PT Ramayana Lestari Sentosa Tbk

Financial statements as of December 31, 2015
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
Telp. (021) 3914566 - 3151563, 3106653 (Hunting)
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BOARD OF DIRECTORS' STATEMENT REGARDING THE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS OF PT RAMAYANA LESTARI SENTOSA, Tbk AS OF DECEMBER 31, 2015 AND FOR THE YEAR THEN ENDED WITH INDEPENDENT AUDITORS' REPORT

We, the undersigned :

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

Declare that :

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

Thus, this statement is made truthfully.

Jakarta, March 17, 2016

METERAI TEMPEL EFBA2ADF520412621 6000 ENAM RIBU RUPIAH

Agus Makmur
President Director

Suryanto
Director

These financial statements are originally issued in the Indonesian language.

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

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EY
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. RPC-462/PSS/2016

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

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

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

This report is originally issued in the Indonesian language.

Independent Auditors' Report (continued)

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

Opinion

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

Purwantono, Sungkoro & Surja

Arief Somantri
Public Accountant Registration No. AP.1174

March 17, 2016

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

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

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

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

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

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

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

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

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

	Notes	Share Capital - Issued and Fully Paid	Additional Paid-in Capital - Net	Treasury Shares	Retained Earnings - Appropriated	Retained Earnings - Unappropriated	Other Comprehensive Loss - Changes in fair value of available for sale financial assets - net	Other Comprehensive Loss - Remeasurement of gain (loss) on liabilities for employee benefits - net	Total Equity
Balance as of January 1, 2014/ December 31, 2013 (As previously reported)		**354,800**	**117,570**	**-**	**70,000**	**2,683,285**	**(8,484)**	**-**	**3,217,171**
Effect of retrospective adoption of Statement of Financial Accounting Standards (PSAK) 24 (Revised 2013)	30	-	-	-	-	4,569	-	(29,173)	(24,604)
Balance as of January 1, 2014/ December 31, 2013 (As restated)	30	**354,800**	**117,570**	**-**	**70,000**	**2,687,854**	**(8,484)**	**(29,173)**	**3,192,567**
Total comprehensive income for the year (As restated)	30	-	-	-	-	355,663	81	(9,751)	345,993
Cash dividends	16	-	-	-	-	(212,880)	-	-	(212,880)
Balance as of December 31, 2014 (As restated)	30	**354,800**	**117,570**	**-**	**70,000**	**2,830,637**	**(8,403)**	**(38,924)**	**3,325,680**
Acquisition of treasury shares	15	-	-	(135,846)	-	-	-	-	(135,846)
Total comprehensive income for the year		-	-	-	-	336,054	(1,768)	1,276	335,562
Cash dividends	16	-	-	-	-	(191,592)	-	-	(191,592)
Balance as of December 31, 2015		**354,800**	**117,570**	**(135,846)**	**70,000**	**2,975,099**	**(10,171)**	**(37,648)**	**3,333,804**

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

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

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

1. GENERAL

a. Establishment of the Company

PT Ramayana Lestari Sentosa Tbk (the "Company") was established in Indonesia based on Notarial Deed No. 60 dated December 14, 1983 of R. Muh. Hendarmawan, S.H. The Deed of Establishment was approved by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C2-5877.HT.01.01.TH.85 dated September 17, 1985 and was published in the Addendum No. 589 of the State Gazette No. 9 dated October 3, 1985. The Company's Articles of Association has been amended several times, the latest amendment regarding the approval from shareholders for the changes the Company's Article of Association to adjust with the regulation of Financial Service Authority ("OJK") of which as notarized under Notarial Deed No. 5 dated September 16, 2015 of Rianto, S.H. The amendment of the Articles of Association has been approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0024968.AH.01.11.Tahun 2016 dated February 25, 2016.

The Company started its commercial operations in 1983. According to Article 3 of the Company's Articles of Association, the Company operates a chain of department stores, which sell various items such as clothes, accessories, bags, shoes, cosmetics and daily needs through the Company's store and supermarket. In 2015, the Company closed three (3) stores and opened one (1) new store. As of December 31, 2015 and 2014, the number of stores operated by the Company are as follows:

	December 31, 2015	December 31, 2014
Ramayana	108	110
Robinson	5	5
Cahaya	1	1

On December 31, 2015 the above stores include 15 supermarkets under the Spar name. All the stores operated by the Company are located in Jakarta, Java (West Java, East Java and Central Java), Sumatera, Bali, Kalimantan, Nusa Tenggara, Sulawesi and Papua. The Company's head office is located in Jl. K.H. Wahid Hasyim No. 220 A-B, Jakarta 10250.

The Company's ultimate shareholder is PT Ramayana Makmursentosa with 55.88% ownership in the Company.

b. Company's Public Offering

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

1. On September 15, 1997, the Company issued bonus shares, whereby each shareholders holding one share was entitled to receive one new share. The outstanding shares became 700,000,000 shares.
2. On June 8, 2000, the Company changed the par value per share from Rp500 (full amount) per share to Rp250 (full amount) per share. The outstanding shares became 1,400,000,000 shares.
3. On June 18, 2004, the Company changed the par value per share from Rp250 (full amount) per share to Rp50 (full amount) per share. The outstanding shares became 7,000,000,000 shares.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

1. GENERAL (continued)

b. Company's Public Offering (continued)

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

4. On July 4, 2005, the Company issued 32,000,000 shares in connection with the exercise of share options by the employees (ESOP). The outstanding shares became 7,032,000,000 shares.
5. On October 2, 2006, the Company issued 32,000,000 shares in connection with the exercise of share options by the employees (ESOP). The outstanding shares became 7,064,000,000 shares.
6. On July 28, 2010, the Company issued 32,000,000 shares in connection with the exercise of share options by the employees (ESOP). The outstanding shares became 7,096,000,000 shares.
7. Starting on August 25, 2015 until December 31, 2015, the Company has purchased 208,332,000 treasury shares. The outstanding shares became 6,887,668,000 shares.

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

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

As of December 31, 2015 and 2014, the composition of the Company's Boards of Commissioners and Directors are as follows:

Board of Commissioners		Board of Directors	
Paulus Tumewu	- President Commissioner	Agus Makmur	- President Director
Muhammad Iqbal	- Commissioner	Suryanto	- Director
Koh Boon Kim	- Independent Commissioner	Kismanto	- Director
Selamat	- Independent Commissioner	Gantang Nitipranatio	- Director
		Halomoan Hutabarat	- Director

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

b. Changes of Accounting Principles

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

i. <u>PSAK 1: Presentation of Financial Statements</u>

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

ii. <u>PSAK 24: Employee Benefits</u>

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes of Accounting Principles (continued)

ii. PSAK 24: Employee Benefits (continued)

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

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

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

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

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

iii. PSAK 46: Income Taxes

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

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

iv. PSAK 48: Impairment of Assets

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes of Accounting Principles (continued)

v. PSAK 68: Fair Value Measurement

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

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

c. Cash and Cash Equivalents

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

d. Transactions with Related Parties

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

a. A person or close member of that person's family as follows:
   i. has control or joint control over the Company;
   ii. has significant influence over the Company; and
   iii. is a member of the key management personnel of the Company or of a parent of the Company;

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

Transactions with related parties are made based on terms agreed by the parties, in which such terms may not be the same as those of the transactions between third parties. All significant transactions and balances with related parties are disclosed in the relevant Notes to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Inventories

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

f. Fixed Assets

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

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

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

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

Land is stated at cost and not amortized.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Fixed Assets (continued)

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

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

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

g. Impairment of Non-Financial Assets

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

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

h. Leases

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

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

<u>Operating Lease - as Lessor</u>
Leases where the Company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases.

i. Prepaid Expenses

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Financial Instruments

i. Financial Assets

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment, if any. The losses arising from impairment are recognized in the statement of profit or loss and other comprehensive income.

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

Available for sale ("AFS") financial assets

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

The Company has short-term investments in this category.

Impairment of financial assets

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Financial Instruments (continued)

i. Financial Assets (continued)

Impairment of financial assets (continued)

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

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

ii. Financial Liabilities

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

Loans and borrowings

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

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

iii. Derecognition of Financial Assets and Liabilities

Financial Assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Financial Instruments (continued)

iii. Derecognition of Financial Assets and Liabilities (continued)

Financial Liabilities

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

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

iv. Offsetting of Financial Instruments

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

k. Employee Benefits

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

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

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

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

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Additional Paid-in Capital - Net

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

m. Foreign Currencies Transactions and Balances

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

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

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

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

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

n. Recognition of Revenues and Expenses

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts and Value Added Taxes ("VAT"). The following specific recognition criteria must also be met before revenue is recognized. Revenues from outright and consignment sales are recognized when the goods are sold at the sales counter. Commission on consignment sales are recognized as the amount of the sales of consignment goods to customers less the related costs, which are recognized as amount due to consignors.

Expenses are recognized as incurred.

o. Taxation

Final Tax

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Taxation (continued)

Final Tax (continued)

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

Current Tax

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

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

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

Deferred Tax

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Segment Reporting

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

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

q. Earnings per Share ("EPS")

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

r. Treasury Shares

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

s. Provisions

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

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

t. Accounting Standards Issued but not yet Effective

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

- Amendments to PSAK 1: Presentation of Financial Statements on Disclosures Initiative, effective January 1, 2017.
  This amendments clarify, rather than significantly change, existing PSAK 1 requirements, among others, to clarify the materiality, flexibility as to the order in which they present the notes to financial statements and identification of significant accounting policies.

- Amendments to PSAK 16: Property, Plant and Equipment on Clarification of the Accepted Method for Depreciation and Amortization, effective January 1, 2016.
  The amendments clarify the principle in PSAK 16 and PSAK 19 Intangible Asset that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate the fixed assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

- Amendments to PSAK 19: Intangible Assets on Clarification of the Accepted Method for Depreciation and Amortization, effective January 1, 2016.
  The amendments clarify the principle in PSAK 16 Property, Plant and Equipment and PSAK 19 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate the fixed assets and may only be used in very limited circumstances to amortize intangible assets.

- Amendments to PSAK 24: Employee Benefits on Defined Benefit Plans: Employee Contributions, effective January 1, 2016.
  PSAK 24 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of service years, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

- ISAK 30 (2015): Levies, adopted from IFRIC 21, effective January 1, 2016.
  This Interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of PSAK 57 Provisions, Contingent Liabilities and Contingent Assets. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain.

- PSAK 5 (2015 Improvement): Operating Segments, effective January 1, 2016.
  The improvement clarifies that:
  - An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of PSAK 5 including a brief description of operating segments that have been aggregated and the economic characteristics.
  - Disclose the reconciliation of segment assets to total assets if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- PSAK 7 (2015 Improvement): Related Party Disclosures, effective January 1, 2016.
  The improvement clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

- PSAK 16 (2015 Improvement): Property, Plant and Equipment, effective January 1, 2016.
  The improvement clarifies that in PSAK 16 and PSAK 19 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. Carrying amounts of the asset is restated by revaluated amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

- PSAK 19 (2015 Improvement): Intangible Assets, effective January 1, 2016.
  The improvement clarifies that in PSAK 16 and PSAK 19 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. Carrying amounts of the asset is restated by revaluated amounts.

- PSAK 25 (2015 Improvement): Accounting Policies, Changes in Accounting Estimates and Errors.
  The improvement provides editorial correction for paragraph 27 of PSAK 25.

- PSAK 68 (2015 Improvement): Fair value Measurement, effective January 1, 2016.
  The improvement clarifies that the portfolio exception in PSAK 68 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PSAK 55.

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

3. SOURCE OF ESTIMATION UNCERTAINTY

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

Judgments

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

<u>Leases</u>

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

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

3. SOURCE OF ESTIMATION UNCERTAINTY (continued)

Judgments (continued)

Determination of Functional Currency

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

Classification of Financial Assets and Financial Liabilities

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

Allowance for Impairment of Trade Receivables

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

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

Estimates and Assumptions

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

Impairment of Non-financial Assets

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

3. SOURCE OF ESTIMATION UNCERTAINTY (continued)

Estimates and Assumptions (continued)

Impairment of Non-financial Assets (continued)

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

Management believes that there is no event or change in circumstances that may indicate any impairment in the value of its non-financial assets as of December 31, 2015 and 2014.

Employee Benefits

The measurement of the Company's obligations and cost for pension and liabilities for employee benefits is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, future annual salary increase, annual employee turn-over rate, disability rate, retirement age and mortality rate. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in the financial position through other comprehensive income the period in which they occur.

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

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

Useful Lives of Fixed Assets

The costs of fixed assets, except land, are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these fixed assets to be within 4 to 20 years. These are common life expectancies applied in the industry where the Company conducts its business. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. The net carrying amount of the Company's fixed assets amounted to Rp1,333,227 and Rp1,375,402 as of December 31, 2015 and 2014, respectively. Further details are disclosed in Note 9.

Income Tax

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

3. SOURCE OF ESTIMATION UNCERTAINTY (continued)

Estimates and Assumptions (continued)

Deferred Tax Assets

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

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

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

Allowance for Obsolescence and Decline in Value of Inventories

Allowance for obsolescence and decline in value of inventories is estimated based on the best available facts and circumstances, including but not limited to, the inventories' own physical conditions, their market selling prices, and estimated costs to sell. The allowance are re-evaluated and adjusted as additional information received affects the amount estimated.

The carrying amount of the Company's inventories before allowance for obsolescence and decline in value amounted to Rp823,909 and Rp808,569 as of December 31, 2015 and 2014, respectively. Further details are disclosed in Note 8.

Uncertain Tax Exposure

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

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

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

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

5. TIME DEPOSITS

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

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

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

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

There were no time deposits placed to a related party.

6. ACCOUNTS RECEIVABLE - TRADE - THIRD PARTIES

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

7. SHORT-TERM INVESTMENTS

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

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

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

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

	Year Ended December 31	
	2015	2014
Rupiah	10.00% - 11.75%	10.00% - 11.75%
United States Dollar	7.50%	7.50%

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

7. SHORT-TERM INVESTMENTS (continued)

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

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

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

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

8. INVENTORIES

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

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

The above inventories are covered by insurance against losses from fire, damage, natural disasters, riots and other risks amounting to Rp705,176 as of December 31, 2015 (2014: US$48,368,417 or equivalent to Rp601,703), which in the opinion of the Company's management is adequate to cover possible losses arising from such risks. As of December 31, 2015 and 2014, there are no inventories pledged as collateral.

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

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

9. FIXED ASSETS

Fixed assets consists of:

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

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

9. FIXED ASSETS (continued)

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

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

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

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

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

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

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

The details of constructions in progress are as follows:

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

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

9. FIXED ASSETS (continued)

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

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

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

10. LONG-TERM PREPAID RENT

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

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

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

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

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

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

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

10. LONG-TERM PREPAID RENT (continued)

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

11. ACCOUNTS PAYABLE - TRADE - THIRD PARTIES

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

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

	December 31, 2015	December 31, 2014
Current	851,745	757,506
1 - 2 months	6,317	92,992
More than 2 months	27,898	23,913
Total	**885,960**	**874,411**

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

12. TAXATION

Taxes payable consists of:

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

(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, 2015 and 2014 are presented as follows:

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

The details of income tax expense is as follows:

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

12. TAXATION (continued)

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

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

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

On January 8, 2016 and January 9, 2015, the Company obtained letters from the Securities Administration Agency confirming its compliance with criteria of PP No. 77/2013 on "Reduction of income Tax Rate on Domestic Corporate Taxpayers in the Form of Publicly-listed Companies". Accordingly, the Company applied the reduction of the tax rate in the 2015 and 2014 corporate income tax calculations.

The reconciliation between income tax computed by using applicable tax rate from income before income tax, with income tax expense as shown in the statement of profit or loss and other comprehensive income for the years ended December 31, 2015 and 2014 are as follows:

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

12. TAXATION (continued)

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

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

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

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

13. ACCRUED EXPENSES

Accrued expenses consist of :

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

14. LIABILITIES FOR EMPLOYEE BENEFITS

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

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

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

The benefits expense are as follows:

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

14. LIABILITIES FOR EMPLOYEE BENEFITS (continued)

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

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

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

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

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

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

14. LIABILITIES FOR EMPLOYEE BENEFITS (continued)

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

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

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

15. SHARE CAPITAL AND TREASURY SHARES

Share Capital

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

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

Treasury Shares

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

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

16. RETAINED EARNINGS

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

In the Annual Shareholder's General Meeting held on May 23, 2014, which were notarized by Deed No. 8 on the same date of Rianto, S.H., the shareholders approved the declaration of cash dividends of Rp30 (full amount) per share or in total amount of Rp212,880.

17. REVENUES

The details of revenues are as follows:

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

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

18. COST OF OUTRIGHT SALES

The details of cost of outright sales are as follows:

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

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

19. SELLING EXPENSES

The details of selling expenses are as follows:

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

20. GENERAL AND ADMINISTRATIVE EXPENSES

The details of general and administrative expenses are as follows:

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

21. OTHER INCOME

The details of other income are as follows:

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

22. EARNINGS PER SHARE ("EPS")

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

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

23. RELATED PARTIES TRANSACTIONS

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

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

23. RELATED PARTIES TRANSACTIONS (continued)

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

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

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

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

23. RELATED PARTIES TRANSACTIONS (continued)

b. The Company also has agreements with PT Jakarta Intiland, a related party, of which the related rents are payable periodically during the rental periods and the Company has to pay refundable security deposits, as discussed in Note 10b. The outstanding balance of security deposits amounting to Rp2,905 as of December 31, 2015 and 2014 are presented as part of “Security Deposits” account in the statement of financial position. Total rent expense incurred from these agreements amounted to Rp242,473 and Rp253,611 in 2015 and 2014, respectively, and are presented as part of “Selling Expenses - Rent - Net” account in the statement of profit or loss and other comprehensive income (Note 19). Based on the rent agreements, the Company is required to pay service charges. Total service charges paid to PT Jakarta Intiland, a related party, amounted to Rp11,657 and Rp18,954 in 2015 and 2014, respectively, and are presented as part of “Selling Expenses - Repairs and Maintenance” in the statement of profit or loss and other comprehensive income (Note 20).

c. The Company’s share in the revenue shared with RMS, the Company’s ultimate shareholder, from the revenue on family entertainment center “Zone 2000” amounting to Rp21,724 in 2014, and is presented as part of revenues in the statement of profit or loss and other comprehensive income (Note 17).

d. The Company entered into several agreements to lease certain store area to PT Ramayana Makmursentosa. Total rental income from these agreements amounting to Rp66,882 and Rp54,170 in 2015 and 2014, respectively, and are presented as a deduction of rental expense in selling expense (Note 19).

e. The Company entered into several agreements to lease certain store area to PT Indonesia Fantasi Sentosa. Total rental income from these agreements amounting to Rp9,926 and Rp6,012 in 2015 and 2014, respectively, and are presented as a deduction of rental expense in selling expense (Note 19).

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

No.	Related Parties	Nature of Relationship	Transaction
1	PT Ramayana Makmursentosa	Ultimate shareholder of the Company	Consignment sales and space rent
2	PT Jakarta Intiland	A member of the same Group with the Company	Rent of store and warehouse and service charges
3	PT Indonesia Fantasi Sentosa	Under common control	Rent of spaces
4	Board of Commissioners and Directors	A member of the key management personnel of the Company	Salaries and employees’ welfare

24. SIGNIFICANT AGREEMENT

Rental

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

24. SIGNIFICANT AGREEMENT (continued)

License

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

25. SEGMENT INFORMATION

The following segment information is prepared based on the information used by management in evaluating the performance of each business segment and in determining the allocation of resources.

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

25. SEGMENT INFORMATION (continued)

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

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

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

25. SEGMENT INFORMATION (continued)

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

26. MONETARY ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

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

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

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

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

27. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

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

a. Risk Management

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

Market risk

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

Foreign currency risk

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

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

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

27. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

a. Risk Management (continued)

Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company's financial instruments that have potential credit risk consist of cash and cash equivalents, time deposits, accounts receivable - trade, accounts receivables - others, security deposits and short-term investments. Other than as disclosed below, the Company has no concentration of credit risk.

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

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

Liquidity risk

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

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

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

	< 1 year	1 - 2 years	2 - 3 years	> 3 years	Total
As of December 31, 2015					
Accounts payable - third parties					
Trade	885,960	-	-	-	885,960
Others	13,598	-	-	-	13,598
Accrued expenses	29,049	-	-	-	29,049
Total	**928,607**	**-**	**-**	**-**	**928,607**

	< 1 year	1 - 2 years	2 - 3 years	> 3 years	Total
As of December 31, 2014					
Accounts payable - third parties					
Trade	874,411	-	-	-	874,411
Others	14,659	-	-	-	14,659
Accrued expenses	46,714	-	-	-	46,714
Total	**935,784**	**-**	**-**	**-**	**935,784**

27. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

b. Capital Management

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

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, issue new shares or raise debt financing. No changes were made in the objectives, policies or processes for the years ended December 31, 2015 and 2014.

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

28. FINANCIAL INSTRUMENTS

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

Financial instruments carried at fair value or amortized cost

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

Financial instruments with carrying amounts that approximate their fair values

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

28. FINANCIAL INSTRUMENTS (continued)

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

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

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

29. SUPPLEMENTARY CASH FLOWS INFORMATION

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

30. RESTATEMENTS OF THE FINANCIAL STATEMENTS

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

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

30. RESTATEMENTS OF THE FINANCIAL STATEMENTS (continued)

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

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

30. RESTATEMENTS OF THE FINANCIAL STATEMENTS (continued)

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

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