Payments of cash dividend	17	-	(337,124)
Net Cash Used in Financing Activities		**(424,014)**	**(501,647)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**27,789**	**(653,891)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,554,228**	**2,208,119**
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	**1,582,017**	**1,554,228**

Supplementary information on non-cash transactions are disclosed in Note 30.

(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 department store and supermarket. In 2021 and 2020, the Company closed six (6) and thirteen (13) stores, respectively. As of December 31, 2021 and 2020, the number of stores operated by the Company are as follows:

	December 31, 2021	December 31, 2020
Ramayana	99	101
Robinson	3	3
Cahaya	2	2

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 62.64% ownership in the Company.

b. The 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.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

1. GENERAL (continued)

b. The 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.
8. During 2016, the Company has purchased 164,849,100 treasury shares. The outstanding shares became 6,722,818,900 shares.
9. On February 15, 2019, the Company has sold 20,000,000 treasury shares. The outstanding shares became 6,742,818,900 shares.
10. During 2020, the Company has purchased 7,334,500 treasury shares. The outstanding shares became 6,735,484,400 shares.
11. On July 22, 2020, the Company has sold 7,000,000 treasury shares. The outstanding shared became 6,742,484,400 (Note 16).
12. During 2021, the Company has purchased 412,443,100 treasury shares. The outstanding shares became 6,330,041,300 shares (Note 16).

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, 2021 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
Jane Melinda Tumewu	- Commissioner	Gantang Nitipranatio	- Director
Mohammad Iqbal	- Commissioner	Muhamad Yani	- Director
Kismanto	- Commissioner	Halomoan Hutabarat	- Director
Koh Boon Kim	- Independent Commissioner		
Selamat	- Independent Commissioner		

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

1. GENERAL (continued)

c. Boards of Commissioners and Directors, Audit Committee and Employees (continued)

As of December 31, 2020 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
Jane Melinda Tumewu	- Commissioner	Suryanto	- Director
Mohammad Iqbal	- Commissioner	Gantang Nitipranatio	- Director
Kismanto	- Commissioner	Muhamad Yani	- Director
Koh Boon Kim	- Independent Commissioner	Halomoan Hutabarat	- Indepedent Director
Selamat	- Independent Commissioner		

As of December 31, 2021 the composition of the Company's audit committee are as follows:

Chairman:	- Selamat
Members:	- Ruddy Hermawan Wongso
	- Feronita CY

As of December 31, 2020 the composition of the Company's audit committee are as follows:

Chairman:	- Selamat
Members:	- Ruddy Hermawan Wongso
	- Andreas Lesmana

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, 2021 and 2020, the Company has 4,078 and 4,603 employees, respectively (unaudited).

The Company's financial statements were completed and authorized for issuance by the Company's Board of Directors on March 31, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 ("SAK"), which comprise the Statements and Interpretations issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants and the Regulations and Guidelines on Financial Statement Presentation and Disclosures issued by OJK.

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards ("PSAK") 1, "Presentation of Financial Statements".

The financial statements have been prepared on accrual basis and using the historical cost basis except as otherwise disclosed in the related notes herein.

The statement of cash flows present receipts and disbursements of cash and cash equivalents classified into operating, investing and financing activities, where the cash flows from operating activities are presented using the direct method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Statement of Compliance and Basis of Preparation of the Financial Statements (continued)

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

The accounts included in the Company's 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 in Accounting Principles

The Company has applied a number of amendments and improvements to accounting standards that are relevant to its financial reporting and effective for annual periods beginning on or after January 1, 2021 as follow:

1) Amendment to the Statement of Financial Accounting Standards ("PSAK") 22: Definition of Business, effective January 1, 2021

2) Amendments to PSAK 55, PSAK 60, PSAK 62, PSAK 71 and PSAK 73 - Reform of Interest Rate References (Phase 2), effective January 1, 2021

3) PSAK Amendment 73: Lease - Covid-19 Related Rental Concession After June 30, 2021, effective January 1, 2021

4) Annual Adjustments 2021

   The following summary provides information on the annual improvements of PSAKs that are effective for annual periods beginning on or after January 1, 2021. The annual improvements of PSAK are basically a set of narrow scope amendments that provide clarification so that there are no significant changes to existing principles or new principles.

   - PSAK 1: Presentation of Financial Statements, some changes regarding consideration made by management in the process of applying accounting policies that significantly affect the amounts they recognize in the financial statements.
   - PSAK 13: Investment Property, regarding disclosure of applying fair value model has been deleted.
   - PSAK 48: Impairment of Assets, regarding the scope of impairment of assets and deletion of the difference with IFRS in IAS 36 paragraph 04(a).

On the changes in accounting policy above, there is no significant influence on the application of changes in accounting policy to the Company's financial statements.

c. Current and Non-current Classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

i) expected to be realized or intended to be sold or consumed in the normal operating cycle,
ii) held primarily for the purpose of trading,
iii) expected to be realized within 12 months after the reporting period, or
iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Current and Non-current Classification (continued)

All other assets are classified as non-current.

A liability is current when it is:
i) expected to be settled in the normal operating cycle,
ii) held primarily for the purpose of trading,
iii) due to be settled within twelve months after the reporting period, or
iv) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

d. Cash and Cash Equivalents

Cash and cash equivalents in the statements of financial position comprise cash on hand and in banks and short-term deposits with a maturity of three (3) months or less, not pledged as collateral for loans and without restrictions in the usage.

For the purposes of cash flow statements, cash and cash equivalents consist of cash and bank and term deposits as defined above, once reduced by unpaid overdrafts, if any.

e. Transactions with Related Parties

The Company has transactions with related parties as defined in PSAK 7.

Transactions with related parties are made based on terms agreed by the parties, which may not be the same as those of the transaction between unrelated parties.

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

f. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by moving-average method which includes all costs that occur to get this inventories to the location and current 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.

The Company provides allowance for obsolescence and/or decline in values of inventories based on periodic reviews of the physical condition and net realizable values of the inventories.

g. Fixed Assets

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Fixed Assets (continued)

Depreciation of an asset starts when it is available for use and is computed using the straight-line method based on the estimated useful lives of the assets:

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

An item of fixed asset 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 statement of profit or loss and other comprehensive income in the year the asset is derecognized.

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

Lands are stated at cost and not depreciated.

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 Assets” account and not amortized. Meanwhile the extension or the legal renewal costs of land rights in the form of HGU, HGB and HP were recognized as part of “Deferred Charges” account in the statement of financial position and were amortized over the shorter of the rights’ legal life and land's economic life.

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 asset 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.

<u>Construction in Progress</u>

Construction in progress is stated at cost and presented as part of the fixed assets. The accumulated costs will be reclassified to the appropriate fixed assets account when construction is substantially completed and the asset is ready for its intended use. Assets under construction are not depreciated as these are not yet available for use.

h. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Intangible Assets (continued)

Intangible assets comprising of application development, system development and computer software, include all direct costs related to preparation of the assets for their intended use, amortized using the straight-line method over four (4) years.

At each reporting date, the useful lives and amortization method are reviewed by the management of the Company, and adjusted prospectively, if appropriate.

i. 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.

j. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

<u>Company as a lessee</u>

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

i) Right of use assets

The Company recognizes right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Leases (continued)

Company as a lessee (continued)

i) Right of use assets (continued)

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

As of December 31, 2021 and 2020, there is impairment of right of use assets amounting to Rp13,354 and Rp12,390 respectively (Note 9b).

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in interest-bearing loans and borrowings.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of stores, warehouses and employees' housing (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Leases (continued)

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned. Rental income were recognized as a part of “Other Income” in the statement of profit or loss and other comprehensive income.

k. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (“OCI”), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PSAK 72.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (“SPPI”)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Financial Instruments (continued)

Financial Assets (continued)

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments),
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments),
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments),
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Financial Instruments (continued)

Financial Assets (continued)

Subsequent Measurement (continued)

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PSAK 50: Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss and other comprehensive income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Financial Instruments (continued)

Financial Assets (continued)

Derecognition (continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

Impairment of Financial Assets

The Company recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix based on its historical credit loss experience, which is adjusted for forward-looking factors specific to the debtor and the economic environment.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Financial Instruments (continued)

Financial Assets (continued)

Impairment of Financial Assets (continued)

The Company's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12 months basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the Good Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by PSAK 71. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PSAK 71 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Financial Instruments (continued)

Financial Liabilities (continued)

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR 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 EIR. The EIR amortization is included as finance cost in the statement of profit or loss and other comprehensive income.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

Offsetting of Financial Instruments

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

l. Employee Benefits

The cost of providing benefits under the defined benefits plan is determined using the Projected Unit Credit method.

Re-measurements of the net defined benefit liability (asset), which are recognized as other comprehensive income, consists of:
i. Actuarial gains and losses;
ii. The return on plan assets, excluding the amounts included in net interest on the net defined benefit liability (asset); and
iii. Any change in the effect of the asset ceiling, excluding the amounts included in net interest on the net defined benefit liability (asset).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Employee Benefits (continued)

Re-measurements of the net defined benefit liability (asset) recognized in other comprehensive income will not be reclassified to profit or loss in the next periods. Past service costs are recognized in profit or loss at the earlier of:

i. The date of the plan amendment or curtailment; and
ii. The date that the Company recognizes related restructuring costs.

Net interest is calculated by applying discount rate to the net defined benefit liability (asset). The Company recognizes the following changes in the net defined benefit obligation under "General and Administrative Expenses" in the statement of profit or loss and other comprehensive income:

i. Service costs comprising current service costs, past-service costs and gains and losses on curtailments; and
ii. Net interest expense or income.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs.

A curtailment occurs when an entity either:

i. Is demonstrably committed to make a significant reduction in the number of employees covered by a plan; or
ii. Amends the terms of a defined benefit plan so that a significant element of future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

A settlement occurs when the Company enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan.

m. 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, gain or loss from sale of treasury shares and additional paid-in capital in relation with tax amnesty program.

n. Foreign Currency 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 judgements to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Transactions involving foreign currencies are recorded in Rupiah amounts at the rates of exchange prevailing at the time the transactions are made. At the reporting date, monetary assets and liabilities denominated in foreign currency are adjusted to Rupiah by taking the average of transaction exchange rate by Bank Indonesia as of December 31, 2021 and 2020. Resulting gains or losses are credited or charged to operations of the current year.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Foreign Currency Transactions and Balances (continued)

As of December 31, 2021 and 2020, the exchange rates used are as follows (full amount):

	December 31, 2021	December 31, 2020
United States Dollar	14,269	14,105
Singapore Dollar	10,534	10,644

o. Recognition of Revenues and Expenses

The Company has adopted PSAK 72: Revenue from Contracts with Customers, effective on or after January 1, 2020. The Company requires revenue recognition to fulfill five steps of assessment:

1. Identify contract(s) with a customer.
2. Identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods that are distinct.
3. Determine the transaction price, net of discounts, returns, sales incentives and value added tax, which an entity expects to be entitled in exchange for transferring the promised goods to a customer.
4. Allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct goods promised in the contract. When these are not directly observable, the relative standalone selling price are estimated based on expected cost plus margin.
5. Recognize revenue when performance obligation is satisfied by transferring a promised goods to a customer (which is when the customer obtains control of those goods).

Revenue is recognized when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

Sales is recognized when goods are delivered to customers net of returns and discounts allowed. Net revenue represent sales of products, including the amortization of deferred income from the contract for promotional activities, net of returns and discounts allowed.

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.

p. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. 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 statements 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.

q. 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. They are determined before intra-company balances and intra-company transactions are eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Earnings (loss) per Share

Earnings or loss per share is computed based on the weighted average number of shares outstanding during the year.

The weighted-average number of shares outstanding for 2021 and 2020 are 6,530,930,890 shares and 6,741,095,323 shares, respectively.

s. 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 receipt, if reissued, is recognized as part of additional paid-in capital in the equity.

t. 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.

u. 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 2021 financial statements:

<u>Effective beginning on or after January 1, 2022</u>

1) Amendments to PSAK 57: Provisions, Contingent Liabilities, and Contingent Assets regarding Aggravating Contracts - Contract Fulfillment Costs.

   This amendment clarifies the cost of fulfilling a contract in relation to determining whether a contract is a burdensome contract.

   The amendments to PSAK 57 provide that costs to fulfill a contract comprise of costs that are directly related to the contract. Costs that are directly related to the contract consist of:
   1. Incremental costs to fulfill the contract, and
   2. Allocation of other costs that are directly related to fulfilling the contract.

   An entity applies the amendment to contracts for which all obligations have not been fulfilled at the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). The entity does not restate comparative information. Instead, an adjustment to the opening balance of retained earnings or other components of equity, as appropriate, at the date of initial application. Early application is permitted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u. 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 2021 financial statements: (continued)

Effective beginning on or after January 1, 2022 (continued)

2) 2020 Annual Improvements - PSAK 71: Financial Instruments

This improvements clarifies the fees that are recognized by the borrower in relation to derecognition of financial liabilities. In determining the fee to be paid after deducting the fee received, the borrower only includes the fees paid or received between the borrower and lender, including fees paid or received by either the borrower or lender on other's behalf.

An entity applies the annual improvements 2020 to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. Earlier application is permitted.

Effective beginning on or after January 1, 2023

1) Amendments to PSAK 1: Classification of Liabilities as Current or Non-current

The amendments specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The Company is currently assessing the impact of amendment to current practices and whether reset negotiations on existing loan agreements may be needed. Early implementation is permitted.

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:

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income, could necessitate future adjustments to tax income and expense already recorded.

3. SOURCE OF ESTIMATION UNCERTAINTY (continued)

Judgments (continued)

Taxes (continued)

Judgment is also involved in determining the provision for corporate income tax. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business.

The Company recognizes liabilities for expected corporate income tax issues based on estimates of whether additional corporate income tax will be due.

Claims for Tax Refund and Tax Assessments Under Appeal

Based on the tax regulations currently enacted, the management judged if the amounts recorded under the above account are recoverable and refundable by the Tax Office. Further explanation of this account is disclosed in Note 12.

Lease Term of Contracts with Renewal and Termination Options - The Company as Lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease or not. The Company considers all relevant factors that create an economic incentive for them to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

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 71. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Note 2k.

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.

3. SOURCE OF ESTIMATION UNCERTAINTY (continued)

Estimates and Assumptions (continued)

Provisions for Expected Credit Losses of Trade Receivables

The Company calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The Company's historically observed default rates. The Company will calibrate to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables and contract assets is disclosed in Note 6.

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.

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.

As of December 31, 2021 the Company has provided allowance for impairment of right of use assets. As of December 31, 2020 the Company has provided allowance for impairment of right of use assets and fixed assets (Notes 9a and 9b).

3. SOURCE OF ESTIMATION UNCERTAINTY (continued)

Estimates and Assumptions (continued)

Depreciation of Fixed Assets, Right of Use Assets and Intangible Assets

Fixed assets and right of use assets are depreciated using the straight-line method based on estimated useful lives of the related assets which is a range that is generally thought of in similar industries. Changes in the pattern of usage and the level of technological development could impact the economic useful lives and residual values of fixed assets, right of use assets and deferred charges' estimated useful lives. Therefore, future depreciation charges are likely to be changed. Management estimates the useful lives of these fixed assets to be within four (4) to twenty (20) years and the useful lives of the right of use assets are over the lease term. These are common life expectancies applied in the industry where the Company conducts its business. Further details are disclosed in Note 9.

The costs of intangible asset are amortized on a straight-line basis over their estimated useful lives within four (4) years. These are common life expectancies applied in the industry where the Company conducts its business.

Income Tax

The Company recognize liabilities for corporate income tax based on estimation of whether additional corporate income tax will be due. Net carrying amount of the corporate income tax liability. Further details are disclosed in Note 12.

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. Further details on employee benefits are disclosed in Note 15.

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. Further details are disclosed in Note 12.

3. SOURCE OF ESTIMATION UNCERTAINTY (continued)

Estimates and Assumptions (continued)

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 if additional information received affects the amount estimated. 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, "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.

Financial Instruments

The Company records certain financial assets and liabilities at fair values, which requires the use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidences, the amount of changes in fair values would differ if the Company utilized different valuation methodology. Any changes in fair values of these financial assets and liabilities would affect directly to the Company's profit or loss.

Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discontinued cash flow ("DCF"). The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. Further details are disclosed in Note 29.

3. SOURCE OF ESTIMATION UNCERTAINTY (continued)

Estimates and Assumptions (continued)

Revenue from Contracts with Customers

The Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Determining method to estimate variable consideration and assessing the constraint

  Certain contracts for the retail sales include a volume rebates that give rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

  The Company determined that the expected value method is the appropriate method to use in estimating the variable consideration for the retail sales, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of equipment with volume rebates, the Company determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

  Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Leases - Estimating the Incremental Borrowing Rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	December 31, 2021	**December 31, 2020**
Cash on hand	35,653	32,943
Cash in banks - third parties:		
Rupiah		
PT Bank Danamon Indonesia Tbk	86,080	44,325
PT Bank Central Asia Tbk	59,165	28,021
Standard Chartered Bank Indonesia	21,424	21,775
PT Bank CIMB Niaga Tbk	18,676	3,017
PT Bank Mandiri (Persero) Tbk	16,632	10,916
PT Bank Negara Indonesia (Persero) Tbk	11,735	4,904
PT Bank Rakyat Indonesia (Persero) Tbk	9,143	9,292
PT Bank DKI	1,085	3,134
PT Bank Mega Tbk	976	-
Citibank, N.A., Indonesia *Branch*	32	14,125
United States Dollar		
PT Bank Central Asia Tbk (US$213,959 as of December 31, 2021 and US$214,019 as of December 31, 2020)	3,053	3,019
Sub-total	228,001	142,528
Cash equivalents (time deposits and on call deposits) - third parties:		
Rupiah		
PT Bank Rakyat Indonesia (Persero) Tbk	462,500	321,300
PT Bank Danamon Indonesia Tbk	287,000	260,900
PT Bank Mega Tbk	106,800	-
PT Bank Negara Indonesia (Persero) Tbk	78,000	12,000
PT Bank UOB Indonesia	64,000	368,400
PT Bank Central Asia Tbk	51,000	52,000
PT Bank Mandiri (Persero) Tbk	41,900	124,000
PT Bank DKI	30,000	30,000
PT Bank CIMB Niaga Tbk	15,000	15,000
Citibank, N.A., Indonesia Branch	4,100	19,300
United States Dollar		
Credit Suisse AG, Singapore Branch (US$7,957,976 as of December 31, 2021 and US$7,952,045 as of December 31, 2020)	113,552	112,164
UBS AG, Singapore Branch (US$4,521,027 as of December 31, 2021 and US$4,515,619 as of December 31, 2020	64,511	63,693
Sub-total	1,318,363	1,378,757
Total	**1,582,017**	**1,554,228**

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

4. CASH AND CASH EQUIVALENTS (continued)

The annual interest rates for the time deposits and on call deposits are as follows:

	Year Ended December 31,	
	2021	**2020**
Rupiah	1.88% - 7.00%	0,25% - 7.25%
United States Dollar	0.03% - 3.80%	0.15% - 1.80%

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

5. TIME DEPOSITS

This account represents Rupiah time deposits which placed at the following third parties banks:

	December 31, 2021	**December 31, 2020**
PT Bank UOB Indonesia	340,000	209,000
PT Bank Danamon Indonesia Tbk	315,700	346,300
PT Bank Mega Tbk	123,700	-
PT Bank Rakyat Indonesia (Persero) Tbk	122,800	445,800
Total	**902,200**	**1,001,100**

The above time deposits have maturities within three (3) months to six (6) months from the time of placement and not pledged as collateral. The annual interest for the time deposits are as follows:

	Year Ended December 31,	
	2021	**2020**
Rupiah	2.75% - 4.00%	3.90% - 7.50%

There were no time deposits placed to a related party.

6. ACCOUNTS RECEIVABLE - TRADE AND OTHERS - THIRD PARTIES

Accounts receivable - trade - third parties represents receivables in Rupiah for purchase payments made by the customers using credit cards, debit cards and electronic money with details as follows:

	December 31, 2021	**December 31, 2020**
PT Bank Central Asia Tbk	2,304	3,890
PT Bank Mandiri (Persero) Tbk	1,677	1,572
PT Espay Debit Indonesia Koe	974	353
PT Bank Negara Indonesia (Persero) Tbk	809	357
PT Bank Rakyat Indonesia (Persero) Tbk	563	716
PT Shopee International Indonesia	14	417
Others (below Rp250)	291	318
Total	**6,632**	**7,623**

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

6. ACCOUNTS RECEIVABLE - TRADE AND OTHERS - THIRD PARTIES (continued)

Based on the review of the possibility of impairment at the end of the year, management believes that no allowance for impairment loss of trade receivables is needed to cover the possibility of impairment.

Accounts receivable - others - third parties - net represents receivables from rental income, promotion replacement and rebate and interest receivables from time deposits. All receivables are denominated in Rupiah and foreign currency. All receivables are in current category. Based on the review of possibility of impairment at the end of the year, management believes that the allowance for impairment losses is adequate to cover possible losses from accounts receivable - others - third parties.

7. SHORT-TERM INVESTMENTS

This account represents investments in debt, mutual fund and share securities in Rupiah which are classified as available-for-sale financial assets as follows:

	December 31, 2021	December 31, 2020
Debt securities - third parties:		
Obligasi Berkelanjutan III Bank CIMB Niaga Tahap I Tahun 2019 Seri B	41,380	41,200
Obligasi Subordinasi BKLJT I BCA Tahap I Tahun 2018 SR A	30,984	30,225
Obligasi Subordinasi Berkelanjutan I Bank UOB Indonesia Tahap II Tahun 2017	7,540	7,271
Mutual fund securities - third parties:		
Mutual Fund Sucorinvest Stable Fund	20,148	-
Share securities - third parties:		
Saham PT Berlian Laju Tanker Tbk	565	565
Total	**100,617**	**79,261**

In 2021 and 2020, annual interest rates of debt securities are as follows:

	Year Ended December 31,	
	2021	2020
Rupiah	7.55% - 9.25%	7.55% - 10.55%

In 2021, the Company purchased additional of short-term investments. In 2020, the Company did not purchase any short-term investments. In 2021, the Company did not sell any short-term investments. In 2020, short-term investments of Rp40,055 were realized with a selling price of Rp33,578, and resulted in a realized net loss of Rp6,477 (Note 22). The balance of changes in the fair value of available-for-sale financial assets, after the effect of deferred tax, resulted in an unrealized accumulated net loss of Rp7,847 as of December 31, 2021 and of Rp9,133 as of December 31, 2020, which is presented as part of the account " Other Comprehensive Loss - Net" in the equity section of the statement of financial position.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

7. SHORT-TERM INVESTMENTS (continued)

Based on PT Pemeringkat Efek Indonesia and Fitch Ratings, securities rating agency, as of December 31, 2021 and 2020, the ratings of the bonds are as follows:

	December 31, 2021	December 31, 2020
Obligasi Berkelanjutan III Bank CIMB Niaga Tahap I Tahun 2019 Seri B	AAA	AAA
Obligasi Subordinasi BKLJT I BCA Tahap I Tahun 2018 SR A	AA	AA
Obligasi Subordinasi Berkelanjutan I Bank UOB Indonesia Tahap II Tahun 2017	AA	AA

8. INVENTORIES

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

	December 31, 2021	December 31, 2020
West Java	212,213	157,083
Sumatera	117,265	79,139
Jakarta	112,351	145,444
East Java	52,895	43,344
Kalimantan	47,926	39,202
Bali and Nusa Tenggara	31,035	23,537
Central Java	30,812	23,753
Papua	20,739	14,077
Sulawesi	20,246	17,602
Sub-total (Note 19)	645,482	543,181
Allowance for decline in value of inventories	(52,500)	(49,745)
Total	**592,982**	**493,436**

The movements of allowance for decline in value of inventories are as follows:

	Year Ended December 31,	
	2021	2020
Beginning balance	49,745	52,629
Provision during the year	31,171	15,000
Write-off of inventories	(28,416)	(17,884)
Ending balance	**52,500**	**49,745**

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

8. INVENTORIES (continued)

Based on the review of market price and the condition inventories at the end of the year, management believes that allowance for decline in value of inventories is adequate to cover possible losses that may arise from obsolescence and decline in values of inventories.

The above inventories are covered by insurance against losses from fire, damage, natural disasters, riots and other risks amounting to Rp470,718 as of December 31, 2021 (2020: Rp408,175). Management believes that the sum insured is adequate to cover possible losses from these risks. As of December 31, 2021 and 2020, there are no inventories pledged as collateral.

In 2021, there was a fire in the Company's store which resulted in a loss in inventories and property, plant and equipment amounting to Rp5,046 and Rp1,180, respectively. For the loss of inventories and property, plant and equipment, the Company was reimbursed for insurance claims amounting to Rp9,396 in 2021, which was recorded as part of “Other Income” in the statement of profit or loss and other comprehensive income (Note 22).

9. FIXED ASSETS AND RIGHT OF USE ASSETS

a. Fixed assets - net

Fixed assets consists of:

	Year Ended December 31, 2021				
	Beginning Balance	**Additions**	**Deductions**	**Reclassification**	**Ending Balance**
Cost					
Land	366,503	-	-	-	366,503
Buildings	906,036	-	-	-	906,036
Building renovations and improvements	1,329,165	25,285	103,700	36,688	1,287,438
Store equipments	915,868	6,777	1,630	18,886	939,901
Transportation equipments	56,033	482	2,947	-	53,568
Office equipments	96,208	464	242	-	96,430
Sub-total	3,669,813	33,008	108,519	55,574	3,649,876
Construction in Progress					
Building renovations and improvements	53,476	25,769	9,642	(42,587)	27,016
Store and office equipments	16,846	88	2,878	(12,987)	1,069
Sub-total	70,322	25,857	12,520	(55,574)	28,085
Total Cost	3,740,135	58,865	121,039	-	3,677,961
Accumulated Depreciation					
Buildings	609,919	44,784	-	-	654,703
Building renovations and improvements	1,145,698	70,482	86,749	-	1,129,431
Store equipments	837,584	48,275	1,139	-	884,720
Transportation equipments	51,561	2,437	2,947	-	51,051
Office equipments	87,054	4,220	42	-	91,232
Total Accumulated Depreciation	2,731,816	170,198	90,877	-	2,811,137
Allowance for impairment of fixed assets	(6,151)				-
Net Book Value	**1,002,168**				**866,824**

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

9. FIXED ASSETS AND RIGHT OF USE ASSETS (continued)

a. Fixed assets - net (continued)

Fixed assets consists of: (continued)

	Year Ended December 31, 2020				
	Beginning Balance	**Additions**	**Deductions**	**Reclassification**	**Ending Balance**
Cost					
Land	366,503	-	-	-	366,503
Buildings	885,708	-	-	20,328	906,036
Building renovations and improvements	1,280,366	21,743	-	27,056	1,329,165
Store equipments	898,892	14,041	-	2,935	915,868
Transportation equipments	54,289	1,744	-	-	56,033
Office equipments	94,958	2,263	1,013	-	96,208
Sub-total	3,580,716	39,791	1,013	50,319	3,669,813
Construction in Progress					
Building renovations and improvements	58,603	25,698	3,769	(27,056)	53,476
Store and office equipments	22,263	978	3,460	(2,935)	16,846
Sub-total	80,866	26,676	7,229	(29,991)	70,322
Total Cost	3,661,582	66,467	8,242	20,328	3,740,135
Accumulated Depreciation					
Buildings	564,870	45,049	-	-	609,919
Building renovations and improvements	1,066,820	78,878	-	-	1,145,698
Store equipments	792,299	45,285	-	-	837,584
Transportation equipments	48,156	3,405	-	-	51,561
Office equipments	82,112	5,216	274	-	87,054
Total Accumulated Depreciation	2,554,257	177,833	274	-	2,731,816
Allowance for impairment of fixed assets	-				(6,151)
Net Book Value	**1,107,325**				**1,002,168**

Depreciation charged to general and administrative expenses were amounting to Rp170,198 in 2021 and Rp177,833 in 2020 (Note 21).

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

	Year Ended December 31,	
	2021	**2020**
Proceeds from sales	320	-
Net book value	-	-
Gain on disposal of fixed assets	**320**	**-**

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

9. FIXED ASSETS AND RIGHT OF USE ASSETS (continued)

a. Fixed assets - net (continued)

Gain on disposal of fixed assets is presented as part of “Other Income - Others - Net”. In 2021 and 2020, the Company has written off fixed asset and construction in progress amounting to Rp30,162 and Rp7,968, respectively.

In 2020, the Company’s long-term prepaid rent amounting to Rp20,328 were reclassified to fixed assets (Note 10a).

Land under HGB status owned by the Company is located in several cities in Indonesia. These HGBs will expire on various dates from 2022 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, 2021 and 2020 are amounting to Rp1,060,209 and Rp963,856, respectively, which were determined based on the Tax Office’s Sale Value of Tax Objects (“NJOP”).

The details of constructions in progress are as follows:

December, 31 2021	Estimated Percentage of Completion from Financial Point of View	Accumulated Costs	Estimated Completion
Building renovations and improvements	24-90%	27,016	Year 2022
Store and office equipments	10-90%	1,069	Year 2022
Total		**28,085**	

December, 31 2020	Estimated Percentage of Completion from Financial Point of View	Accumulated Costs	Estimated Completion
Building renovations and improvements	15-90%	53,476	Year 2021
Store and office equipments	15-90%	16,846	Year 2021
Total		**70,322**	

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 Rp2,352,219 and Rp2,476,101 as of December 31, 2021 and 2020, respectively, which in the management’s opinion is adequate to cover possible losses arising from such risks.

As of December 31, 2021, 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. Meanwhile, as of December 31, 2020, the Company has indicated and provided allowance for impairment of fixed assets amounting to Rp6,151 (Note 22).

As of December 31, 2021 and 2020, there were no fixed assets pledged as collateral.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

9. FIXED ASSETS AND RIGHT OF USE ASSETS (continued)

b. Right of use assets - net

Details of right of use assets are as follows:

	Year Ended December 31, 2021				
	Beginning Balance	**Addition**	**Deduction**	**Reclassification**	**Ending Balance**
Cost					
Leased Assets					
Building	1,155,358	183,987	-	-	1,339,345
Accumulated Depreciation					
Leased Assets					
Building	269,398	259,874	-	-	529,272
Allowance for impairment of right of use assets	(12,390)	(964)	-	-	(13,354)
Net Book Value	**873,570**				**796,719**

	Year Ended December 31, 2020			
	Begining Balance	**Addition**	**Deduction**	**Ending Balance**
Cost				
Leased Assets				
Building	-	1,155,358	-	1,155,358
Accumulated Depreciation				
Leased Assets				
Building	-	269,398	-	269,398
Allowance for impairment of right of use assets	-			(12,390)
Net Book Value	**-**			**873,570**

*) Addition of right of use assets in 2020 including reclassification from long-term prepaid rent, advances and prepaid expense amounting to Rp425,675, Rp2,531 and Rp218, respectively on January 1, 2020 due to implementation of PSAK 73.

Depreciation charged to general and administrative expenses were amounting to Rp259,874 in 2021 and Rp269,398 in 2020 (Note 21).

As of December 31, 2021 and 2020, the Company has indicated and provided allowance for impairment of right of use assets amounting to Rp964 and Rp12,390, respectively (Note 22).

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

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 five (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 twenty five (25) years.

As of January 1, 2020, after the application of PSAK 73, balance of long-term prepaid rent were reclassify to right of use assets amounting to Rp425,675 (Note 9b). In 2020, the Company's long-term prepaid rent has been reclassified to fixed assets and advances for purchase of fixed assets each amounting to Rp20,328 (Note 9a) and Rp36,728, respectively.

(b) As of December 31, 2021 and 2020, the security deposit paid by the Company to JIL amounting to Rp2,905, representing 0.06% and 0.05% of total assets, respectively, is presented as part of "Security Deposits - Net" account in the statement of financial position (Note 24b).

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 one (1) month to three (3) months from the date of purchase.

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

	December 31, 2021	December 31, 2020
Current	403,092	275,252
1 - 2 months	107,558	80,983
More than 2 months	96,590	247,928
Total	**607,240**	**604,163**

As of December 31, 2021 and 2020, there was no collateral provided by the Company for the accounts payable - trade stated above.

12. TAXATION

Taxes payable consists of:

	December 31, 2021	December 31, 2020
Income taxes:		
Article 4 (2)	1,351	4,353
Article 21	367	791
Article 23	240	102
Value Added Tax - net	12,900	-
Total	**14,858**	**5,246**

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

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, 2021 and 2020 are presented as follows:

	Year Ended December 31,	
	2021	**2020**
Income (loss) before income tax as shown in the statement of profit or loss and other comprehensive income	191,611	(181,445)
Temporary differences:		
Depreciation of fixed assets	6,772	26,301
Amortization of long-term prepaid rent	7,413	(6,666)
Allowance (reversal of allowance) for decline in value of inventories	2,755	(2,884)
Amortization of prepaid expenses	2,624	3,114
Allowance for impairment of right of use assets	964	12,390
Allowance for impairment of security deposits	287	3,419
Allowance (reversal of allowance) for impairment of other receivables	(1,276)	1,460
Provision for liabilities for employee benefits - net	(2,351)	(55,238)
Allowance (reversal of allowance) for decline in value of fixed assets	(6,151)	6,151
Permanent differences:		
Finance cost of lease liabilities	29,006	35,627
Donations and entertainment	5,077	5,253
Employee welfare	2,936	3,262
Depreciation of fixed assets	1,492	1,492
Tax penalties	197	1,024
Loss from sales of short-term investment - net	-	6,477
Others	15,310	34,191
Income already subjected to final tax:		
Rent	(62,256)	(59,236)
Interest	(65,107)	(107,053)
Taxable income (loss)	**129,303**	**(272,361)**
Less: accumulated taxable loss	(259,376)	-
Estimated fiscal losses	(130,073)	(272,361)

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

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, 2021 and 2020 are presented as follows: (continued)

	Year Ended December 31,	
	2021	**2020**
Income tax expense - current	**-**	**-**
Income tax (benefit) expense - deferred		
Provision for liabilities for employee benefits - net	(3,683)	25,152
Allowance (reversal of allowance) for decline in value of inventories	(606)	2,213
Allowance (reversal of allowance) for impairment of other receivables	281	(321)
Allowance for impairment of security deposits	(63)	(752)
Amortization of prepaid expenses	(577)	(885)
Amortization of long-term prepaid rent	(521)	(1,108)
Allowance for (reversal of allowance) for decline in value of fixed assets	1,353	(1,353)
Allowance for impairment of right of use assets	(212)	(2,726)
Depreciation of fixed assets	(792)	(8,319)
Tax loss	25,856	(54,472)
Income tax expense (benefit) - deferred - net	**21,036**	**(42,571)**
Income tax expense (benefit) - net	**21,036**	**(42,571)**

The Company will report its 2021 Annual Income Tax Return ("SPT") based on the above-mentioned calculation. The Company's estimated taxable income for the year ended December 31, 2020 was consistent with the Annual Income Tax Return as reported to the Tax Office.

The computation of estimated claim for tax refund are as follows:

	December 31, 2021	**December 31, 2020**
Income tax expense - current	-	-
Prepayments of income taxes:		
Article 22	-	1
Article 23	-	114
Article 25	-	17,504
Total	-	17,619
Estimated claim for tax refund	**-**	**(17,619)**

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

12. TAXATION (continued)

On January 13, 2022, the Company received the Decree of the Director General of Taxes Number KEP-0005.PPH/WPJ.19/KP.02/2022 regarding the claim for overpayment tax refund of the Overpaid Tax Assessment Letter ("SKPLB") of Article 25/29 Corporate Income Tax for the 2020 Tax Year amounting to Rp17,619. The overpayment of 2020's corporate income tax has been corrected by the tax office to become an overpayment of Rp16,370 and the payment was received on January 26, 2022, while the remaining Rp1,248 will be recorded as part of the corporate income tax expense in 2022. In addition, the fiscal loss tax for fiscal year 2020 has been corrected from Rp272,361 to become Rp259,376.

On October 29, 2021, the President of the Republic of Indonesia signed Law No.7/2021 on "Harmonization of Taxation Regulations", which applies, among others, the tax rates of agency income as follows:

a. 22% which will take effect in the fiscal year 2022 (previously 20% regulated in Perppu No.1 of 2020 dated March 31, 2020).
b. Resident publicly-listed companies in Indonesia whose at least 40% or more of the total paid-up shares or other equity instruments are listed for trading in the Indonesia stock exchanges and meet certain requirements in accordance with the government regulations, can earn a tariff of 3% lower than tariff as stated in point a above.

The reconciliation between income tax computed by using applicable tax rate from income before income tax, with income tax expense (benefit) as shown in the statement of profit or loss and other comprehensive income for the years ended December 31, 2021 and 2020 are as follows:

	Year Ended December 31,	
	2021	**2020**
Income (loss) before income tax as shown in the statement of profit or loss and other comprehensive income	191,611	(181,445)
Income tax (benefit) expense at applicable tax rate	42,155	(39,918)
Tax effect of permanent differences:		
Finance cost of lease liabilities	6,381	7,838
Donations and entertainment	1,117	1,156
Employee welfare	646	718
Depreciation of fixed assets	328	328
Tax penalties	43	225
Others	3,369	7,522
Loss from sales of short-term investment - net	-	1,425
Income already subjected to final tax:		
Rent	(13,696)	(13,032)
Interest	(14,324)	(23,552)
Effect of changes in tax rate	(7,840)	14,719
Fiscal loss	2,857	-
Income tax expense (benefit) - net	**21,036**	**(42,571)**

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

12. TAXATION (continued)

The deferred tax assets and liabilities as of December 31, 2021, and 2020 are as follows:

	December 31, 2021	**December 31, 2020**
Deferred tax assets on:		
Liabilities for employee benefits	52,450	53,088
Tax loss	28,616	54,472
Allowance for decline in value of inventories	11,550	10,944
Allowance for impairment of right of use assets	2,938	2,726
Unrealized loss on available-for-sale financial assets	2,213	2,285
Allowance for impairment of security deposits	815	752
Allowance for impairment of other receivables	40	321
Allowance for impairment of fixed assets	-	1,353
Total	98,622	125,941
Deferred tax liabilities on:		
Prepaid expenses	(200)	(777)
Fixed assets	(6,183)	(6,975)
Long-term rent	(10,575)	(11,096)
Total	(16,958)	(18,848)
Deferred tax assets - net	**81,666**	**107,093**

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

13. ACCRUED EXPENSES

Accrued expenses consist of :

	December 31, 2021	**December 31, 2020**
Electricity and energy	12,933	15,741
Rent	7,041	184
Maintenance and repair	2,614	1,935
Store supplies	2,185	1,261
Promotion	2,014	1,563
Professional fee	1,649	1,798
Others	20,519	5,732
Total	**48,955**	**28,214**

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

14. LEASE LIABILITIES

The Company entered into several lease agreements to lease the Company's stores, warehouses and employees' housing with period according to the lease terms.

The details of lease liabilities are as follows:

	December 31, 2021	December 31, 2020
Total lease liabilities	528,803	598,166
Less current maturities	(180,611)	(219,701)
Total	**348,192**	**378,465**

As of December 31, 2021 and 2020, the future minimum rental payments required under these lease agreements are as follows:

	December 31, 2021	December 31, 2020
Within one year	208,099	247,113
More than one year but not later than 21 years	376,138	411,492
Total	**584,237**	**658,605**
Less amount applicable to interest	(55,434)	(60,439)
Present value of minimum rental payments	528,803	598,166
Less current portion	(180,611)	(219,701)
Long-term portion	**348,192**	**378,465**

15. LIABILITIES FOR EMPLOYEE BENEFITS

The Company recognized liabilities for employee benefits as of December 31, 2021 and 2020 based on actuarial valuations performed by PT Dayamandiri Dharmakonsilindo, an independent actuary, based on its reports dated January 27, 2022.

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

	December 31, 2021	December 31, 2020
Discount rate	6.75% per year	7.15% per year
Salary increase rate	5% per year	5% per year
Pension age	55 years old	55 years old
Mortality rate	TMI 2019	TMI 2011

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

15. LIABILITIES FOR EMPLOYEE BENEFITS (continued)

The employee benefits expense are as follows:

	Year Ended December 31,	
	2021	**2020**
Excess of benefits payments during the year	27,379	89,122
Interest cost	15,742	24,784
Current service cost	11,908	15,902
Adjustment for past services	29	673
Past service cost on plan amendment	(18,430)	-
Past service cost of curtailment	-	(63,515)
Total	**36,628**	**66,966**

Movements in the present value of defined benefit obligation are as follows:

	Year Ended December 31,	
	2021	**2020**
Balance at beginning of year	262,351	345,255
Excess of benefits payments during the year	27,379	89,122
Interest cost	15,742	24,784
Current service cost	11,908	15,902
Adjustment for past services	29	673
Benefits payments during the year	(11,602)	(33,082)
Past service cost on plan amendment	(18,430)	-
Excess of benefits payments during the year	(27,379)	(89,122)
Past service cost of curtailment	-	(63,515)
Remeasurement of present value of defined benefit obligation:		
Loss (gain) from changes in financial assumption	5,852	(35,883)
Loss (gain) from experience adjustments	(27,442)	15,665
Gain from changes in demographic assumptions	-	(7,448)
Balance at end of year	**238,408**	**262,351**

The movements in the liabilities for employee benefits for the years ended December 31, 2021 and 2020 are as follows:

	Year Ended December 31,	
	2021	**2020**
Balance at beginning of year	262,351	345,255
Provision during the year	36,628	66,966
Benefits payments during the year	(11,602)	(33,082)
Excess of benefits payments during the year	(27,379)	(89,122)
Other comprehensive income	(21,590)	(27,666)
Balance at end of year	**238,408**	**262,351**

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

15. LIABILITIES FOR EMPLOYEE BENEFITS (continued)

Mutation of other comprehensive loss for the years ended December 31, 2021 and 2020 are as follows:

	Year Ended December 31,	
	2021	**2020**
Balance at beginning of year	24,284	51,950
Gain in current year	(21,590)	(27,666)
Balance at end of year	**2,694**	**24,284**

As of December 31, 2021, a one percentage point change in the assumed rate of discount rate would have the following effects:

	Discount rates		Future salary increases	
	Percentage	**Effect on Present Value of Benefits Obligation**	**Percentage**	**Effect on Present Value of Benefits Obligation**
Increase	1%	(16,443)	1%	19,556
Decrease	(1%)	18,779	(1%)	(17,370)

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

	December 31, 2021	December 31, 2020
Within the next 12 months	45,188	47,512
Between 1 and 2 years	12,382	11,115
Between 2 and 5 years	43,851	48,171
Beyond 5 years	256,041	296,067
Total	**357,462**	**402,865**

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

16. SHARE CAPITAL AND TREASURY SHARES

Share Capital

The shareholders and their share ownership as of December 31, 2021 and 2020 are as follows:

December 31, 2021

Shareholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount
PT Ramayana Makmursentosa	3,965,000,000	62.64%	198,250
Paulus Tumewu (President Commissioner)	260,000,000	4.11%	13,000
Agus Makmur (President Director)	240,076,600	3.79%	12,004
Public (below 5% ownership each)	1,864,964,700	29.46%	93,248
Sub-total	**6,330,041,300**	**100.00%**	**316,502**
Treasury shares	765,958,700		38,298
Total	**7,096,000,000**		**354,800**

December 31, 2020

Shareholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount
PT Ramayana Makmursentosa	3,965,000,000	58.80%	198,250
Paulus Tumewu (President Commissioner)	260,000,000	3.86%	13,000
Agus Makmur (President Director)	240,076,600	3.56%	12,004
Public (below 5% ownership each)	2,277,407,800	33.78%	113,870
Sub-total	**6,742,484,400**	**100.00%**	**337,124**
Treasury shares	353,515,600		17,676
Total	**7,096,000,000**		**354,800**

Treasury Shares

In 2021, the Company has conducted purchase of 412,443,100 treasury shares each with total acquisition cost amounting to Rp311,049. In 2021, the Company did not sell treasury shares. As of December 31, 2021, the Company still has 765,958,700 shares, which are presented as "Treasury Shares" accounts recorded as equity deductions on financial position statements.

In 2020, the Company has conducted purchase of 7,334,500 treasury shares with total acquisition cost amounting to Rp4,320. On July 22, 2020, the Company has conducted sales of 7,000,000 treasury shares with total average acquisition cost amounting to Rp6,329 and total net sales amounting to Rp4,192, thus resulting a net loss of Rp2,137, after reduced with the related selling costs, which presented as part of the “Additional Paid-in Capital - net” account in the equity section of the statement of financial position. Until December 31, 2020, the Company still has 353,515,600 shares, which presented as “Treasury Shares” account which presented as a deduction to the equity in the statement of financial position.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

17. RETAINED EARNINGS

In the Annual Shareholders' General Meeting held on August 27, 2021, which were notarized by Deed No. 1 on the same date of Rianto, S.H., the shareholders approved not to distribute dividends.

In the Annual Shareholders' General Meeting held on August 14, 2020, which were notarized by Deed No. 2 on the same date of Rianto, S.H., the shareholders approved the declaration of cash dividend of Rp50 (full amount) per share or in total amount of Rp337,124.

18. REVENUES

The details of revenues are as follows:

	Year Ended December 31,	
	2021	**2020**
Outright sales	2,063,298	2,061,686
Consignment sales	2,112,299	1,820,361
Cost of consignment sales	(1,582,915)	(1,354,096)
Commission on consignment sales	529,384	466,265
Total	**2,592,682**	**2,527,951**

There were no sales to a customer that exceeded 10% of total revenues in 2021 and 2020.

19. COST OF OUTRIGHT SALES

The details of cost of outright sales are as follows:

	Year Ended December 31,	
	2021	**2020**
Beginning inventories	543,181	843,823
Net purchases	1,453,752	1,134,720
Inventories available for sale	1,996,933	1,978,543
Ending inventories (Note 8)	(645,482)	(543,181)
Allowance for decline in value of inventories (Note 8)	31,171	15,000
Cost of outright sales	**1,382,622**	**1,450,362**

There were no purchases from a supplier of the Company that exceeded 10% of total revenues in 2021 and 2020.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

20. SELLING EXPENSES

The details of selling expenses are as follows:

	Year Ended December 31,	
	2021	**2020**
Transportation	34,688	30,769
Promotion	28,020	46,105
Rent - net (Notes 10a, 10b and 24a)	22,529	9,267
Plastic bags	8,524	12,823
Credit card charges	5,255	3,807
Others	5,590	4,197
Total	**104,606**	**106,968**

21. GENERAL AND ADMINISTRATIVE EXPENSES

The details of general and administrative expenses are as follows:

	Year Ended December 31,	
	2021	**2020**
Salaries and employee welfare (Note 15)	360,147	385,217
Depreciation of right of use assets (Note 9b)	259,874	269,398
Depreciation of fixed assets (Note 9a)	170,198	177,833
Repairs and maintenance (Note 24a)	126,192	140,428
Electricity and energy	107,863	114,655
Taxes and licenses	36,625	48,837
Jamsostek	22,941	27,365
Insurance	20,055	27,042
Supplies	13,316	15,837
Bank charges	10,484	10,165
Stationeries and printing	6,519	10,288
Others (below Rp10,000 each)	37,057	39,598
Total	**1,171,271**	**1,266,663**

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

22. OTHER INCOME AND EXPENSES

The details of other income are as follows:

	Year Ended December 31,	
	2021	**2020**
Income on rental concessions (Note 25)	151,720	-
Rental income (Note 25)	75,128	73,224
Gain on fire - net (Note 8)	3,170	-
Gain on foreign exchange - net	2,073	2,514
Gain on sale of fixed assets (Note 9a)	320	-
Others - net	7,147	2,506
Total	**239,558**	**78,244**

The details of other expenses are as follows:

	Year Ended December 31,	
	2021	**2020**
Loss on disposal of fixed assets	16,419	-
Impairment of right of use assets (Note 9b)	964	12,390
Impairment of security deposits	287	3,419
Impairment of other receivables (Note 6)	184	1,460
Loss from sales of short-term invesments (Note 7)	-	6,477
Impairment of fixed assets (Note 9a)	-	6,151
Others - net	527	6,406
Total	**18,381**	**36,303**

23. EARNINGS (LOSS) PER SHARE

The computation of earnings (loss) per share in 2021 and 2020 are as follows:

	Year Ended December 31,	
	2021	**2020**
Income (loss) for the year	170,575	(138,874)
Weighted average number of shares outstanding	6,530,930,890	6,741,095,323
Earnings (loss) per share (full amount)	**26.12**	**(20.60)**

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

24. RELATED PARTIES TRANSACTIONS

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

			Percentage to Total Assets	
	December 31, 2021	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
Other receivables - net				
PT Indonesia Fantasi Sentosa	5,695	3,867	0.11	0.07
PT Ramayana Makmursentosa	2,161	4	0.04	0.00
PT Jakarta Intiland	287	522	0.00	0.01
Total	**8,143**	**4,393**	**0.15**	**0.08**
Security deposits (Note 10b)				
PT Jakarta Intiland (a)	2,905	2,905	0.06	0.05

			Percentage to Total Income/Expenses *)	
	Year Ended December 31,		Year Ended December 31,	
	2021	**2020**	**2021**	**2020**
Rental revenue				
PT Ramayana Makmursentosa (b)	19,195	22,395	0.74	0.89
PT Indonesia Fantasi Sentosa (c)	4,255	5,678	0.16	0.22
Total	**23,450**	**28,073**	**0.90**	**1.11**
Selling expenses - Rent				
PT Jakarta Intiland (a)	36	112	0.03	0.10
General and administrative expenses - Repairs and maintenance				
PT Jakarta Intiland (a)	44,804	53,646	3.81	4.24

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

24. RELATED PARTIES TRANSACTIONS (continued)

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

	Year Ended December 31,		Percentage to Salaries and Employee Welfare Year Ended December 31,	
	2021	**2020**	**2021**	**2020**
Short-term employee benefits				
Board of Commissioners	2,899	5,446	0.80	1.41
Board of Directors	2,632	3,509	0.73	0.91
Sub-total	5,531	8,955	1.53	2.32
Long-term employee benefits				
Board of Commissioners	518	607	0.14	0.16
Board of Directors	255	352	0.07	0.09
Sub-total	773	959	0.21	0.25
Total	**6,304**	**9,914**	**1.74**	**2.57**

a. 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, 2021 and 2020 are presented as part of “Security Deposits - Net” account in the statement of financial position. Total rent expense incurred from these agreements amounting to Rp36 and Rp112 in 2021 and 2020, respectively, and are presented as part of “Selling Expenses - Rent - Net” account in the statement of profit or loss and other comprehensive income (Note 20). Based on the rent agreements, the Company is required to pay service charges. Total service charges paid to PT Jakarta Intiland, a related party, amounting Rp44,804 to and Rp53,646 in 2021 and 2020, respectively, and are presented as part of “General and Administrative Expenses - Repairs and Maintenance” in the statement of profit or loss and other comprehensive income (Note 21).

b. The Company entered into several agreements to lease certain store area to PT Ramayana Makmursentosa. Total rental income from these agreements amounting to Rp19,195 and Rp22,395 in 2021 and 2020, respectively.

c. The Company entered into several agreements to lease certain store area to PT Indonesia Fantasi Sentosa. Total rental income from these agreements amounting to Rp4,255 and Rp5,678 in 2021 and 2020, respectively.

24. RELATED PARTIES TRANSACTIONS (continued)

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	Rent of spaces
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	Boards of Commissioners and Directors	A member of the key management personnel of the Company	Salaries and employee welfare

25. SIGNIFICANT AGREEMENTS

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 amounting to Rp75,128 and Rp73,224 in 2021 and 2020, respectively.

During 2021, the Company's operational activities are still affected by the Covid-19 pandemic. Regarding this, the operational activities of the Company's stores were disrupted. As a result of negotiations with the lessor, the Company received a partial exemption of the rental fee and recorded the rental concessions amounted to Rp151,720.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

26. 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, 2021				
	Sumatera	**Java, Bali and Nusa Tenggara**	**Kalimantan**	**Sulawesi and Papua**	**Total Segment**
Total revenues	451,230	1,644,161	231,194	266,097	2,592,682
Income					
Segment income	157,729	404,043	93,297	124,919	779,988
Unallocated operating expenses					(624,628)
Income from operations					155,360
Finance income					79,701
Finance cost					(29,006)
Tax on finance income					(14,444)
Income before income tax					191,611
Income tax expense - net					(21,036)
Income for the year					**170,575**
Segment assets	357,218	1,702,753	159,407	121,171	2,340,549
Unallocated assets					2,744,861
Total assets					**5,085,410**
Segment liabilities	20,820	446,704	47,968	16,974	532,466
Unallocated liabilities					956,121
Total liabilities					**1,488,587**
Capital expenditures	4,812	44,499	941	8,613	58,865
Depreciation and amortization	49,437	330,084	18,902	31,649	430,072

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

26. SEGMENT INFORMATION (continued)

	Year Ended December 31, 2020				
	Sumatera	**Java, Bali and Nusa Tenggara**	**Kalimantan**	**Sulawesi and Papua**	**Total Segment**
Total revenues	423,363	1,663,913	210,018	230,657	2,527,951
Income					
Segment income	132,070	324,343	77,325	96,894	630,632
Unallocated operating expenses					(884,733)
Loss from operations					(254,101)
Finance income					133,179
Finance cost					(35,627)
Tax on finance income					(24,896)
Loss before income tax					(181,445)
Income tax benefit - net					42,571
Loss for the year					**(138,874)**
Segment assets	372,916	1,721,906	169,782	138,810	2,403,414
Unallocated assets					2,881,804
Total assets					**5,285,218**
Segment liabilities	39,704	470,460	55,810	35,855	601,829
Unallocated liabilities					964,645
Total liabilities					**1,566,474**
Capital expenditures	13,140	48,189	2,061	3,077	66,467
Depreciation and amortization	52,897	340,061	20,680	33,593	447,231

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

26. SEGMENT INFORMATION (continued)

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, 2021	Fashion and Accessories	Groceries	Total Segment
Outright sales	1,458,996	604,302	2,063,298
Commission on consignment sales	525,335	4,049	529,384
Cost of outright sales	(846,272)	(536,350)	(1,382,622)
Gross profit	**1,138,059**	**72,001**	**1,210,060**
Selling expenses	(83,242)	(21,364)	(104,606)
General and administratives expenses	(1,059,916)	(111,355)	(1,171,271)
Other income	222,112	17,446	239,558
Other expenses	(18,226)	(155)	(18,381)
Income (loss) from operations	**198,787**	**(43,427)**	**155,360**
Finance income	67,934	11,767	79,701
Tax on finance income	(27,839)	(1,167)	(29,006)
Finance cost	(12,227)	(2,217)	(14,444)
Income (loss) before income tax	**226,655**	**(35,044)**	**191,611**

Year Ended December 31, 2020	Fashion and Accessories	Groceries	Total Segment
Outright sales	1,356,078	705,608	2,061,686
Commission on consignment sales	461,318	4,947	466,265
Cost of outright sales	(828,355)	(622,007)	(1,450,362)
Gross profit	**989,041**	**88,548**	**1,077,589**
Selling expenses	(101,027)	(5,941)	(106,968)
General and administratives expenses	(1,119,961)	(146,702)	(1,266,663)
Other income	65,274	12,970	78,244
Other expenses	(35,827)	(476)	(36,303)
Loss from operations	**(202,500)**	**(51,601)**	**(254,101)**
Finance income	111,767	21,412	133,179
Finance cost	(33,564)	(2,063)	(35,627)
Tax on finance income	(20,820)	(4,076)	(24,896)
Loss before income tax	**(145,117)**	**(36,328)**	**(181,445)**

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

27. MONETARY ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

As of December 31, 2021, 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$12,692,962)	181,116
Accounts receivable - others	
United States Dollar (US$817)	12
Total	181,128
Liabilities	
Accounts payable - others	
United States Dollar (US$92,663)	1,322
Singapore Dollar (Sin$4,808)	51
Total	1,373
Net monetary assets	**182,501**

At the reporting date, the exchange rates are Rp14,269 (full amount) per US$1 and Rp10,534 (full amount) per Sin$1.

If the net monetary assets in foreign currencies as of December 31, 2021 are converted to Rupiah using the exchange rates at the reporting date, the net monetary assets will increase by Rp1,164.

28. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Company's main financial instruments comprise cash and cash equivalents, time deposits, short-term investments, trade receivables, other receivables - net, security deposits - net, other non-current assets, trade payables, other payables, accrued expenses and lease liabilities.

a. <u>Risk Management</u>

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, other receivables - net and other payables.

28. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

a. Risk Management (continued)

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, other receivables - net and other payables 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, 2021		December 31, 2020	
	Change in Rupiah Rate	Effect on Loss Before Tax Expenses	Change in Rupiah Rate	Effect on Income Before Tax Expenses
United States Dollar	+2%	3,596	+2%	3,552
Singapore Dollar	+2%	(1)	+2%	(1)
United States Dollar	-2%	(3,596)	-2%	(3,552)
Singapore Dollar	-2%	1	-2%	1

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, trade receivables, other receivables - net, security deposits - net 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.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

28. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

a. Risk Management (continued)

Liquidity risk (continued)

The Company manages liquidity risk by maintaining sufficient cash and marketable securities to enable the Company fulfilled 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 summarized the maturity profile of the Company's financial liabilities based on contractual payments as of December 31, 2021 and 2020:

	< 1 year	1 - 2 years	2 - 3 years	> 3 years	Total
As of December 31, 2021					
Accounts payable - third parties					
Trade	607,240	-	-	-	607,240
Others	50,323	-	-	-	50,323
Accrued expenses	48,955	-	-	-	48,955
Lease liabilities	180,611	127,116	91,054	130,022	528,803
Total	**887,129**	**127,116**	**91,054**	**130,022**	**1,235,321**

	< 1 year	1 - 2 years	2 - 3 years	> 3 years	Total
As of December 31, 2020					
Accounts payable - third parties					
Trade	604,163	-	-	-	604,163
Others	68,334	-	-	-	68,334
Accrued expenses	28,214	-	-	-	28,214
Lease liabilities	219,701	161,319	90,627	126,519	598,166
Total	**920,412**	**161,319**	**90,627**	**126,519**	**1,298,877**

The table below summarizes the changes in liabilities arising from financing activities:

	For the Year Ended December 31, 2021			
	Beginning Balance	Addition	Cash Flow - Net	Ending Balance
Lease liabilities	598,166	43,602	(112,965)	528,803

	For the Year Ended December 31, 2020			
	Beginning Balance	Addition	Cash Flow - Net	Ending Balance
Lease liabilities	-	762,561	(164,395)	598,166
Cash dividend	-	337,124	(337,124)	-
Total	**-**	**1,099,685**	**(501,519)**	**598,166**

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.

28. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

b. Capital Management (continued)

In addition, the Company is also required by the Corporate Law effective August 16, 2007 to contribute and to 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 ("AGSM").

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, 2021 and 2020.

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

29. FINANCIAL INSTRUMENTS

As of December 31, 2021 and 2020, the carrying amounts of financial assets and liabilities approximate their fair value as follows:

1. Cash and cash equivalents, time deposits, trade receivables and other receivables - net.

   All of the above financial assets represent current assets which due within twelve (12) months, thus the carrying values of the financial assets approximate their fair values.

2. Trade payables, other payables, accrued expenses and lease liabilities.

   All of the above financial liabilities represent current liabilities which due within twelve (12) months, thus the carrying values of the financial liabilities approximate their fair values.

3. Security deposits - net and employee receivables, including their current maturities within one (1) year.

   Long-term assets which bear no interest are presented at the net present value of the estimated future cash receipts or payments using market interest rate available for debt with approximately similar characteristics.

Short-term investments

Fair value of this financial asset is estimated using appropriate valuation techniques with market observable inputs.

Fair Value Hierarchy

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The assessment of the significance of a particular input to the fair value measurements requires judgement, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

29. FINANCIAL INSTRUMENTS (continued)

Fair Value Hierarchy (continued)

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, an entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis.

If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the Company calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on any available observable market data.

The Company's fair value hierarchy as of December 31, 2021 and 2020 are as follows:

	December 31, 2021			
	Total	**Level 1**	**Level 2**	**Level 3**
Current asset				
Short-term investments	100,617	100,617	-	-

	December 31, 2020			
	Total	**Level 1**	**Level 2**	**Level 3**
Current asset				
Short-term investments	79,261	79,261	-	-

For the years ended December 31, 2021 and 2020, there were no transfers between each level fair value measurements.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

29. FINANCIAL INSTRUMENTS (continued)

Fair Value Hierarchy (continued)

The following table sets out the carrying values and estimated fair values of the Company's financial instruments as of December 31, 2021 and 2020:

	December 31, 2021		December 31, 2020	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Financial Assets				
Cash and cash equivalents	1,582,017	1,582,017	1,554,228	1,554,228
Time deposits	902,200	902,200	1,001,100	1,001,100
Accounts receivable				
Trade				
Third parties	6,632	6,632	7,623	7,623
Others - net				
Related parties	8,143	8,143	4,393	4,393
Third parties	34,533	34,533	33,066	33,066
Short-term investments	100,617	100,617	79,261	79,261
Security deposits - net	1,326	1,326	1,200	1,200
Other non-current assets	12,646	11,757	12,946	12,026
Total	**2,648,114**	**2,647,225**	**2,693,817**	**2,692,897**
Financial Liabilities				
Accounts payable - third parties				
Trade	607,240	607,240	604,163	604,163
Others	50,323	50,323	68,334	68,334
Accrued expenses	48,955	48,955	28,214	28,214
Lease liabilities	528,803	528,803	598,166	598,166
Total	**1,235,321**	**1,235,321**	**1,298,877**	**1,298,877**

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

30. SUPPLEMENTARY CASH FLOWS INFORMATION

	Year Ended December 31,	
	2021	**2020**
ACTIVITIES NOT AFFECTING CASH FLOWS		
Acquisition of right of use assets through lease liabilities	166,315	726,934
Increase in fair value of available-for-sale financial assets - net	1,286	6,348
Acquisition of right of use assets through reclassification of long-term prepaid rent	-	425,675
Addition of advances for purchase of fixed assets through reclassification of long-term prepaid rent	-	36,728
Addition of fixed assets through reclassification of long-term prepaid rent	-	20,328
Acquisition of right of use assets through reclassification of advances	-	2,531
Acquisition of right of use assets through reclassification of prepaid expenses	-	218

31. OTHER MATTER

<u>COVID-19</u>

The Company’s operation has and may continue to be impacted by the outbreak of Covid-19 virus. The effects of Covid-19 virus to the global and Indonesian economy include effect to economic growth, decline in capital markets, increase in credit risk, depreciation of foreign currency exchange rates and disruption of business operation. The future effects of the outbreak of Covid-19 virus to Indonesia and the Company are unclear at this time. A significant rise in the number of Covid-19 virus infections or prolongation of the outbreak may affect Indonesia and the Company.

Nevertheless, after the financial statements date, management of the Company is of the opinion that the outbreak of the Covid-19 has impact to the operational activities of the Company.