PT RAMAYANA LESTARI SENTOSA Tbk

Reassessing Potential in Changing Market Environment

Annual Report 2012

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Vision Mission

As one of the most prominent department stores in the Republic of Indonesia, Ramayana has grown and prospered with the steadily augmented buying power of average Indonesians, numbering in the millions. First established as a modest effort in 1978, today Ramayana stands as a market leader in the middle-low and lower retail segment.

The Company's key merchandise continues to be clothing, accessories and other fashion goods, shoes, toys, household items, stationery and foodstuffs.

Ramayana continue to provide latest trends and styles in clothing's and accessories for its low end market at reasonable prices.

Ramayana champions a triune of QUALITY-SERVICE-VALUE, and attributes its continued success and steady expansion in the past four decades to its appeal.

Customers demand QUALITY. Ramayana delivers quality merchandise, stylishly designed in line with contemporary trends.

Ramayana presents the merchandise with superior SERVICE. The customer must always feel like an honored guest, and should be comfortable when shopping.

Intense competition is keyed to VALUE. Consumers are price-conscious as never before. They know what something should cost and they know what they can pay for it. Our success in repeat business comes in large part from the value-for-money of our garments and other items.

In a rapidly-moving world, Ramayana intensifies efforts to expand profit margins, facing changing demographics and acute limits on disposable consumer income in its target markets of middle-low and low- income Indonesians.

In the continuing quest to follow trends and exploit opportunities ahead of real or potential competition, new retail outlets are opened in promising areas, and poor performers are shut down in others.

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

Vision

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

Mission

We shall maintain our place as Indonesia's major retailer, through market expansion, intelligent cost control, upgraded customer service, developed human resources and sustained beneficial relationships with business partners: all supports the objective, to maximize shareholder value.

History

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


MAL SORONG
Ramayana

The Year in Review at Ramayana History Timeline & Awards for 2012

Awards

Asia's Best Companies 2012

Superbrand 2012

Indonesia Best Companies 2012

Pedagang Eceran Terbaik Tahun 2012

Looking back at 2012 Ramayana grew and yielded profits as a result of its long momentum in the market – as the year did not at all go as planned by management.

Long experience and intense study of market trends and economics was insufficient to reveal the effect of global economic slowdown would affect our target market, while overall consumer psychology was still very optimistic and bold.

Jabodetabek was not as saturated as we presumed, and management was pleased to note a 9.2% growth figure for Indonesia's Capital Region. Steady job creation, a record increase in the minimum wage, inflation suppressed and strong FDI all worked to augment disposable income of average Indonesian consumers. And they went boldly shopping, all the year long.

Remittances from overseas workers continued to cycle back to Ramayana during the year, especially in Java, where nearly five million TKI, or overseas Indonesian workers, send some USD 12 billion a year to their families. The effect for Ramayana was some 11.3% sales growth in stores across Java in 2012. Some 25.5% of the Company's business comes from our stores across Indonesia's most populous island, and the target for 2012 was 7.5% growth.

The precipitous decline in demand for coal had a sharp negative effect on sales in the outer islands of Indonesia, particularly Sumatra and Kalimantan, where mines laid off several hundred thousand workers and sent them home. The industry is convinced that coal will bounce back, as it is truly the 'fuel of the future' (and just about the only one left). But the short-term outlook for coal exports is clouded.

Thus, in summary, we may conclude that it was a year of mixed blessings for Ramayana. While our expectations for sales and revenues were exceeded in the important DKI market, results from the outer islands failed to match projections, mostly because of external factors beyond Indonesia's control.

Financial Highlights for 2012

The year began with an optimistic outlook, both domestically with regard to export markets; mid-year, a sharp slump in demand for coal exports began to exert an effect on retailers, particularly those with businesses in the outer islands of the Indonesian archipelago.

Exemplary political, social and economic stability allowed businesses to operate with confidence and continuity. Bank Indonesia exhibited strength and determination in suppressing inflation and maintaining a stable Indonesian Rupiah exchange rate, against ambient strong currents in the international currency markets. The Indonesian banking system clocked over 20% in profits, and banks are looking at a healthy 2013 as well.

While there seems to be no end to the economic troubles in the EU and the USA, the growing mass of middle-class Indonesian consumers keeps consuming, and with 2012 GDP registering 6.5%, inflation controlled and disposable income still sufficient to afford our merchandise, both the nation and Ramayana are in good shape. Over the long term, both energy and commodity sectors are bound to pick up, and if the various levels of Government can somehow resolve large-scale unemployment and under-employment, Ramayana should continue to benefit from steady growth.

We are particularly concerned about a slump in sales in the outer island stores; lower operating costs, higher margins, weaker competition and the absence of a need to offer discounts or do promos mean stores in Sumatra, Kalimantan and the eastern regions return a higher yield. Nearly 50% of Ramayana net profits come from these regions, and the slowdown in commodities and mining has dampened consumer commitment there. We look toward an era of recovery of those economic segments.

Ramayana is also concerned about real inflation, vs. the low figure delivered by the Government. When prices for food, fuel and shelter keep rising, consumers don't have enough left for discretionary purchases.

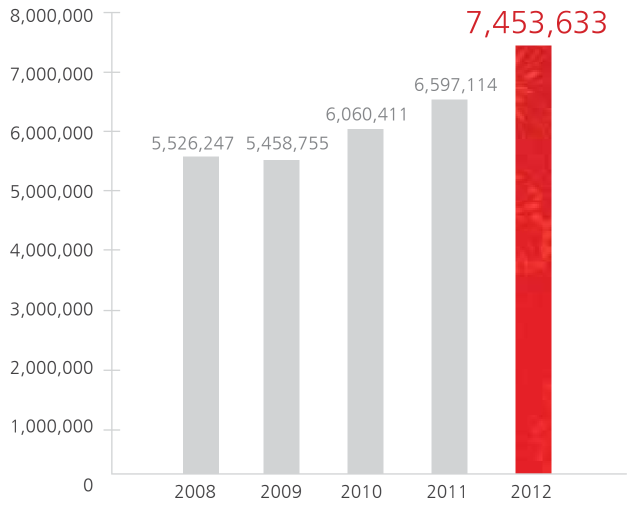
2012 saw a spectacular rise in stipulated minimum wages for DKI and West Java, which explains in part the jump in performance of our stores in these areas. People simply have more disposable income, and can buy a broader selection of merchandise.

Inasmuch as 28% of our profits come from Greater Jakarta (DKI), 24% from the rest of Java, and 48% from all the remaining outlying islands of Indonesia, we must concentrate on volume and turnover, just like other retailers. We are forced in these highly-competitive areas to offer steady discounts, promotions and other expensive attractions to bring in foot traffic, particularly since the threat from mini-markets is difficult to counter with our traditionally weak food retail sections.

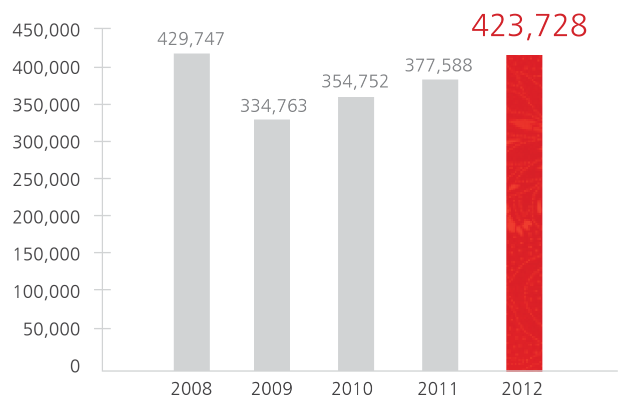
While malls and shopping centers are indeed opening in a number of secondary cities across the archipelago, we are still more optimistic about returns from consumer potential in Sumatra, Kalimantan and Sulawesi. Rents and wages are lower, and in fact Ramayana has a virtual monopoly on quality clothing in many places. This is the target of hope for the future.

We present here a brief Financial Summary for the year, sent along with best regards for our business partners and other stakeholders.

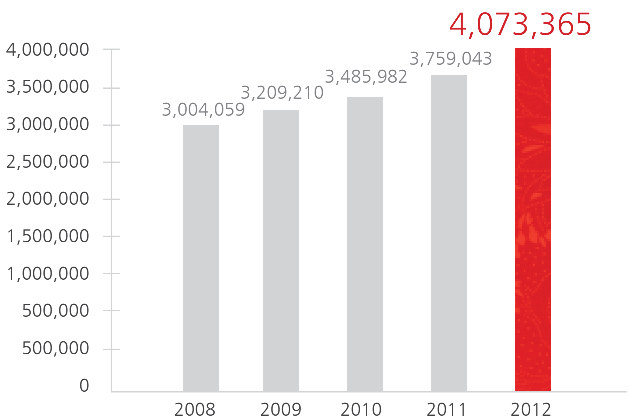
in Million Rupiah	2012	2011	2010	2009	2008
Statements of Comprehensive Income					
Outright Sales	4,992,478	4,467,995	4,258,281	3,830,788	3,927,141
Consignment sales	2,461,155	2,129,119	1,802,130	1,627,967	1,599,106
Cost of Consigment Sales	1,753,924	1,510,956	1,285,243	1,148,360	1,118,693
Commission On Consignment Sales	707,231	618,163	516,887	479,360	480,413
Total Revenues	5,699,709	5,086,158	4,775,168	4,310,395	4,407,554
Cost of Outright Sales	3,724,637	3,315,084	3,116,277	2,839,025	2,883,585
Gross Profit	1,975,072	1,771,074	1,658,891	1,471,370	1,523,969
Operating Expenses	1,557,408	1,407,014	1,288,061	1,104,825	1,107,366
Income from Operations	446,417	377,582	365,122	366,545	416,603
Finance Income	48,435	67,077	40,997	37,578	104,570
Income Before Income Tax	494,852	434,256	411,827	404,123	521,173
Income Tax Expense	71,124	56,667	57,075	69,360	91,426
Income for The Year	423,728	377,588	354,752	334,763	429,747
Number of Shares (in millions)	7,096	7,096	7,096	7,064	7,064
Basic Earnings per Share (Rp)	60	53	50	47	61
Statements of Financial Position					
Cash and Short Term Investments	1,323,372	1,275,561	1,085,943	1,005,527	1,123,121
Inventories	763,117	715,843	729,997	640,758	475,377
Total Current Assets	2,319,291	2,133,254	1,940,365	1,758,933	1,706,046
Total Assets	4,073,365	3,759,043	3,485,982	3,209,210	3,004,059
Accounts Payable	723,184	691,049	603,190	568,527	501,115
Total Current Liabilities	871,554	780,468	680,772	626,179	571,928
Total Liabilities	1,031,480	917,646	805,546	736,592	676,571
Total Equity	3,041,885	2,841,397	2,680,436	2,472,618	2,327,488
Total Loan	0	0	0	0	0
Net Cash Position	1,323,372	1,275,561	1,085,943	1,005,527	1,123,121
Net Working Capital	1,447,737	1,352,786	1,259,593	1,132,754	1,134,118
Financial Ratio					
Current Year Profit on Assets (%)	10 .4	10 .0	10 .2	10 .4	14 .3
Current Year Profit to Equity (%)	13 .9	13 .3	13 .2	13 .5	18 .5
Current Ratio (x)	2 .7	2 .7	2 .9	2 .8	3 .0
Liabilities to Equity (x)	0 .3	0 .3	0 .3	0 .3	0 .3
Liabilities to Total Assets (x)	0 .3	0 .2	0 .2	0 .2	0 .2
Sales to Total Assets (x)	1 .8	1 .8	1 .7	1 .7	1 .8
Net Cash Position to Equity (%)	44	45	41	41	48



Total Sales
Million Rp



Net Income
Million Rp



Total Assets
Million Rp

Report of The Board of Commissioners

Paulus Tumewu
President Commissioner

Dear Valued Shareholders,

On the occasion of our submission of the 2012 Ramayana Annual Report, I wish to send along greetings and convey best wishes, on behalf of all the Management and staff of PT Ramayana Lestari Sentosa Tbk.

Although certain of our projections were not met in Year 2012, we must still state the overall results as satisfactory, with total revenues at Rp 5,699.7 billion, up 12% over the 2011 figure of Rp 5,086.2 billion. Results are historically divergent from Java, Bali, NTT, and in the outer islands they marked Rp 2,367.1 compared to the comparable figure for 2011 at Rp 2,164.7 Billion.

The current market capitalization of the Company stands at approximately USD 903 million. The Company carries no debt whatsoever, and has a large cash war chest for contingencies.

Our steady performance and progress upward is due in no small part to the diligent efforts of the Board of Directors, whose commitment to the Company's growth strategy has paid off handsomely, and as well I wish to recognize the Board's efforts to explore new business opportunities and implement innovation, while adjusting our business portfolio.

The Board of Commissioners has instructed the Board of Directors to continue to pursue prudent risk management and faithful adherence to good corporate governance, as they demonstrated in 2012.

We all strive to maintain margins against the pressure of rising costs and wage increases. A novel and flexible business strategy is required to meet such challenges.

We also need to acknowledge our Corporate Social Responsibility, in terms of assisting those less fortunate in the community, and supporting the career goals and personal development of our own human resources at Ramayana.

In closing, on behalf of the entire Board of Commissioners, I would like to extend my gratitude to the shareholders and other stakeholders for their trust and support, and to the Board of Directors and 15 thousand employees of Ramayana for their efforts to champion our business and build sustainable performance.

I once again assure all shareholders that the Management Company is committed to deliver its most significant efforts to continually optimizing shareholder value.

Paulus Tumewu
President Commissioner

Report of The Board of Directors

Agus Makmur
President Director

Dear Shareholders,

While Year 2012 did not meet all targets, the conclusion is that it was relatively satisfactory in terms of overall returns of 13% over 2011, thus fulfilling 99.3 % of planned sales targets.

I would like to report an increase in net income, up by 12 % to Rp 423.7 billion. Liquidity and the balance sheet both are healthy, as reflected in the ratio of current assets to current liabilities of 2.7 times in 2012.

While average same-store growth stood at 8.8 % in 2012, drove up operating expenses, which stood at Rp 1,179.9 billion against total revenues Rp 5,699.7 billion. We stimulate sales, as every 10% increase realizes a 15% rise in the bottom line.

As we open new stores (7 in 2012), adding some 80.000 m^2 in floor space, we pay particular attention to energy efficiency and other ways to suppress costs, along with implementation of diversification, which continues.

At the time of delivering this Annual Report we operate 113 stores in 54 cities across the archipelago. This calls for efficient and rapid-response central warehousing and better systems. As in the past, much of Ramayana income results from remittances from the millions of Indonesian workers abroad, who send back approximately USD 12 billion a year to their families here. In spite of a global slump there is still a healthy demand for Indonesian workers globally.

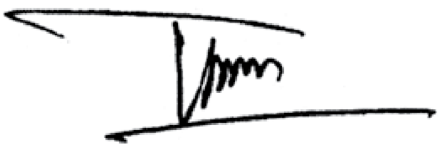
The Government of Indonesia has continued its policy encouraging economic and political stability, maintaining the Indonesian Rupiah at a steady rate against market pressures. We wish in this sense to commend Bank Indonesia for its efforts during the year, thanks to which consumers feel confident enough to spend disposable income in our stores.

We would like to send thanks to appropriate authorities in the Government for keeping Indonesia growing against a panoply of global economic stagnation, and working to sustain exports in the face of declining demand abroad.

Our efforts toward spurring competition among work groups and suppliers have paid off in more attention to value-for-money, which is where we deliver superior results. Our HRD is based around encouraging all employees and suppliers to be proactive, innovative and communicate openly.

Continuing the values inherited by our Founder, and propagated to all in the Company, we champion disciplined risk management, good corporate governance, efficiency and prudent financial management. In 2013, a year of cautious optimism, we continue our business strategy, by focusing on developing new stores, premiering new products at an affordable price and with Ramayana quality, and encouraging sales through consignment product sharing. We still need to upgrade our food section, which returns 30% of our income but practically no profit, and which is under a serious threat from the 15.000 mini-markets scattered across Indonesia. Diversification and adroitness will be required in this effort.

On behalf of the Board of Directors, we would like to express gratitude for the steady support of all shareholders, including management and staff, suppliers, customers, communities, government officials and all those who have been faithful business partners with us at Ramayana.



Agus Makmur
President Director

Planning & Expansion Across the Archipelago

Ramayana continues to offer great value-for-money, with quality merchandise offered to lower and lower-middle-class Indonesian consumers across the archipelago; many factories continue to open, particularly in West Java, and this will result in higher disposable income for the business. We have, for instance, great hopes for the big new store in Cibadak, West Java.

Taking into account the perilous situation of the world economy, we continue to pursue a strategy of prudent expansion and severe cost control, all necessary to maintain margins. New products steadily appear, and our advertising, promotions & display strategy is designed for appeal to all ages, with popular style: several times a year Ramayana buyers visit major Asian capitals to study trends in fashion.

Ramayana suppliers play a key role in this process, as they consult our design team on an on-going basis: most have dealt with us over a number of years, and we share a deep understanding.

Suppliers and other business partners also help to keep us abreast of the latest tastes and trends, as we need to attract an often fickle consuming public.

In the effort to provide value for money, we engage in intense planning sessions, calculating how to hold to price points, selling garments at legacy prices while all costs are rising, as raising prices would be inadvisable.

We continue to research the supermarkets situation and are determined to resolve an original approach, matching income with margin. In years past, as a test, we have attempted to run stores without the supermarket but there was a noticeable drop-off in foot traffic, affecting overall sales. By being primarily a dry goods type of market, where the consumer does not need to shop every day (as opposed to the wet market offering fresh fruits, meats, fish and vegetables) there is less consumer interest in making a specific shopping trip to our supermarket on a daily basis. Thus, thinner foot traffic through the store. If we upgrade to a more complete supermarket style, that still will not ensure stronger profits for the food section. The entire matter deserves further study and research.

Ramayana has continued to exhibit profitable growth, considering a generally sluggish global economic environment. During 2012 we expected to raise our profile, particularly in the outer islands (beyond Java), through opening new stores. A sharp downturn in the demand for commodities, particularly coal and palm oil, spelled disappointment for those hopes. We are looking toward recovery of the economies of importing countries to revive sales in Ramayana stores throughout the outer islands of Indonesia.

Management vows to maintain operational efficiency, through strict control of all costs and heightened productivity, with leverage offered by new distribution centers. We also promise to improve communications with all business partners, for mutual benefit.

Promotions for the year included bringing singing stars and other celebrities into regional centers to greet customers. This proved remarkably successful, and sales boomed on the days of the visits. We also time our promos and discounts to match Indonesian religious holidays and other festivals.

Step by step we balance the product mix in every department, and retrain staff to provide faster, more accurate and friendlier service to every shopper, understanding that many Indonesians are living on tight household budgets.

In 2012 Ramayana opened seven new stores - mostly situated in Indonesia's rapidly growing area. Growth rate of 13 % as of end-2011 is an encouraging sign. With 113 stores in 54 major cities, with total gross selling space at 962,567 msq. we are well positioned to take advantage of the boom in consumer activities. Note that productivity has increased steadily over the years, from Rp. 18,586/msq in 2006 to Rp. 19,593 in 2009 to Rp. 21,990 in 2012. This has become possible through wise implementation of the latest IT, time and motion studies, and continuous study of outlet productivity.

Ramayana has forged through several major economic crises in the Southeast Asian region in the past decade and continues to serve its varied clientele suitably, turning a solid profit over the years. Fulfilling our role as "The People's Store", we will hold steady to current policies, including the provision of a broad range of quality products at affordable prices.

Information Technology and New Retail Development

Computer technology continues to make advances, and reducing the need for human workers, with their demands, errors and inconsistencies, has made business much more efficient – and now this is starting to happen in Indonesia.

Our modern warehouses are heavily IT-based, and ordering, inventory, distribution and stock-taking have become much more accurate and faster thanks to computer technology.

As nearly all businesses in the world today have become information technology (IT) - intensive, Ramayana continues to pursue investments in computerized systems, for all aspects of front office and back office dealings. This is particularly important for this company, as we are sprawled across the landscape as no other firm of our size, so coordination and communication become vitally important.

Networking across vast distances in real-time continues to yield advantages for ordering, inventory, billing, customer relations, day-to-day management operations and many other aspects of our business.

With a network of 113 stores in just about every region of Indonesia, internet-based communications are of vital importance. This includes data-based merchandising, warehousing and store operations.

In line with the emergence of ever more powerful (and potentially cost saving) software programs, new hardware and dedicated software are in place: RP30 NCR POS and WINCOR i8, with Cisco Wireless LAN (installed in every single store) and a SUN Microsystems Server for our Head Office have certainly paid for themselves in accuracy and productivity.

Indonesia, being an archipelago spread over several time zones, has traditionally needed to invest heavily in satellite, telecommunications and computer technology, to coordinate governmental, military, scientific and business communications branches across the nation. Ramayana is just the type of enterprise that has benefitted from heavy IT investment.

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

Business Review: Cost Control & Maintaining Profit Margins

Operational Review

It has been a year of surprises, as our West Java / DKI Jakarta revenues have gone up surprisingly, whereas the hopes we had for increased business in the outer islands were not fulfilled, thanks to a slump in demand for commodities.

During 2012 Ramayana was able to mark 99.3% of planned sales targets, with particularly strong (and surprising) performance from DKI Jakarta and West Java, where the competition is intense (particularly in the supermarket sector, in recent years). 30% of revenues emerge from Greater Jakarta, with 9.2% growth for Ramayana.

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

While the Government of Indonesia has put out a surprisingly modest figure for inflation, we tend to think that actual disposable income is being squeezed by higher food costs, transport costs rising and recent hikes in utilities tariffs, up to 15%. All of this is bad news for retailers.

What is sustaining the retail business is the continuity of optimism among the fifty million consumers with enough spending power to patronize Ramayana. They are our hope for future prosperity and also for national development.

The Java axis is the most heavily - populated region of Indonesia, and has been the traditional focus of sales efforts. This is changing, but we naturally still depend on the core islands for most revenue.

Same-store sales growth of 7.5 % was projected for the year, against overall Indonesian retail figures of around 18% growth for the year.

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

Our food section is comprised of a mix of approximately 28% for foods & toiletries, with another 8% for household goods, housewares & stationery. Low gross margins and relatively small turnover also mean the section is more of a cost center than a profit center.

While the mini-market boom is still limited to the major urban areas of Java and Bali, it is only a matter of time before they expand across the whole archipelago. When the competition automates all transport, stocking, distribution and storage, we will have to respond in kind.

Consignment Strategy And Owned Goods At Ramayana

Flexibility, creativity and novelty – these values will draw consumers into Ramayana. When they can be sure of being able to see new styles and novel merchandise, this will be a strong impetus for them to pay us a visit. This is a key reason for our embracing Consignment as a retail tactic, to the extent that it contributes some 30% of total revenues. To keep displays and merchandise fresh and different, management has set up, developed and nurtured consignment departments. We realize that while the 28% margin on consignment is considerably lower than the 35% - 37% we can recoup through outright Sales, the advantages are many: lower costs (particularly for sales staff), inventory costs and so forth. Today's smart consumer also appreciates a broad and changing variety of brands to choose from, something considerably easier to leave to consignment entrepreneurs.

For these and other reasons Ramayana policy is to encourage more area for consignment in future endeavors.

Planning, Opening & Closing of Outlets During 2012

Ramayana operated 113 stores in 54 urban centers, in locations across the Indonesian archipelago.

New outlets were located in Cibadak & Cirebon (West Java), Parung (Bogor Regency), Lampung (Sumatra), Kebayoran Lama, Duren Sawit (Jakarta) and Sorong (Papua Province), adding 76.835 msq of retail space. Six more store openings are planned for 2013. One underperforming store was closed: the Bogor outlet on Jl. Mayor Oking Kareng Asem Barat.

Gross total space was estimated at 962.500m^2, representing a 7.8% increase over measured area for 2011.

Absolute growth of 13% in 2012 was better than the 8.9% figure for 2011.

In terms of annual productivity, average sales per square meter amounted to Rp. 8 million for the year. Through automation, increasingly reliable IT and other technology, we expect to be able to increase the figure of productivity in coming years.

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

In-store promos, banners and discounts are seen as the most effective way to campaign. Discounts, and a favorable pricing structure, will accomplish more than advertisements.

It is during Lebaran, Christmas and New Year's – all national holidays – that Ramayana can optimize sales through above-the-line strategies such as targeted television and radio ad campaigns, timely display ads in local and national-coverage newspapers, outdoor billboard displays with eye-catching.

Banners, situated in strategic areas. Flyers are also distributed in local communities, to generate street level-interest. Ramayana store openings are always a festive event, drawing hundreds of local people – particularly in outlying areas where entertainment is minimal.

Store opening sales and back-to school events are also popular, drawing in the curious as well. Periodic Ramayana discount programs boost sales significantly, while maintaining a high profile for Ramayana brands nationwide. These events also provide an opportunity to coordinate with our Corporate Social Responsibility program.

Sales Performance in 2012

Revenues rose by 12 % to Rp 5,699.7 billion from Rp 5,086 in 2011 and Rp 4,775 billion in 2010.

Liquidity & Capital Resources

It is noteworthy to record that the Company's balance sheet in 2012 stood debt-free, as in previous years, and Ramayana remains quite liquid. The current ratio for the year continues to mark a Company with ample funds and resources to deal with all current liabilities and foreseeable contingencies.

Other Income for 2012

Interest income decreased by 17 %, to Rp. 48.4 billion, in 2012, against Rp56.6 billion during 2011. We recorded a gross margin figure of 26.5% for the year.

Gross Profit for the Year

Gross profit rose by 11.5 %, to Rp 1,975 billion, against the 2011 figure of Rp 1,771 billion.

Net Income for the Year

Net income for 2012 stands at Rp 423.7 billion, compared to Rp 377.6 billion for 2011.

Operating Performance

Operating expenses for 2012 were affected by Government-stipulated minimum wage increases rising by 10.7 %, to Rp. 1,557 billion from Rp. 1,407 billion in 2011. This category covers salary increases, renovation and maintenance, in addition to utilities. Costs were also incurred for transportation and travel, supplies, advertising and promotions, along with the seven new Ramayana opened in 2012.

The ratio of operating expenses to total revenue stood at 20.9 %

Outlets

As stated above, particular emphasis is being accorded to expansion through the outlying islands, as margins are higher and costs lower. Seven new stores opening in 2012 :

- Plered, Cirebon
- Rajabasa, Lampung
- Kebayoran Lama, Jakarta
- Parung, Bogor
- Duren Sawit, Jakarta
- Cibadak, Sukabumi
- Sorong, Papua

Under-performing stores are periodically closed after due consideration. Thus, as of end-2012, we may count a gross total of 962.567 m^2, with net area total at 691.592 m^2.

Dividends

We would like to confirm that in 2012, as in every year following the 1996 IPO, the Company has disbursed annual cash dividends to shareholders, ranging from 40.0% to 67.4% of the previous year's net profit, as stipulated by stated Company dividend policy. At the most recent Annual General Shareholders' Meeting, the Company disbursed a cash dividend of Rp 30 per share, equivalent to 56.4 % of 2012 net income.

Cash & Cash Equivalents

As of end-2012. total cash and short-term investments stand at Rp 1,323.4 billion.


CIREBON SQUARE
Ramayana
Ramayana

Human Resources Development at Ramayana in 2012

The dramatic rise in the legal minimum wage for Greater Jakarta, West Java and other areas was both a blessing and a curse for Indonesian businesses. Averaging some 11% across Indonesia, it naturally raised the cost of doing business considerably, threatened to stoke the latent worry of inflation, and made Indonesian exports less competitive.

For Ramayana, however, while it added to our operational costs, it was much more of a blessing, as the additional disposable income in the pockets of average Indonesians would in due course be spent largely on the items we sell at our outlets. For this reason we recorded a 'bump' upwards in sales figures after the wage increases came into effect.

A three-day training course is provided for all new employees inducted, and as well for those high school apprenticeship trainees (PKL) whom we hire, particularly during the Lebaran season, when foot traffic skyrockets, and Christmas / New Year's as well. Some of the apprenticed students hired as PKL are from the Hotel Division of SMK (vocational schools).

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

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

In 2013 a new training system will be implemented, in all stores across the nation. Project-based leadership training will be stressed, and close performance evaluation on middle management will enable senior management to appraise the quality of its human resources.

In order to maintain confidence and loyalty among the work force, efforts are made to retain employees even during periods of downturn or other interruptions. Superfluous workers are not fired; rather, the Company does not hire replacements, once they retire. Thus the total number of employees had a natural attrition, from 20.856 in 2010 to 17.926 in 2012, with no loss in productivity.

An Active Stance toward Corporate Social Responsibility

As in past years, Ramayana takes sincere interest in the welfare of the community at large, particularly those citizens who live in areas neighboring our stores, warehouses and other facilities. In accepting this responsibility, the Company acknowledges its responsibility to all stakeholders and to its neighbors around the Indonesian archipelago.

Our medical program has become larger than ever, and on 22 April 2012 at a mass event at Sekolah Tunas Dharma, the Tangerang program served complementary medical treatment for 2.512 patients, covering diagnosis, application of medications and even full-scale operations, by a staff of 60 doctors and an equal number of nurses.

The mass CSR event was carried out in collaboration with a local Vihara and Amanda Hospital, led by Dr. Helen.

Around 60% of the treatments were minor in nature but there were also fairly serious operations (some of which necessitated follow-up treatment). Here is a breakdown of the type of medical treatment administered and the number of local people who became patients:

Type of Intervention	Number Treated	Type of Intervention	Number Treated
Removal of benign skin growths	41	Bladder tumor operation	9
Removal of average benign skin growths	14	Harelip correction operation	12
Removal of large benign skin growths	42	Tonsillectomy	15
Hernia operation	64	Cataract operation	159
Goiter removal operation	10		

Total number of local inhabitants operated on during the event	**366**
Total expenditure for the CSR event	**Rp 903,393,900**

Ramayana continues to survey and plan social support of this nature, in its efforts to share its prosperity with needy families who cannot afford medical treatment, particularly those living in areas bordering our businesses.

Good Corporate Governance

Company Governance

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

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

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

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

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

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

Transparancy

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

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

Accountability

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

Responsibility

As a public company, and one which prioritizes the principles of Good Corporate Governance, compliance with laws, regulations of the new Financial Authority (OJK) and the Indonesia Stock Exchange (IDX), government regulations and taxation laws must be complied with, for the long-term benefit of Shareholders.

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

Independence

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

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

Fairness

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

An operative GCG structure ensures implementation of Good Corporate Governance in all operational and strategic activities of the Company.

General Meeting of Shareholders (GMS)

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

Ramayana conducted its Annual GMS. In the Annual GMS, the Annual Report, Audit Report, dividend payments and total fees for the Board of Commissioners were approved.

Board of Commissioners (BOC)

The BOC plays an important role in GCG implementation. The duties and responsibilities of the BOC include supervising the Company's management policy, ensuring appropriate implementation of the Company's Articles of Association, enacting the resolutions of the Shareholders

General Meetings within prevailing laws and regulations, and advising the Board of Directors in accordance with the objectives of the Company. In order to perform its duties effectively and to fulfill the requirements of GCG implementation, the BOC has established an Audit Committee, headed by an Independent Commissioner. The Audit Committee reserves the right to access all information available in the Company, provide independent analysis, monitor the examination process of financial reports by both internal and external auditors and provide access to the internal audit function and audit findings.

Meetings of the BOC and joint meetings with the BOD take place regularly. The total amount of remuneration received by the BOC for 2012 was Rp. 4,4 billion.

Board of Directors (BOD)

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

In accordance with the decision of the Annual GMS of 25 May, 2012, related to the duties and authority of the BOD, the following were appointed or confirmed:

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

Remuneration received by the members of BOD for the year 2012 was Rp. 3,1 billion.

Audit Committee

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

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

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

The Committee also stresses the importance of internal control as the responsibility of the Company, as studied and reported by external and internal auditors.

During the year 2012, the Audit Committee has conducted three meetings with the Board, providing the Board its independent opinions and suggestions. Audit Committee members have also attended meetings with internal auditors and the Board of Directors to discuss the findings and recommendations from internal auditors to the Board.

Composition of the Audit Committee as of December 31, 2012:

Chairman: Kardinal A. Karim (Independent Commissioner)

Members:
1. Ruddy Hermawan Wongso
2. Tonang Sendjaja

Executive Committee

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

Corporate Secretary

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

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

Internal Audit Unit

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

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

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

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

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

Compliance Audit

The Internal Audit Unit has implemented a SOP compliance audit on all units of the Company during January 2012 - December 2012, covering: the handling of cash, operations, promotions and Human Resources.

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

(1) Finance & Accounting SOP:
- Procedure for petty cash management.
- Procedure for advance payment.

(2) Human Resources Department SOP:
- Procedure for medical reimbursement.
- Procedure for operational vehicles.

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

Risk Management

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

1. Economic Risk

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

In order to minimize economic risk, Ramayana intensively monitors the economic condition and seeks professional opinions from competent sources. The Company is also naturally hedged against currency fluctuations, through the US-Dollar denominated revenues from its businesses. Furthermore, the Company consistently matches the currency of the loans for project financing with that for project revenues.

2. Security Risks

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

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

3. Business and Property Risks

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

4. Competition Risks

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

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

5. Legal Risks

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

Organization Structure

Management Discussion & Analysis

Revenues

While failing to achieve the planned numbers, the Company achieved satisfactory results in 2012, with total revenues standing at Rp. 5,699.7 billion up from the Rp. 5,086 billion of 2011. This achievement is the result of several important initiatives of the Company and is directly related to increased sales of consignment and outright sales: outright sales in 2012 marked Rp. 4,992.5 billion, up from Rp. 4,468, by 11.7 %. Consignment grew 15.6 % for the year.

Gross Profit

In balancing enterprise with prudence, and suppressing costs wherever possible, the Company booked a 12.2 % increase in gross profit, at Rp 1,975 billion, compared to the 2011 figure of Rp 1,771 billion. We also note a slight improvement in gross profit margin 11.5 %.

Operating Expenses

This category consists of Marketing Expenses, General & Administrative Expenses, and Depreciation & Amortization Expenses. Total 2012 operating expenses were up 10.7 %, from Rp 1,407 billion in 2011 to Rp 1,557 billion. A major increase in the minimum wage, along with rental, accounts for this rise. The basic electricity tariff is steadily adjusted upward, (especially for businesses), and management expenses rise in line with the revenue growth of the Company.

Operating Profit

The Company's operating profit for 2012 increased by 18 % to Rp 446.4 billion from Rp 377.6 billion in 2011, the ultimate evidence of commitment, efficiency and good service, in implementing a right strategy in optimizing opportunities in investments.

Net Profit

In 2012, the Company has recorded Rp 423.7 billion in net income, against Rp 377.6 billion in 2011, for an increase of 12.3 %, while operating expenses rose by Rp 150.4 billion.

Statement of Financial Position

Assets

As of December 31, 2012, total assets marked Rp 4,073 billion, against Rp 3,759 billion for the previous year. This was the result of seven new stores.

Liabilities

The Company's total liabilities for 2012 increased by 12.4 %, from Rp 917.6 billion in 2011.

Equity

In the achievement of a net profit of Rp 423.7 billion for 2012, and retained earnings of Rp 2,575.6 billion, against Rp 2.365 billion in 2011. This is the closest net profit has yet come to the 2008 figures of Rp. 430 billion.

The Company's equity rose by 7 % from Rp 2,841 billion in 2011 to Rp 3,041.9 billion in 2012.

Dividend

At the Annual General Shareholders' Meeting on 25 May 2012, the Company disbursed a cash dividend of Rp. 30 per share, equivalent to 56.4 % of 2011 net income.

Shareholding Composition

Shares

Share Capital	As of 31 December 2012
Authorized Capital	28,000,000,000
Issued and Fully Paid Capital	7,096,000,000

Composition of Shareholders	2012	IPO
PT Ramayana Makmur Sentosa	55.88%	61.10%
Paulus Tumewu (President Commissioner)	3.66%	16%
Public (<5%)	40.46%	22.90%
	100%	100%

Ramayana Stock Price

Dalam Rp, kecuali volume

2011	Quarter	Highest	Lowest	Closing	Volume
	I	870	700	782	3,210,452
	II	850	720	775	3,473,254
	III	870	680	782	3,194,083
	IV	740	560	642	5,805,563
2012	**Quarter**	**Highest**	**Lowest**	**Closing**	**Volume**
	I	860	660	1.187	7,287,692
	II	1.060	770	1.101	5,907,361
	III	1.270	920	910	10,471,145
	IV	1.440	970	782	5,593,071

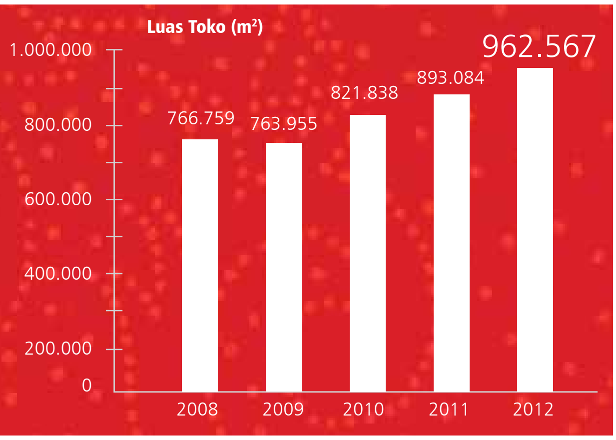
History Stock Listing

Shares

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

Our Stores – Today & Tomorrow

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



No	Store	Address
1	R02	Jl. Raya Bekasi KM 21 Pulo Gadung, Jakarta Utara
2	R05	Jl. Hasanudin Terminal Bawah Blok M Mall Jakarta Selatan
3	R05A	Jl. Hasanudin Terminal Blok M Mall Jakarta Selatan
4	R06	Jl. Pahlawan 1000 ITC BSD, Tanggerang
5	R08	Jl. Sabang, Jakarta Pusat
6	R10	Jl. Pasar Palmerah Lt.2 Jakarta Pusat
7	R11	Jl. Raya Ragunan No. 113 Pasar Minggu, Jakarta Selatan
8	R12	Jl. Pasar Baru No. 69, Jakarta Pusat
9	RK	Jl. Raya Bogor Pasar Kramat Jati Lt.1, Jakarta Timur
10	R14	Jl. Tanjung Duren Barat, Pasar Kopro Lt.2-3, Jakarta Barat
11	R15	Jl. Dewi Sartika no.1, Bogor
12	R20	Jl. Ciputat Raya Ciputat
13	R21	Jl. Ir. H. Juanda, Pratama Plaza Bekasi
14	R22	Jl. Raya Ragunan Ex Terminal Pasar Minggu Jakarta Selatan
15	R24	Jl. Raya Pondok Gede
16	R25	Jl. Surya Kencana , Bogor
17	R26	Jl. Merdeka Cimone Tanggerang
18	R28	Jl. By Pass Cikarang , Pasar Baru Cikarang
19	R29	Jl. Kramat Jaya Tugu, Tanjung Priuk, Jakarta Utara
20	R30	Plaza Mitra, Jl. Antasari Banjarmasin
21	R31	Jl. Daan Mogot Raya, Kodim, Tanggerang
22	R32	Jl. Tebet Raya Dalam, Pasar Tebet, Jakarta Selatan
23	R33	Jl. Yos Sudarso No. 30, Koja Plaza Tanjung Priuk, Jakarta Utara
24	R34	Jl. Margonda Raya Plaza Depok
25	R35	Jl. Raya Serang Mall Cilegon
26	R36	Jl. A Yani Jambu Dua Bogor
27	R37	Jl. Raya Cibitung, Bekasi
28	R38	Jl. I Gusti Ngurah Rai Kec. Jatinegara Kel. Klender, Jakarta Timur
29	R39	Terminal Square, Purwakarta
30	R40	Jl. Lingkar Luar Cengkareng Tanggerang, Plaza Cengkareng, Tanggerang
31	R41	Jl. Sutomo Kelurahan Pahlawan Kecamatan Siantar Timur
32	R42	Jl. Raya Bogor, Graha Cijantung, Jakarta Timur
33	R43	Jl. Raya Jakarta-Bogor, Depok
34	R44	Jl. Pondok Raya, Plaza Bintaro, Bintaro, Tanggerang
35	R45	WTC Batanghari Jl. Sultan Toha Jambi
36	R46	Pasar Muka Jl. Muardi Cianjur
37	R47	Jl. Lapangan Tembak Cibubur
38	R48	Pasar Bawah Jl. Raden Intan Tanjung Karang Lampung
39	R49	Jl. HOS Cokroaminoto Ciledug
40	R50	Jl. Andi Pettarani, Panakukang Mas, Ujung Pandang
41	R51	Plaza Muara Rapak, Jl. Sukarno Balikpapan
42	R52	Pasar Pangkal Pinang, Bangka Belitung
43	R54	Gedung Ilir Barat Permai Kel 24 Ilir Kecamatan Luar Barat Palembang
44	R55	Jl. Pulau Irian, Samarinda
45	R56	Jl. Jendral Sudirman Pekan Baru
46	R57	Jl. Tanjung Pura Pontianak
47	R58	Jl. Sisingamangaraja Medan

No	Store	Address
48	R60	Pasar Simpang 3 Jl. Gajah Mada Tarakan
49	R61	Flobamora Mall, Jl. Lalamentik Kupang
50	R62	Plaza Medan Baru, Pasar Peringgan, Jl. Iskandar Muda, Medan
51	R63	Jl. Pangeran Antasari Pasar Sentra Banjarmasin
52	R64	Jl. Ikan Paus, Binjai, Medan
53	R65	Jl. Aksara No.2, Medan
54	R66	Jl. Jl. Pemuda, Padang
55	R67	Jl. Tuparev, Karawang
56	R68	Jl. Alternatif, Cileungsi Bogor
57	R70	Jl. Pengayoman, Penakukan, Makasar
58	R71	BTM Bogor Jl. Juanda, Bogor
59	R72	Jl. Taman Mini Raya, Kel. Pinang Meranti, Jakarta Timur
60	R73	Jl. Emmy Saelan, Mall Tatura, Palu
61	R74	Jl. Jl. RE Martadinata, Cikarang
62	R75	Jl. Veteran Kel. Kota Baru, Serang
63	R77	Jl. A Yani No.1 Kel Benteng Pasar Atas, Kec Gubuk Panjang Bukit Tinggi
64	R78	Jl. Jendral A Yani, Kec. Kemala Raja, Kec. Batu Raja Timur
65	R79	Jl. Perintis Kemerdekaan, Lingk. Tamalanrea Jaya, Kodya Ujung Pandang, Makasar
66	R80	Jl. Jend. Sudirman Dumai
67	R81	Jl. Mulawarman, Bontang Kalimantan Timur
68	R82	Jl. Raya Sesetan Bali
69	R83	Jl. Raya Adi Sucipto Jawa Timur
70	R84	Jl. Raya Perawang , Kel. Tualang Kab. Siak Perawang Riau
71	R85	Jl. Jend. Sudirman Kel. Air Jamban Duri Riau
72	R86	Jl. Lintas Timur, Kel. Pangkalan Kerinci Riau
73	R88	Jl. Jendral Sudirman Kec. Payakumbuh Sumatra Barat
74	R89	Jl. Jend. Sudirman. Kec. Rambutan Tebing Tinggi Sumatra Utara
75	R90	Jl. Jend. Sudirman Kec. Kota Bumi Lampung Utara
76	R91	Jl. Ambepura Kel. Vin, Kec.Jayapura Selatan, Papua
77	R93	Season City Jl. Latumanten No 33, Jakarta Barat
78	R94	Jl. M Yamin Samarinda Kalimantan
79	R95	Jl. Jend. Sudirman Balikpapan
80	R96	Dept Store Panam Jl. HR Subrantas Pekan Baru Kalimantan
81	R97	Jl. Raya Padalarang, Bandung Barat Jawa Barat
82	R98	Jl. Panglima Sudirman Kota Kediri, Jawa Timur
83	R99	Jl. Guntur, Kel Pakuwon Garut Kota, Garut
84	R100	Jl. Raya Plered, Kec. Weru. Kab. Weru Lor. Cirebon
85	R101	Jl. ZA Pagar Alam, Kel. Rajabasa Kec. Daton - Lampung
86	R102	Jl. Pasar Kebayoran Lama, Jakarta Selatan
87	R103	Jl. Jend. Ahmad Yani Kel. Klademak. Kec. Sorong Papua Barat
88	R105	Jl. Raya Ciputat Bogor, Kel Parung, Kab. Bogor
89	R106	Jl. Siliwangi, Kab. Sekarwangi, kel Cibadak, Sukabumi
90	R109	Jl. Raya Teratai Putih, Kel . Malaka Sari Duren Sawit Jakarta Timur
91	RB2	Jl. Dalam Kaum No.46-52, Bandung
92	RB3	Jl. Pemuda, Jl. Sudirman Salatiga, Jawa Tengah
93	RB5	Jl. Tipar Gede No. 17, Sukabumi
94	RB7	Jl. Pasuketan No. 17 Mall Cirebon Lt.1, Cirebon
95	RB9	Jl. Malioboro No.124, Jogyakarta, Jawa Tengah
96	RB10	Jl. Kusuma Bangsa No.116, THR Mall Surabaya
97	RB11	Jl. Simpanglima Mall Citra Land, Lt.1 Semarang
98	RB12	Jl. Rio No. 1 Cimahi Mekar, Bandung
99	RBM	Jl. Merdeka Timur Plaza Matraman, Malang, Jawa Timur
100	RB14	Jl. Taman Jayeng Romo No. 1 Plaza Jembatan Merah, Jawa Timur
101	RB15	Jl. Gajah Mada No. 120 Sidoarjo Plaza, Jawa Timur
102	RB16	Jl. Gubernur Suryo Komplek Plaza Multi Sarana Gresik, Jawa Timur
103	RB17	Jl. A. Yani Ngupasan Beringin Jardjo, Yogyakarta, Jawa Tengah
104	RB20	Jl. Diponegoro No.103 Bali
105	RB21	Jl. Komplek Jodoh Marina, Batam
106	RB22	Jl. Bungur Asih, Sidoarjo, Jawa Timur
107	RB23	Jl. Raya Krian Kab. Siduarjo Surabaya Jawa Timur
108	RB26	Jl. Wiratno, Tanjung Pinang
109	RB27	Jl. Diponegoro Sidoarjo II Jawa Timur
110	RB28	Jl. Simpang Tujuh Kudus, Jawa Tengah
111	RB29	Jl. Jendral Sudirman (New Dewata Ayu) Denpasar
112	RB30	Kawasan Komersil Muka Kuning, Batam
113	RB31	BG Junction Jl. Bubutan No.1-7 Surabaya, Jawa Timur

Biodata: The Board of Commissioners

1. Paulus Tumewu

President Commissioner

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

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

2. M. Iqbal

Commissioner

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

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

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

3. Koh Boon Kim

Independent Commissioner

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

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

4. Kardinal Alamsyah Karim

Independent Commissioner

Mr. Karim was born in Padang, West Sumatra in 1942. An Indonesian national. He holds a Master of Management Degree from the Asian Institute of Management, Philippines. Mr. Karim previously served as an Accountant with Prasetio, Utomo & Partners, rising over a period of some 27 years to the position of Deputy Managing Partner.

Biodata: The Board of Directors

1. Agus Makmur
President Director

An Indonesian national, he is 56 years of age, and was born in Makassar (Ujung Pandang), Sulawesi, where he graduated from the Catholic University of Ujung Pandang.

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

2. Suryanto
Director

An Indonesian national born in Pangkal Pinang, Mr. Suryanto joined the Board of Directors in 2006. This 49 year old executive holds a Degree in Accounting from Trisakti University, where he graduated in 1987.

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

3. Setyadi Surya
Director

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

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

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

4. Kismanto
Director

Mr. Kismanto is an Indonesian national, 52 years of age. He was born in Majenang, Central Java and joined the Company as a Senior Counter Head in 1980; three years later he was promoted to Cashier Head and later, as Store Manager.

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

5. Gantang Nitipranatio
Director

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

Mr. Gantang is married and has three children, and has worked at Matahari Dept. Store (1984-2004), started up and developed a specialty store (2004-2006) before entering Ramayana as Head of Merchandising in 2007. He became a Company Director in 2010.

Corporate Data

PT Ramayana Lestari Sentosa Tbk

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

Supporting Professionals and institutions

Registered Public Accountant:

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

Share Registar:

PT Sinartama Gunita
Plaza BII Menara 3, 12th Floor
Jln. MH. Thamrin No. 51
Jakarta 10350, Indonesia
Telp : + 62 21 3922332
Fax : + 62 21 3923003
www.sinartama.co.id

Audit Committee's Report

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

In accordance with the regulations of the Capital Market Supervisory Agency and Financial Institution (BAPEPAM & LK) and the Indonesia Stock Exchange, the Audit Committee has conducted several meetings, among others being those on March 18, 2012 and 16 November 2012 to review the Company's financial statements ended December 31, 2011 and September 30, 2012. These meetings discussed the findings of and recommendations by the External Auditor, the Board of Directors, the Internal Auditor and the Corporate Secretary.

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

a. Selection of Certified Public Accountants for stated years, recommended by the Board of Directors, taking into account aspects of independence and competence, and approved by the Board of Commissioners, having received authority from the shareholders in a General Meeting of Shareholders held on May 26, 2012.
b. The Company is run by an effective internal control system, which is being continually upgraded, in accordance with policies outlined by the Board of Directors and supervised by the Board of Commissioners.
c. Financial statements have been prepared and well presented to meet general accounting principles as practiced in the Republic of Indonesia.
d. The Company always adheres to the regulations of capital markets and to other laws relating to the activities of the Company.
e. There has been no known potential for abuse or diversion which would require attention or the consideration of the Board of Commissioners.

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

Jakarta, March 20, 2013
Audit Committee of PT Ramayana Lestari Sentosa Tbk

Kardinal A. Karim
Head

Ruddy Hermawan Wongso
Member

Tonang Sandjaja
Member

Annual Report Approval

The report was prepared in 2012 by the management of PT. Ramayana Lestari Sentosa Tbk and was approved by the Board members who are fully responsible for the contents of this annual report.

BOARD OF COMMISSIONERS

Paulus Tumewu
President Commissioner

Koh Boon Kim
Independent Commissioner

M. Iqbal
Commissioner

Kardinal A. Karim
Independent Commissioner

DIRECTORS

Agus Makmur
President Director

Suryanto
Director

Kismanto
Director

Setyadi Surya
Director

Gantang Nitipranatio
Director

Financial Statements 2012

Along with the Independent Auditor’s Report for the Year Ended December 31, 2012 and 2011

PT Ramayana Lestari Sentosa Tbk

Financial statements with independent auditors' report
December 31, 2012 and 2011

PT. Ramayana Lestari Sentosa,Tbk
Jl. K.H. Wahid Hasyim No. 220 A-B Jakarta 10250 Indonesia
Telp. (021) 3914566, 3106653, 3154563 (Hunting)
Fax. (021) 31934245

BOARD OF DIRECTOR'S STATEMENT LETTER
RELATING TO
THE RESPONSIBILITY ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011
PT RAMAYANA LESTARI SENTOSA, Tbk

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 company financial statements;
2. The financial statements have been prepared and presented in accordance with accounting principles generally accepted;
3. a. All information in the company financial statements has been disclosed in a complete and truthful manner;
   b. The company 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 internal control systems .

Thus, this statement is made truthfully.

Jakarta, March 18, 2013

METERAI TEMPEL
9B169ABF289528818
6000 DJP

Agus Makmur
President Director

Suryanto
Director

These financial statements are originally issued in Indonesian language.

PT RAMAYANA LESTARI SENTOSA Tbk
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2012 AND 2011

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****

ERNST & YOUNG

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Jakarta 12190, Indonesia
Tel : +62 21 5289 5000
Fax: +62 21 5289 4100
www.ey.com/id

This report is originally issued in Indonesian language.

Independent Auditors' Report

Report No. RPC-3433/PSS/2013

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

We have audited the statements of financial position of PT Ramayana Lestari Sentosa Tbk (the "Company") as of December 31, 2012 and 2011, and the related statements of comprehensive income, changes in equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PT Ramayana Lestari Sentosa Tbk as of December 31, 2012 and 2011, and the results of its operations, and its cash flows for the years then ended in conformity with Indonesian Financial Accounting Standards.

Purwantono, Suherman & Surja

Sinarta
Public Accountant Registration No. AP.0701

March 18, 2013

The accompanying financial statements are not intended to present the financial position, results of operations, and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in Indonesia.

PT RAMAYANA LESTARI SENTOSA Tbk
STATEMENTS OF FINANCIAL POSITION
December 31, 2012 and 2011
(Expressed in Millions of Rupiah, Except Par Value per Share)

	Notes	2012	2011
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2b,2i,2l, 4,26,28	1,169,416	927,030
Time deposits	2i,2l,5,26,28	152,264	119,700
Accounts receivable - third parties	2i,6,28		
Trade		2,115	4,227
Others	2l,26,28	8,342	14,567
Short-term investments	2i,2l,7,26,28	1,692	228,831
Inventories	2d,3,8	763,117	715,843
Prepaid expenses	2h	798	856
Advances		41,846	16,910
Current portion of long-term prepaid rent	2c,2f,2g,2h, 10a,19,23a,24	179,701	105,290
Total Current Assets		2,319,291	2,133,254
NON-CURRENT ASSETS			
Advances for purchases of property and equipment	29	-	1,265
Property and equipment - net of accumulated depreciation of Rp1,350,651 as of December 31, 2012 and Rp1,182,282 as of December 31, 2011	2e,2f,3, 9,20	1,201,874	1,145,447
Long-term prepaid rent - net of current portion and impairment loss	2c,2f,2g,2h, 10a,19,23a,24	510,015	440,697
Security deposits	2c,2i,10b,23b,28	29,958	28,720
Deferred tax assets - net	2n,3,12	5,641	-
Other non-current monetary assets	2i,28	6,586	9,660
Total Non-Current Assets		1,754,074	1,625,789
TOTAL ASSETS	25	**4,073,365**	**3,759,043**

PT RAMAYANA LESTARI SENTOSA Tbk
STATEMENTS OF FINANCIAL POSITION (continued)
December 31, 2012 and 2011
(Expressed in Millions of Rupiah, Except Par Value per Share)

	Notes	2012	2011
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable - third parties	2i,28		
Trade	11	723,184	691,049
Others	2l,26	50,955	18,106
Taxes payable	2n,3,12	63,726	44,077
Accrued expenses	2i,13,28	33,689	27,236
Total Current Liabilities		871,554	780,468
NON-CURRENT LIABILITIES			
Liabilities for employees' benefits	2j,3,14	159,926	135,565
Deferred tax liabilities - net	2n,3,12	-	1,613
Total Non-Current Liabilities		159,926	137,178
Total Liabilities	25	1,031,480	917,646
EQUITY			
Share capital - Rp50 par value per share			
Authorized - 28,000,000,000 shares			
Issued and fully paid - 7,096,000,000 shares	15	354,800	354,800
Additional paid-in capital - net	2k	117,570	117,570
Retained earnings:			
Appropriated	16	65,000	60,000
Unappropriated		2,510,630	2,304,782
Other comprehensive income (loss)	2i,7	(6,115)	4,245
Net Equity		3,041,885	2,841,397
TOTAL LIABILITIES AND EQUITY		**4,073,365**	**3,759,043**

PT RAMAYANA LESTARI SENTOSA Tbk
STATEMENTS OF COMPREHENSIVE INCOME
Years Ended December 31, 2012 and 2011
(Expressed in Millions of Rupiah, Except Basic Earnings per Share)

	Notes	2012	2011
REVENUES	2m,17,25		
Outright sales		4,992,478	4,467,995
Consignment sales	2c,23c	2,461,155	2,129,119
Cost of consignment sales		(1,753,924)	(1,510,956)
Commission on consignment sales		707,231	618,163
Total Revenues		**5,699,709**	**5,086,158**
COST OF OUTRIGHT SALES	2m,18,25	3,724,637	3,315,084
GROSS PROFIT	25	**1,975,072**	**1,771,074**
Selling expenses	2c,2m,10, 19,24,25	(377,556)	(312,218)
General and administrative expenses	2c,2m,9,10, 12,14,20,25	(1,179,852)	(1,094,796)
Other operating income	2m,21,25	28,753	13,561
Other operating expense	2m,25	-	(39)
INCOME FROM OPERATIONS	25	**446,417**	**377,582**
Finance income	25	48,435	56,673
INCOME BEFORE INCOME TAX	25	**494,852**	**434,255**
Income tax expense - net	2n,3,12,25	71,124	56,667
INCOME FOR THE YEAR	25	**423,728**	**377,588**
OTHER COMPREHENSIVE INCOME (LOSS)			
Net changes in fair value of available-for-sale financial asset	2i	(12,597)	(4,732)
Income tax relating to components of other comprehensive income (loss)		2,237	985
OTHER COMPREHENSIVE LOSS FOR THE YEAR AFTER TAX		**(10,360)**	**(3,747)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**413,368**	**373,841**
BASIC EARNINGS PER SHARE	2p,22	**59.71**	**53.21**

PT RAMAYANA LESTARI SENTOSA Tbk
STATEMENTS OF CHANGES IN EQUITY
Years Ended December 31, 2012 and 2011
(Expressed in Millions of Rupiah)

	Notes	Issued and Fully Paid Share Capital	Additional Paid-in Capital - Net	Retained Earnings		Other Comprehensive Income (Loss)	Total Equity
				Appropriated	Unappropriated		
Balance, January 1, 2011		**354,800**	**117,570**	**55,000**	**2,145,074**	**7,992**	**2,680,436**
Income for the year 2011		-	-	-	377,588	-	377,588
Fair value adjustment - net		-	-	-	-	(3,747)	(3,747)
Appropriation for general reserve	16	-	-	5,000	(5,000)	-	-
Cash dividend declaration	16	-	-	-	(212,880)	-	(212,880)
Balance, December 31, 2011		**354,800**	**117,570**	**60,000**	**2,304,782**	**4,245**	**2,841,397**
Income for the year 2012		-	-	-	423,728	-	423,728
Fair value adjustment - net		-	-	-	-	(10,360)	(10,360)
Appropriation for general reserve	16	-	-	5,000	(5,000)	-	-
Cash dividend declaration	16	-	-	-	(212,880)	-	(212,880)
Balance, December 31, 2012		**354,800**	**117,570**	**65,000**	**2,510,630**	**(6,115)**	**3,041,885**

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

PT RAMAYANA LESTARI SENTOSA Tbk
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2012 and 2011
(Expressed in Millions of Rupiah)

	Notes	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from sales		7,469,463	6,589,278
Cash payments to suppliers		(6,186,191)	(5,373,023)
Cash payments for salaries and employees' welfare		(470,818)	(442,391)
Payments for income taxes		(65,895)	(52,467)
Cash receipts from:			
Interest income		52,817	56,686
Other operating activities		24,660	14,208
Net Cash Provided by Operating Activities		**824,036**	**792,291**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of short-term investments	7	268,833	203,518
Proceeds from sale of property and equipment	9	2,713	2,591
Additions in long-term prepaid rent		(339,194)	(230,841)
Acquisitions of property and equipment	9	(227,703)	(163,023)
Placement of short-term investments		(40,000)	(193,728)
Placement of time deposits - net		(32,564)	(64,879)
Additions in security deposits		(855)	(2,203)
Net Cash Used in Investing Activities		**(368,770)**	**(448,565)**
CASH FLOWS FROM FINANCING ACTIVITY			
Payments of cash dividends	16	(212,880)	(212,880)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**242,386**	**130,846**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		927,030	796,184
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	**1,169,416**	**927,030**

1. GENERAL

a. Company's Establishment

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

The Company started its commercial operations in 1983. According to Article 3 of the Company's Articles of Association, the Company operates a chain of department stores, which sell various items such as clothes, accessories, bags, shoes, cosmetics and daily needs. In 2012, the Company closed its one (1) store and opened seven (7) new stores. As of December 31, 2012, the Company operates several stores known as "Ramayana" (103 stores), "Robinson" (7 stores) and "Cahaya" (3 stores), that are located in Jakarta, Java (West Java, East Java and Central Java), Sumatera, Bali, Kalimantan, Nusa Tenggara, Sulawesi and Papua. The Company's head office is located at Jl. K.H. Wahid Hasyim No. 220 A-B, Jakarta 10250.

The Company's 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 its 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.
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.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

1. GENERAL (continued)

b. Company's Public Offering (continued)

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

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

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

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

As of December 31, 2012 and 2011, the composition of the Company's Boards of Commissioners and Directors are as follows:

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

As of December 31, 2012 and 2011, the composition of the audit committee is as follows:

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

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

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

As of December 31, 2012 and 2011, the Company has 15,265 and 16,693 employees, respectively (unaudited).

The Company's financial statements were completed and authorized for issuance by the Company's Board of Directors on March 18, 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation of the Financial Statements

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards ("SAK"), which comprise the Statements of Financial Accounting Standards ("PSAKs") 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 issued by the BAPEPAM-LK. As disclosed further in the relevant succeeding notes, several amended and published accounting standards were adopted effective January 1, 2012, prospectively or retrospectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The statements of cash flows present 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. Cash and Cash Equivalents

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

c. Transactions with Related Parties

The Company applied PSAK No. 7 (Revised 2010), “Related Party Disclosures”. The revised PSAK requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the Company's financial statements.

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

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

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Inventories

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

e. Property and Equipment

Effective January 1, 2012, the Company adopted PSAK No.16 (Revised 2011) ,“Fixed Assets”. PSAK No. 16 (Revised 2011) stipulates on the recognition of assets, the determination of their carrying amounts and the depreciation charges and impairment losses to be recognized in relation to them. The adoption of PSAK No. 16 (Revised 2011) has no significant impact on the Company’s financial statements.

Effective January 1, 2012, the Company has also adopted Interpretation of Financial Accounting Standards (ISAK) No. 25 , ”Land Rights”. ISAK No. 25 prescribes that 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 “Property and Equipment” account and not amortized. Meanwhile the extension or the legal renewal costs of land rights in the form of HGU, HGB and HP were recognized as part of deferred charges account in the statements of financial position and were amortized over the shorter of the rights' legal life and land's economic life. The adoption of ISAK No. 25 has no significant impact on the Company’s financial statement.

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

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

Depreciation of an asset starts when it is available for its 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 carrying amounts of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be fully recoverable.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Property and Equipment (continued)

The asset's residual values, useful lives and methods 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 asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company, and is depreciated over the remaining useful life of the related asset.

Construction in progress

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

f. Impairment of Non-Financial Assets

The Company adopted PSAK No. 48 (Revised 2009), "Impairment of Assets".

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

The Company assess at each annual reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset (i.e., an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) is required, The Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of the asset's or cash generating unit's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the statements of comprehensive income as "Impairment Losses". 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 risks specific to the asset.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the assets. These calculations are corroborated by valuation multiples or other available fair value indicators.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Impairment of Non-Financial Assets (continued)

An assessment is made at each reporting period as to whether there is any indication that previously recognized impairment losses recognized for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss for an asset other than goodwill 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 was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior periods. Reversal of an impairment loss is recognized in the statement of comprehensive income. After such a reversal, the depreciation charge on the said asset is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

g. Leases

Before January 1, 2012, there was no requirement to separately evaluate lease agreement that contained land and building elements. As such, the assessment was performed on a combined basis. One of the considerations in the determining the lease classification was a comparison of the lease term with the economic life of the assets. Further, land could only be owned in the form of landrights which were not amortized and were considered as having an indefinite life. Therefore, a lease agreement that contained land and building elements would mostly be classified as an operating lease.

Starting January 1, 2012, based on PSAK No. 30 (Revised 2011) ,"Lease", when a lease includes both land and building elements, an entity should assess the classification of each element separately whether as a finance or an operating lease.

The Company classifies 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.

The adoption of PSAK No. 30 (Revised 2011) has no significant impact on the financial reporting and disclosures in the financial statements.

The Company as lessee

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

The Company as lessor

Leases where the Company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct cost incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Lease income from operating leases shall be recognized as income on a straight-line basis over the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. 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 statements of financial position.

i. Financial Instruments

Effective January 1, 2012, the Company adopted PSAK No. 50 (Revised 2010), “Financial Instruments: Presentation”, PSAK No. 55 (Revised 2011), “Financial Instruments: Recognition and Measurement”, and PSAK No. 60, “Financial Instruments: Disclosures”. The adoption of PSAK No. 50 (Revised 2010), PSAK No. 55 (Revised 2011) and PSAK No. 60 has no significant impact on the financial statements.

PSAK No. 50 (Revised 2010) contains the requirements for the presentation of financial instruments and identifies the information that should be disclosed. The presentation requirements apply to classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset. This PSAK requires the disclosure of, among others, information about factors that affect the amount, timing and certainty of an entity future cash flows relating to financial instruments and the accounting policies adopted to those instruments.

PSAK No. 55 (Revised 2011) establishes the principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This PSAK provides the definitions and characteristics of derivatives, the categories of financial instruments, recognition and measurement, hedge accounting and determination of hedging relationships, among others.

PSAK No. 60 requires disclosures of significance of financial instruments for financial position and performance; and the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

i. Financial Assets

<u>Initial recognition</u>

Financial assets within the scope of PSAK No. 55 (Revised 2011) are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

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

The Company’s financial assets as of December 31, 2012 and 2011 include cash and cash equivalents, time deposits, accounts receivable - trade, accounts receivable - others, short-term investments, certain security deposits and other non-current financial assets - loan to employees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Financial Instruments (continued)

i. Financial Assets (continued)

<u>Subsequent measurement</u>

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

(a) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, PSAK No. 55 (Revised 2011) requires such assets to be carried at amortized cost using the effective interest (EIR) method, and the related gains or losses are recognized in the statements of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Cash and cash equivalents, trade and other receivables, other non-current assets - loan to employees, other non-current assets - security deposits are classified and accounted for as loans and receivables under PSAK No. 55 (Revised 2011).

An allowance is made for uncollectible amounts when there is an objective evidence that the Company will not be able to collect the receivables. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are disclosed in the relevant succeeding paragraphs under this Note.

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

AFS financial assets are non-derivative financial assets that are designated as available-for-sale. After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized in the shareholders’ equity until the investment is derecognized. At that time, the cumulative gain or loss previously recognized in equity will be reclassified to profit or loss as a reclassification adjustment.

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

<u>Derecognition</u>

A financial asset, or where applicable, a part of a financial asset or part of a group of similar financial assets is derecognized when:

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Financial Instruments (continued)

i. Financial Assets (continued)

Derecognition (continued)

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

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (i) the consideration received, including any new asset obtained less any new liability assumed; and (ii) any cumulative gain or loss that has been recognized directly in equity, is recognized in the statements of comprehensive income.

Impairment of Financial Assets

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

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

a) Financial assets carried at amortized cost

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Financial Instruments (continued)

i. Financial Assets (continued)

Impairment of Financial Assets (continued)

a) Financial assets carried at amortized cost (continued)

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

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

b) Financial assets carried at cost

When there is objective evidence that an impairment loss has occured, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset (excluding future expected credit losses that have not yet been incurred).

c) AFS financial assets

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Financial Instruments (continued)

ii. Financial Liabilities

Initial recognition

Financial liabilities within the scope of PSAK No. 55 (Revised 2011) are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. As at the reporting dates, the Company has no other financial liabilities other than those classified as loans and borrowings. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities in the form of loans and borrowings are initially recognized at their fair values plus directly attributable transaction costs.

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

Subsequent measurement

Liabilities for accounts payable - trade, accounts payable - others, and accrued expenses are stated at carrying amounts (nominal amounts), which approximate their fair values.

Derecognition

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

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

iii. Offsetting of Financial Instruments

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

iv. Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting period.

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's-length market transaction; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis; or other valuation models.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Financial Instruments (continued)

iv. Fair Value of Financial Instruments (continued)

Credit risk adjustment

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

v. Amortized Cost of Financial Instruments

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

j. Employee Benefits

Effective January 1, 2012, the Company has applied PSAK No. 24 (Revised 2010), "Employee Benefits", which regulates the accounting and disclosure for employee benefits, both short-term and long-term. PSAK No. 24 (Revised 2010) add another option for recognition of actuarial gain/loss from post employment benefits which is full recognition through other comprehensive income. The Company has chosen to retain the *"10% corridor method"* for the recognition of actuarial gains or losses. The actuarial gains or losses in excess of the said 10% threshold are recognized on a straight-line method over the expected average remaining service years of the qualified employees. The adoption of PSAK No. 24 (Revised 2010) did not have significant impact on the Company's financial statement except for the related disclosures.

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

The cost of providing employee benefits is determined using the "Projected Unit Credit" actuarial valuation method. Actuarial gains and losses are recognized as income or expenses when the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting period exceeded 10% of the present value of defined benefit obligation at that date. These gains or losses are recognized over the expected average remaining working lives of the employees. Further, past service costs arising from the introduction of a defined benefit plan or changes in the benefit payable of an existing plan are required to be amortized over the period until the benefits concerned become vested.

k. 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.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Foreign Currencies Transactions and Balances

Effective January 1, 2012, the Company applied PSAK No. 10 (Revised 2010), "The Effects of Changes in Foreign Exchange Rates", which describes how to include foreign currency transactions and foreign operations in the financial statements of an entity and translate financial statements into a presentation currency. 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 judgments to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The adoption of PSAK No. 10 (Revised 2010) has no significant impact on the financial statements.

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, 2012 and 2011, the exchange rates used are as follows (full amount):

	2012	2011
United States dollar	9,670	9,068
Singapore dollar	7,907	6,974

The rates of exchange used were computed by taking the average of the transaction exchange rate by Bank Indonesia as of December 28, 2012 and December 30, 2011, respectively.

m. Recognition of Revenues and Expenses

The Company adopted PSAK No. 23 (Revised 2010), "Revenue". This revised PSAK identifies the circumstances in which the criteria on revenue recognition will be met and, therefore, revenue may be recognized, and prescribes the accounting treatment of revenue arising from certain types of transactions and events, and also provides practical guidance on the application of the criteria on revenue recognition.

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 at the amounts of the sales of consignment goods to customers less the related costs which are recognized at the amounts due to consignors.

Expenses are recognized as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Income Tax

Effective January 1, 2012, the Company applied PSAK No. 46 (Revised 2010),"Income Taxes", which requires the Company to account for the current and future tax consequences of the future recovery (settlement) of the carrying amount of assets (liabilities) that are recognized in the statement of financial position, and transactions and other events of the current period that are recognized in the financial statements.

The adoption of PSAK No. 46 (Revised 2010) has no significant impact on the financial reporting and disclosures in the financial statements.

Current tax expense is provided based on the estimated taxable income for the current year. Deferred tax assets and liabilities are recognized for temporary differences between the financial and the tax bases of assets and liabilities at each reporting date.

Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and carry forward of unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the benefit of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled based on tax laws that have been enacted or substantively enacted by the end of the reporting period. The related tax effects of the provisions for and/or reversals of all temporary differences during the year, including the effect of change in tax rates, are recognized as "Income Tax Expense - Net" and included in the determination of net profit or loss for the year, except to the extent that they relate to items previously charged or credited to equity.

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

Prior to January 1, 2012, the Company presented interest and penalties for the underpayment of income tax, if any, as part of "General and Administrative Expenses - Taxes and Licenses" in the statement of comprehensive income.

Effective January 1, 2012, the Company applied PSAK No. 46 (Revised 2010), which requires the Company to present interest and penalties for the underpayment/overpayment of income tax, if any, as part of "Income Tax Expense - Net" in the statement of comprehensive income.

o. Segment Reporting

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Segment Reporting (continued)

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.

p. Earnings per Share ("EPS")

Effective January 1, 2012, the Company adopted PSAK No. 56 (Revised 2011),"Earnings Per Share".

The adoption of PSAK No. 56 (Revised 2011) has no significant impact on the Company's financial statements.

EPS is computed by dividing income for the year with the weighted-average number of shares outstanding during the year. The weighted-average numbers of shares outstanding are 7,096,000,000 shares in 2012 and 2011, respectively.

As of December 31, 2012 and 2011, the Company has no outstanding potential dilutive ordinary shares, accordingly, no diluted earnings per share are calculated and presented in the statements of comprehensive income.

q. Provisions

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Accounting Standards that have been Published but not yet Effective

The following summarizes the revised PSAK which was issued by the Financial Accounting Standards Board ("DSAK"), effective on or after January 1, 2013:

PSAK No. 38 (Revised 2012) "Business Combinations Entities". This revised PSAK prescribes the accounting treatment for business combinations under common control and applied to business combinations under common control that meet the requirements in PSAK No. 22 "Business Combinations", both for recipient and withdrawal entity.

Currently, the Company is in the process of evaluating and have not yet determined the impact of the amended PSAK No. 38 on the 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 amount of the asset and liability 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 where the Company acts as lessee for several rental of land and space for stores and warehouses. The Company evaluates whether significant risks and rewards of ownership of the leased assets are transferred based on PSAK No. 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.

<u>Determination of Functional Currency</u>

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

<u>Classification of Financial Assets and Financial Liabilities</u>

The Company determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 55 (Revised 2011). Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Note 2i.

3. SOURCE OF ESTIMATION UNCERTAINTY (continued)

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

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

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, 2012 and 2011.

Employee Benefits

The determination of the Company's employee benefits liabilities is dependent on its selection of certain assumptions used by the independent actuaries and the Company's management in calculating such amounts. Those assumptions include among others, discount rates, future annual salary increase, annual employee turn-over rate, disability rate, retirement age and mortality rate. Actual results that differ from the Company assumptions with effects exceeding 10% of defined benefit obligation is deferred and amortized on a straight-line basis over the expected average remaining working lives of the employee. While the Company believes that its assumptions are reasonable and appropriate, significant differences in the actual results or significant changes in the Company assumptions may materially affect its estimated liabilities for employee benefits of Rp159.93 billion and Rp135.57 billion as of December 31, 2012 and 2011, respectively. Further details are disclosed in Note 14.

3. SOURCE OF ESTIMATION UNCERTAINTY (continued)

Estimates and Assumptions (continued)

Useful Lives of Property and Equipment

The costs of property and equipment, except land, are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property and equipment to be within 4 to 20 years. These are common life expectancies applied in the industry where the Company conduct 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 property and equipment amounted to Rp1.20 trillion and Rp1.15 trillion as of December 31, 2012 and 2011, respectively. Further details are disclosed in Note 9.

Income Tax

The Company recognize liabilities for corporate income tax based on estimation of whether additional corporate income tax will be due. The net carrying amount of the Company's corporate income tax payable amounted to Rp36.26 billion and Rp26.01 billion as of December 31, 2012 and 2011, respectively. Further details are disclosed in Note 12.

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 of the Company amounted to Rp42.02 billion and Rp33.89 billion as of December 31, 2012 and 2011. More detailed information is disclosed in Note 12.

Allowance for Obsolescence and Decline in Values of Inventories

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

The carrying amount of the Company's inventories before allowance for obsolescence and decline in values amounted Rp763.12 billion and Rp715.84 billion as of December 31, 2012 and 2011, respectively. Further details are disclosed in Note 8.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

3. SOURCE OF ESTIMATION UNCERTAINTY (continued)

Estimates and Assumptions (continued)

Uncertain Tax Exposure

In certain circumstances, the Company, may not able to determine the exact amount its 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 No. 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 benefit should be recognized.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2012	2011
Cash on hand	23,034	17,362
Cash in banks - third parties:		
Rupiah		
PT Bank Negara Indonesia (Persero) Tbk	143,241	108,203
PT Bank Danamon Indonesia Tbk	142,993	118,098
Citibank N.A., Indonesia	40,329	61,809
PT Bank Central Asia Tbk	17,262	8,061
PT Bank Mandiri (Persero) Tbk	7,762	5,512
PT Bank Internasional Indonesia Tbk	1,681	1,065
PT Bank Rakyat Indonesia (Persero) Tbk	413	1,432
PT Bank CIMB Niaga Tbk	580	-
Deutsche Bank AG, Indonesia	158	914
United States dollar		
Deutsche Bank AG, Indonesia (US$56,572 in 2012 and US$1,233,652 in 2011)	547	11,187
Others (below Rp1 billion each) (US$70)	-	1
Singapore dollar		
Deutsche Bank AG, Indonesia (Sin$126,527 in 2012 and Sin$126,615 in 2011)	1,001	883
Sub-total	355,967	317,165

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

4. CASH AND CASH EQUIVALENTS (continued)

Cash and cash equivalents consist of: (continued)

	2012	2011
Cash equivalents (time and on call deposits) - third parties:		
Rupiah		
PT Bank Internasional Indonesia Tbk	220,900	15,700
PT Bank UOB Indonesia	187,000	202,000
PT Bank CIMB Niaga Tbk	125,000	23,400
PT Bank Negara Indonesia (Persero) Tbk	35,000	-
PT Bank Bukopin Tbk	34,500	125,500
PT Bank Rakyat Indonesia (Persero) Tbk	32,000	30,800
PT Bank Danamon Indonesia Tbk	22,000	10,000
PT Bank Mandiri (Persero) Tbk	10,000	11,000
Citibank N.A., Indonesia	600	10,000
PT Bank Central Asia Tbk	-	142,800
United States dollar		
UBS AG, Singapore (US$10,301,361 in 2012 and US$2,349,259 in 2011)	99,614	21,303
Credit Suisse AG, Singapore (US$2,461,318)	23,801	-
Sub-total	790,415	592,503
Total	**1,169,416**	**927,030**

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

	2012	2011
Rupiah	5.50% - 7.00%	2.60% - 7.75%
United States dollar	0.15% - 0.20%	0.15%

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

5. TIME DEPOSITS

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

	2012	2011
Rupiah		
PT Bank Internasional Indonesia Tbk	62,400	-
PT Bank Central Asia Tbk	42,000	-
PT Bank UOB Indonesia	-	41,500

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

5. TIME DEPOSITS (continued)

This account represents Rupiah and United States dollar time deposits placed at the following third parties banks: (continued)

	2012	2011
United States dollar		
Credit Suisse AG, Singapore (US$4,469,087 in 2012 and US$5,127,316 in 2011)	43,216	46,495
Deutsche Bank AG, Singapore (US$480,669 in 2012 and US$477,605 in 2011)	4,648	4,331
UBS AG, Singapore (US$3,018,761)	-	27,374
Total	**152,264**	**119,700**

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

	2012	2011
Rupiah	3.75% - 5.50%	5.50% - 8.25%
United States dollar	0.45% - 0.61%	0.25% - 0.65%

There are no time deposits balances placed to a related party.

6. ACCOUNT RECEIVABLE - THIRD PARTIES

This account represents receivable from some banks for payments made by the customers for their purchase using credit cards. All receivables are denominated in Rupiah.

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:

	2012	2011
Debt securities - third parties:		
Rupiah		
Duta Pertiwi Bond V Year 2007	-	28,560
Bank Mandiri Subordinated Bond I Year 2009	-	22,060
Bank Mega Subordinated Bond Year 2007	-	20,300
Agung Podomoro Land Bond I Year 2011	-	15,206
Perusahaan Listrik Negara Bond VII Year 2004	-	10,900
Bakrie Telecom Bond I Year 2007	-	9,158
BNI Securities Bond I Year 2007	-	8,080

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

7. SHORT-TERM INVESTMENTS (continued)

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

	2012	2011
Debt securities - third parties: (continued)		
Rupiah (continued)		
Bank CIMB Niaga Subordinated Bond I Year 2010	-	6,354
Panin Sekuritas Bond III Year 2007	-	6,120
Indofood Sukses Makmur Bond V Year 2009	-	5,610
Telkom Bond II Year 2010 Series B	-	3,240
Indofood Sukses Makmur Bond IV Year 2007	-	3,038
Sub-total - Rupiah	-	138,626
United States dollar		
BLT Finance B.V. Guaranteed Senior Notes due 2014 (US$175,000 in 2012 and US$425,000 in 2011)	1,692	3,854
Adaro Indonesia Guaranteed Senior Notes due 2019 (US$3,421,275)	-	31,024
Listrindo Capital B.V. Senior Notes due 2015 (US$2,160,000)	-	19,587
Indosat Palapa Company B.V Guaranteed Notes due 2020 (US$1,680,210)	-	15,236
Majapahit Holding B.V. 2006 Guaranteed Notes due 2016 (US$1,135,000)	-	10,292
Socialist Republic of Vietnam Notes due 2020 (US$693,600)	-	6,290
Country Garden Holdings Co., Ltd. Senior Notes due 2017 (US$432,500)	-	3,922
Sub-total - United States dollar	1,692	90,205
Total	**1,692**	**228,831**

Total nominal values of the debt securities are US$1,000,000 or equal to Rp9.67 billion as of December 31, 2012 and US$9,802,000 and Rp133 billion or totalling Rp221.88 billion as of December 31, 2011.

In 2012 and 2011, annual interest rate of debt securities in Rupiah and United States dollar are as follows:

	2012	2011
Rupiah	10.00% - 13.00%	10.00% - 13.00%
United States dollar	6.75% - 11.25%	6.75%- 11.25%

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

7. SHORT-TERM INVESTMENTS (continued)

Proceeds from sales of short-term investments amounted to Rp268.83 billion and Rp203.52 billion in 2012 and 2011, respectively. The related realized gain on the sale of short-term investments amounting to Rp10.10 billion and Rp8.03 billion in 2012 and 2011, respectively, presented in “Other Operating Income - Gain on Sale of Short-term Investments - Net” account in the statements of comprehensive income. The changes in fair value on available-for-sale financial assets, net of deferred tax effect, represents unrealized loss amounting to Rp6.12 billion as of December 31, 2012 and unrealized gain amounting to Rp4.25 billion as of December 31, 2011, respectively, and presented in “Other Comprehensive Income (Loss)” account in the equity section in the statements of financial position.

Rating for BLT Finance B.V. Guaranteed Senior Notes due 2014 issued by Fitch Ratings was RR5 as of December 31, 2012.

8. INVENTORIES

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

	2012	2011
West Java	182,533	169,713
Sumatera	186,687	165,014
Jakarta	142,570	149,432
East Java	66,576	66,236
Kalimantan	65,199	62,972
Bali and Nusa Tenggara	35,962	34,601
Sulawesi	32,406	29,147
Central Java	25,661	27,945
Papua	25,523	10,783
Total (Note 18)	**763,117**	**715,843**

The above inventories are covered by insurance against losses from fire, damage, natural disasters, riots and other risks of US$45.78 million (equivalent to Rp442.74 billion) as of December 31, 2012, which in the opinion of Company’s management is adequate to cover possible losses arising from such risks.

As of December 31, 2012 and 2011, there are no inventories pledged as collateral.

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

9. PROPERTY AND EQUIPMENT

Property and equipment consists of:

2012	Beginning Balance	Changes during the year: Additions/ Reclassifications	Changes during the year: Disposals/ Reclassifications	Ending Balance
Cost				
Land	228,288	-	-	228,288
Buildings	696,187	51,228	-	747,415
Building renovations and improvements	675,565	72,263	-	747,828
Store equipment	569,085	48,329	-	617,414
Transportation equipment	45,020	4,944	4,172	45,792
Office equipment	48,218	3,800	-	52,018
Subtotal	2,262,363	180,564	4,172	2,438,755
Constructions in Progress				
Buildings	9,992	34,240	37,887	6,345
Building renovations and improvements	43,475	88,149	59,184	72,440
Store equipment	11,899	42,513	19,427	34,985
Total	65,366	164,902	116,498	113,770
Total Cost	2,327,729	345,466	120,670	2,552,525
Accumulated Depreciation				
Buildings	229,929	37,433	-	267,362
Building renovations and improvements	438,220	80,027	-	518,247
Store equipment	439,475	45,627	-	485,102
Transportation equipment	36,445	4,404	3,827	37,022
Office equipment	38,213	4,705	-	42,918
Total Accumulated Depreciation	1,182,282	172,196	3,827	1,350,651
Net Book Value	**1,145,447**			**1,201,874**

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

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

9. PROPERTY AND EQUIPMENT (continued)

Property and equipment consists of: (continued)

2011	Beginning Balance	Changes during the year: Additions/ Reclassifications	Changes during the year: Disposals/ Reclassifications	Ending Balance
Accumulated Depreciation				
Buildings	192,808	37,121	-	229,929
Building renovations and improvements	363,112	75,952	844	438,220
Store equipment	393,158	46,317	-	439,475
Transportation equipment	31,641	5,542	738	36,445
Office equipment	33,229	4,984	-	38,213
Total Accumulated Depreciation	1,013,948	169,916	1,582	1,182,282
Net Book Value	**1,152,808**			**1,145,447**

Depreciation charged to general and administrative expenses amounted to Rp172.20 billion in 2012 and Rp169.92 billion in 2011 (Note 20).

Additions of property and equipment in 2012 mainly represent costs of the additional seven (7) new stores located in Sumatera, West Java and Papua.

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

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

	2012	2011
Proceeds	2,713	2,591
Net book value	345	2,201
Gain on sale of property and equipment	**2,368**	**390**

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 2014 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, 2012 is amounting to Rp355.34 billion, which 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, 2012	Estimated Percentage of Completion from Financial Point of View	Accumulated Costs	Estimated Completion
Buildings	18%	6,345	Year 2013
Building renovations and improvements	10-90%	72,440	Year 2013
Store equipment	10-90%	34,985	Year 2013
Total		**113,770**	

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

9. PROPERTY AND EQUIPMENT (continued)

The details of constructions in progress are as follows: (continued)

December 31, 2011	Estimated Percentage of Completion from Financial Point of View	Accumulated Costs	Estimated Completion
Buildings	20%	9,992	Year 2012
Building renovations and improvements	20-80%	43,475	Year 2012
Store equipment	30-90%	11,899	Year 2012
Total		**65,366**	

Property and equipment, excluding land and construction in progress, are covered by insurance against losses from fire, damage, natural disasters, riots and other risks of US$155.49 million and Rp35.72 billion with total equivalent amount of Rp1.54 trillion as of December 31, 2012, which in the opinion of Company's management is adequate to cover possible losses arising from such risks.

As of December 31, 2012 and 2011, the Company's management believes that there is no other event or change in circumstances that may indicate any impairment in value of its property and equipment.

As of December 31, 2012 and 2011, there are no property and equipment 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 valid for 5 years. The Company also entered into various long-term land rental agreements with third parties which are used for store buildings development. The land rental agreements in general valid for 25 years.

The details of long-term prepaid rent as of December 31, 2012 and 2011 are as follows:

	2012	2011
Contract value		
PT Jakarta Intiland, a related party	563,281	404,805
Third parties	484,666	456,733
Total	1,047,947	861,538
Less cumulative expired portion	(349,231)	(306,551)
Unexpired portion	698,716	554,987
Less:		
Impairment loss	(9,000)	(9,000)
Current portion	(179,701)	(105,290)
Long-term portion	**510,015**	**440,697**

The outstanding balance of long-term prepaid rent with related party amounted to Rp401.44 billion and Rp265.14 billion as of December 31, 2012 and 2011, respectively, or representing 9.86% and 7.05% of total assets, respectively.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

10. LONG-TERM PREPAID RENT (continued)

Total additions of long-term prepaid rent in 2012 and 2011 amounted to Rp339.19 billion and Rp211.44 billion, respectively.

Amortization of long-term prepaid rent charged to operations amounted to Rp195.46 billion in 2012 and Rp109.76 billion in 2011, respectively (Note 19).

In connection with the long-term rent agreements with JIL, the existing store and warehouse rentals cover 33 locations as of December 31, 2012 (December 31, 2011: 20 locations). Under these agreements, the Company has the right to use the stores and warehouse locations for a period from 4 years until 5 years. These agreements will expire at various dates from 2013 until 2017, which can be renewed for another period to be agreed by both parties. Total additions of long-term prepaid rent to JIL in 2012 and 2011 amounting to Rp296.16 billion and Rp177.30 billion, respectively.

(b) The Company also has agreements with JIL and third parties, of which the related rents are payable periodically during the rental periods and the Company has to pay refundable security deposits. Total expenses for the rental payable periodically amounting to Rp83.13 billion in 2012 and Rp154.70 billion in 2011, including rental with a related party of Rp23.67 billion and Rp91.67 billion, respectively, or representing 6.27% and 29.36% of total selling expenses, respectively, are presented as part of “Selling Expenses - Rent - Net” account in the statements of comprehensive income (Note 19). As of December 31, 2012 and 2011, the outstanding refundable security deposits paid by the Company to JIL of Rp2.91 billion or representing 0.07% and 0.08% of total assets, respectively, are presented as part of “Security Deposits” account in the statements of financial position.

(c) The Company is required to pay service charges under the rental agreements. Total service charges of Rp66.83 billion in 2012 and Rp64.13 billion in 2011, including payments to a related party, are presented as part of “General and Administrative Expenses - Repairs and Maintenance” in the statements of comprehensive income (Note 20).

11. ACCOUNTS PAYABLE - TRADE - THIRD PARTIES

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

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

	2012	2011
Not yet due	611,145	581,490
1 - 2 months	92,606	96,450
More than 2 months	19,433	13,109
Total	**723,184**	**691,049**

As of December 31, 2012 and 2011, there is no collateral provided by the Company for the accounts payable - trade stated above.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

12. TAXATION

Taxes payable consists of:

	2012	2011
Income taxes:		
Article 21	1,026	805
Article 23	280	559
Article 4 (2)	4,346	10,584
Article 25 - December	1,737	882
Article 29	34,523	25,132
Value Added Tax	21,814	6,115
Total	**63,726**	**44,077**

The reconciliation between income before income tax as shown in the statements of comprehensive income and taxable income for the years ended December 31, 2012 and 2011 are presented as follows:

	2012	2011
Income before income tax as shown in the statements of comprehensive income	494,852	434,255
Temporary differences:		
Provision for liabilities for employees' benefits	31,184	24,125
Amortization of prepaid expenses	58	(124)
Payment for liabilities for employees' benefits	(6,823)	(5,898)
Gain on sale of property and equipment	(2,853)	(136)
Depreciation of property and equipment	(898)	(3,870)
Amortization of long-term prepaid rent	(598)	5,252
Permanent differences:		
Donations and entertainment	6,926	3,575
Salaries and employees' welfare	140	1,454
Tax penalties	1	307
Income already subjected to final tax:		
Rent	(91,371)	(91,844)
Interest	(46,268)	(51,222)
Gain on sale of short-term investments	(4,213)	(8,350)
Taxable income	**380,137**	**307,524**

The details of income tax expense is as follows:

	2012	2011
Taxable income	**380,137**	**307,524**
Income tax expense - current		
Income tax expense - current	76,027	61,505
Interest expense related to correction of 2010 corporate income tax	114	-
Total income tax expense - current	**76,141**	**61,505**

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

12. TAXATION (continued)

The details of income tax expense is as follows: (continued)

	2012	2011
Income tax expense (benefit) - deferred		
Gain on sale of property and equipment	713	34
Depreciation of property and equipment	225	967
Amortization of long-term rent	150	(1,313)
Provision for liabilities for employees' benefits	(6,090)	(4,557)
Amortization of prepaid expenses	(15)	31
Income tax benefit - deferred - net	**(5,017)**	**(4,838)**
Income tax expense - net	**71,124**	**56,667**

The Company will file its 2012 Annual Income Tax Return (SPT) based on the calculation above. The Company's estimated taxable income for the year ended December 31, 2011 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:

	2012	2011
Income tax expense - current	76,027	61,505
Prepayments of income taxes:		
Article 22	53	60
Article 23	2,064	1,449
Article 25	39,387	34,864
Total	41,504	36,373
Income tax payable - Article 29	**34,523**	**25,132**

The single rate for corporate income tax is 25% starting fiscal year 2010.

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

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

This regulation is effective on December 30, 2008 and shall be applicable retroactively on January 1, 2008. The Company has complied with the above criteria. Accordingly, the Company has applied the tax reduction rate in the 2012 and 2011 income tax calculations.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

12. TAXATION (continued)

The reconciliation between income tax computed by using applicable tax rate from income before income tax, with income tax expense as shown in the statements of comprehensive income for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Income before income tax as shown in the statements of comprehensive income	494,852	434,255
Income tax expense at applicable tax rate	98,970	86,851
Tax effect of permanent differences:		
Donations and entertainment	1,385	715
Salaries and employees' welfare	28	291
Tax penalties	1	61
Income already subjected to final tax:		
Rent	(18,274)	(18,369)
Interest	(9,254)	(10,244)
Gain on sale of short-term investments	(842)	(1,670)
Impact on changes in corporate income tax rates under PMK No. 238/2008	(1,004)	(968)
Interest expense related to correction of 2010 corporate income tax	114	-
Income tax expense - net	**71,124**	**56,667**

The deferred tax assets and liabilities as of December 31, 2012 and 2011 are as follows:

	2012	2011
Deferred tax assets on:		
Liabilities for employees' benefits	39,981	33,891
Unrealized loss on available-for-sale financial assets	2,038	-
Total	42,019	33,891
Deferred tax liabilities on:		
Property and equipment	(21,107)	(20,169)
Long-term rent	(15,072)	(14,922)
Prepaid expenses	(199)	(214)
Unrealized gain on available-for-sale financial assets	-	(199)
Total	(36,378)	(35,504)
Deferred tax assets (liabilities) - net	**5,641**	**(1,613)**

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

In 2012, the Company received Tax Collection Letter ("STP") for income taxes under Article 25/29 for 2010 amounting to Rp114 million. The payment of this STP is presented as part of "Income Tax Expense - Net" in the 2012 statement of comprehensive income.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

12. TAXATION (continued)

In 2011, the Company received several Tax Collection Letters (“STP”) for income taxes under Article 21 for 2008, 2009 and 2010 and for Value Added Tax for 2008, 2009, 2010 and 2011 totaling Rp307 million. The payments of these STP are presented as part of “General and Administrative Expenses - Taxes and Licenses” in the 2011 statement of comprehensive income (Note 20).

13. ACCRUED EXPENSES

Accrued expenses consist of :

	2012	2011
Electricity and energy	20,288	17,192
Promotion	5,181	2,376
Rent	4,465	2,349
Others	3,755	5,319
Total	**33,689**	**27,236**

14. LIABILITIES FOR EMPLOYEES’ BENEFITS

The Company recognized liabilities for employees’ benefits amounting to Rp159.93 billion and Rp135.57 billion as of December 31, 2012 and 2011, respectively, presented in “Liabilities for Employees’ Benefits” account in the statements of financial position. The related expenses amounting to Rp31.18 billion and Rp24.13 billion in 2012 and 2011, respectively, are presented as part of “General and Administrative Expenses - Salaries and Employees’ Welfare” account in the statements of comprehensive income (Note 20). The liabilities for employees’ benefit were determined based on actuarial valuations performed by PT Dayamandiri Dharmakonsilindo, an independent actuary, based on its reports dated January 14, 2013 and January 24, 2012 for 2012 and 2011, respectively.

The liabilities for employees’ benefits are calculated using the “Projected Unit Credit” method based on the following assumptions:

	2012	2011
Discount rate	5.7% per year	8.5% per year
Salary increase rate	7% per year	7% per year
Pension age	55 years old	55 years old
Mortality rate	CSO-1980 table	CSO-1980 table

The benefit expenses recognized in the statements of comprehensive income are as follows:

	2012	2011
Current service cost	18,078	13,797
Interest cost	10,987	10,181
Amortization of past-service cost and actuarial losses	2,119	147
Net	**31,184**	**24,125**

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

14. LIABILITIES FOR EMPLOYEES' BENEFITS (continued)

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

	2012	2011
Balance at beginning of year	178,917	126,086
Actuarial losses	47,676	44,269
Current service cost	18,078	13,797
Interest cost	10,987	10,181
Expected benefit payment	(19,773)	(15,416)
Balance at end of year	**235,885**	**178,917**

The details of employees' benefits liabilities are as follows:

	2012	2011
Present value of benefit obligation	235,885	178,917
Unrecognized actuarial losses	(75,801)	(43,047)
Unrecognized past-service cost	(158)	(305)
Liabilities for employees' benefits	**159,926**	**135,565**

Movements in liabilities for employees' benefits for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Beginning balance	135,565	117,338
Provision during the year	31,184	24,125
Benefits payments during the year	(6,823)	(5,898)
Ending balance	**159,926**	**135,565**

Amounts as of December 31, 2012 and previous four annual periods of employee benefits are as follows:

	December 31				
	2012	2011	2010	2009	2008
Present value of benefit obligation	235,885	178,917	126,086	91,018	84,259
Unrecognized actuarial gain (loss)	(75,801)	(43,047)	(8,296)	11,499	13,372
Unrecognized past-service cost	(158)	(305)	(452)	(599)	(846)
Liabilities recognized in statements of financial position	**159,926**	**135,565**	**117,338**	**101,918**	**96,785**

The amounts of experience adjustments arising on plan liabilities for the year ended December 31, 2012 and previous four annual periods of employee benefits are as follows:

	December 31				
	2012	2011	2010	2009	2008
Present value of benefit obligation	235,885	178,917	126,086	91,018	84,259
Experience adjustments on liability	12,870	6,978	9,325	8,531	7,880

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

14. LIABILITIES FOR EMPLOYEES' BENEFITS (continued)

As of December 31, 2012, if the discount rate appreciated by 1% with all other variables held constant, present value of benefit obligation would have been lower by Rp26.22 billion and if the discount rate depreciated by 1% with all other variables held constant, present value of benefit obligation would have been higher by Rp31.38 billion.

15. SHARE CAPITAL

The shareholders and their share ownership as of December 31, 2012 and 2011 are as follows:

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

16. RETAINED EARNINGS

In the Annual Shareholders' General Meeting held on May 25, 2012, the minutes of which were notarized by Deed No. 7 on the same date of Rianto, S.H., the shareholders approved the declaration of cash dividends of Rp30 (full amount) per share or in total amount of Rp212.88 billion, and the appropriation for general reserve of Rp5 billion from the 2011 net income.

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

17. REVENUES

The details of revenues are as follows:

	2012	2011
Outright sales	4,992,478	4,467,995
Consignment sales (Note 23c)	2,461,155	2,129,119
Cost of consignment sales	(1,753,924)	(1,510,956)
Commission on consignment sales	707,231	618,163
Total	**5,699,709**	**5,086,158**

There are no sales to a specific customer that exceeded 10% of total revenues in 2012 and 2011.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

18. COST OF OUTRIGHT SALES

The details of cost of outright sales are as follows:

	2012	2011
Beginning inventories	715,843	729,977
Net purchases	3,771,911	3,300,950
Inventories available for sale	4,487,754	4,030,927
Ending inventories (Note 8)	(763,117)	(715,843)
Cost of outright sales	**3,724,637**	**3,315,084**

There are no purchases from a supplier of the Company that exceeded 10% of total revenues in 2012 and 2011.

19. SELLING EXPENSES

The details of selling expenses are as follows:

	2012	2011
Rent - net (Notes 10a,10b,23b and 24)	196,101	167,691
Transportation	78,942	64,244
Promotion	71,601	57,645
Plastic bag	18,322	13,420
Credit card charges	7,781	6,723
Others	4,809	2,495
Total	**377,556**	**312,218**

20. GENERAL AND ADMINISTRATIVE EXPENSES

The details of general and administrative expenses are as follows:

	2012	2011
Salaries and employees' welfare (Notes 14 and 23d)	496,770	462,651
Electricity and energy	240,763	241,328
Depreciation (Note 9)	172,196	169,916
Repairs and maintenance (Notes 10c and 23b)	114,109	98,918
Supplies	40,484	24,278
Taxes and licenses (Note 12)	23,233	14,471
Insurance	17,227	15,994
Travel	14,445	11,216
Security	11,229	10,941
Stationeries and printing	11,179	9,081
Social security contribution	9,865	9,631
Telecommunications	7,417	7,280
Donations and entertainment	6,926	3,575
Contributions and retributions	6,073	6,242
Bank charges	4,418	4,945
Professional fee	2,627	3,808
Others	891	521
Total	**1,179,852**	**1,094,796**

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

21. OTHER OPERATING INCOME

The details of other operating income are as follows:

	2012	2011
Gain on foreign exchange - net	12,753	1,984
Gain on sale of short-term investments - net	9,599	8,029
Others - net	6,401	3,548
Total	**28,753**	**13,561**

22. EARNINGS PER SHARE ("EPS")

The computation of basic earnings per share in 2012 and 2011 as follows:

	2012	2011
Income for the year	423,728	377,588
Weighted average number of shares outstanding	7,096,000,000	7,096,000,000
Basic earnings per share (full amount)	**59.71**	**53.21**

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/Liabilities	
	2012	2011	2012	2011
Long-term prepaid rent (Note 10a)				
PT Jakarta Intiland (a)	401,444	265,137	9.86	7.05
Security deposits (Note 10b)				
PT Jakarta Intiland (b)	2,905	2,905	0.07	0.08

			Percentage to Related Total Income/Expenses *)	
	2012	2011	2012	2011
Consignment sales (Note 17)				
PT Ramayana Makmursentosa (c)	76,581	77,597	1.34	1.53
Selling expenses - Rent (Note 10b)				
PT Jakarta Intiland (b)	184,609	166,501	48.90	53.33
General and administrative expenses - Salaries and employees' welfare (Note 20)				
Board of Commissioners and Directors	8,891	8,723	0.75	0.80

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

23. RELATED PARTIES TRANSACTIONS (continued)

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

			Percentage to Related Total Income/Expenses *)	
	2012	**2011**	**2012**	**2011**
General and administrative expenses - Repairs and maintenance (Note 10c)				
PT Jakarta Intiland (b)	10,855	10,565	0.92	0.97

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

a. The Company entered into long-term rental agreements 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 Rp401.44 billion and Rp265.14 billion as of December 31, 2012 and 2011, respectively.

b. The Company also has agreements with PT Jakarta Intiland, a related party, of which the related rents are payable periodically during the rental periods and the Company has to paid refundable security deposits, as discussed in Note 10b. The outstanding balance of security deposits amounted to Rp2.91 billion as of December 31, 2012 and 2011, are presented as part of “Security Deposits” account in the statements of financial position. Total rent expense incurred from these agreements amounted to Rp23.67 billion and Rp91.67 billion in 2012 and 2011, respectively, and are presented as part of “Selling Expenses - Rent - Net” account in the statements of comprehensive income (Note 19).

   The Company is required to pay service charges under the rental agreements. Total service charges paid to PT Jakarta Intiland, a related party, amounted to Rp10.86 billion in 2012 and Rp10.56 billion in 2011, are presented as part of “Selling Expenses - Repairs and Maintenance” in the statements of comprehensive income (Note 20).

c. The Company’s share in the revenue shared with PT Ramayana Makmursentosa, the Company’s ultimate shareholder, from the revenue on family entertainment centre “Zone 2000” amounting to Rp76.58 billion in 2012 and Rp77.60 billion in 2011, are presented as part of revenues in the statements of comprehensive income (Note 17).

d. The compensation to Company’s key management for employee services is shown below:

	2012	**2011**
Short-term employee benefits		
Board of Commissioners	4,418	4,392
Board of Directors	3,108	2,949
Subtotal	7,526	7,341
Long-term employee benefits		
Board of Commissioners	834	889
Board of Directors	531	493
Subtotal	1.365	1.382
Total	**8.891**	**8.723**

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

23. RELATED PARTIES TRANSACTIONS (continued)

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

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

24. COMMITMENTS

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 valid for 5 years. The Company also entered into various long-term land rental agreements with third parties which are used for store buildings development. The land rental agreements in general valid for 25 years (Note 10a).

In addition, the Company entered into rental agreements with third parties to sub-lease some of the store spaces. The total rent income from these agreements of Rp96.72 billion in 2012 and Rp97.22 billion in 2011 is presented as deductions to rent expense in selling expenses (Note 19).

25. SEGMENT INFORMATION

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

	2012				
	Sumatera	**Java, Bali and Nusa Tenggara**	**Kalimantan**	**Sulawesi and Papua**	**Total Segment**
Total revenues	1,396,769	3,332,617	581,988	388,335	5,669,709
Income					
Segment income	401,989	897,113	176,756	119,143	1,595,001
Unallocated operating expenses					(1,148,584)
Income from operations					446,417
Finance income					48,435
Income before income tax					494,852
Income tax expense - net					(71,124)
Income for the year					**423,728**
Segment assets	734,727	1,439,715	268,688	241,534	2,684,664
Unallocated assets					1,388,701
Total assets					**4,073,365**
Segment liabilities	1,478	1,722	209	12,115	15,524
Unallocated liabilities					1,015,956
Total liabilities					**1,031,480**
Capital expenditures	28,122	92,894	13,600	35,440	170,056
Depreciation and amortization	91,634	227,667	40,061	20,710	380,072

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

25. SEGMENT INFORMATION (continued)

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

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

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

2012	**Fashion and Accessories**	**Non-Fashion Items**	**Total Segment**
Outright sales	2,523,693	2,468,785	4,992,478
Commission on consignment sales	689,806	17,425	707,231
Cost of outright sales	(1,565,919)	(2,158,718)	(3,724,637)
Gross profit	**1,647,580**	**327,492**	**1,975,072**
Selling expenses	(350,761)	(26,795)	(377,556)
General and administratives expenses	(865,837)	(314,015)	(1,179,852)
Other operating income	21,137	7,616	28,753
Income (loss) from operations	**452,119**	**(5,702)**	**446,417**
Finance income	32,114	16,321	48,435
Income before income tax	**484,233**	**10,619**	**494,852**

25. SEGMENT INFORMATION (continued)

2011	Fashion and Accessories	Non-Fashion items	Total Segment
Outright sales	2,231,474	2,236,521	4,467,995
Commission on consignment sales	603,529	14,634	618,163
Cost of outright sales	(1,392,127)	(1,922,957)	(3,315,084)
Gross profit	**1,442,876**	**328,198**	**1,771,074**
Selling expenses	(258,269)	(53,949)	(312,218)
General and administratives expenses	(788,669)	(306,127)	(1,094,796)
Other operating income	8,370	5,191	13,561
Other operating expense	(39)	-	(39)
Income (loss) from operations	**404,269**	**(26,687)**	**377,582**
Finance income	39,315	17,358	56,673
Income (loss) before income tax	**443,584**	**(9,329)**	**434,255**

26. MONETARY ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

As of December 31, 2012, the Company has monetary assets and liabilities denominated in foreign currencies as follows:

	In Millions of Rupiah Equivalent
Assets	
Cash and cash equivalents	
United States dollar (US$12,819,251)	123,962
Singapore dollar (Sin$126,527)	1,001
Time deposits	
United States dollar (US$4,949,756)	47,864
Short-term investments	
United States dollar (US$175,000)	1,692
Accounts receivable - others	
United States dollar (US$12,757)	123
Total	174,642
Liabilities	
Accounts payable - others	
United States dollar (US$140,058)	1,354
Singapore dollar (Sin$4,808)	38
Total	1,392
Net monetary assets	**173,250**

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

26. MONETARY ASSETS AND LIABILITIES IN FOREIGN CURRENCIES (continued)

On March 18, 2013, the exchange rates are Rp9,718 (full amount) per US$1 and Rp7,770 (full amount) per Sin$1.

If the net monetary assets in foreign currencies as of December 31, 2012 are converted to Rupiah using the exchange rates as of March 18, 2013, the net monetary assets will increase by Rp839 million.

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 - loan to employees, 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 a financial instrument will fluctuate because of changes in market prices. Market prices comprise two type of risk: interest rate risk and foreign currency risk. Financial instruments affected by market risk include cash and cash equivalents, time deposits, short-term investments, accounts receivable - others, and account payable - others.

Foreign currency risk

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

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

	December 31, 2012		December 31, 2011	
	Change in Rupiah Rate	Effect on Income Before Tax Expenses	Change in Rupiah Rate	Effect on Income Before Tax Expenses
United States dollar	+2%	3,446	+2%	4,035
Singapore dollar	+2%	19	+2%	17
United States dollar	-2%	(3,446)	-2%	(4,035)
Singapore dollar	-2%	(19)	-2%	(17)

(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 certain 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 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 statements of financial position.

Liquidity risk

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

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

The tables below summarize the maturity profile of the Company’s financial liabilities based on contractual payments as of December 31, 2012 and 2011:

	< 1 year	1 - 2 years	2 - 3 years	> 3 years	Total
As of December 31, 2012					
Account payable - third parties					
Trade	723,184	-	-	-	723,184
Others	50,955	-	-	-	50,955
Accrued expenses	33,689	-	-	-	33,689
Total	**807,828**	**-**	**-**	**-**	**807,828**
As of December 31, 2011					
Account payable - third parties					
Trade	691,049	-	-	-	691,049
Others	18,106	-	-	-	18,106
Accrued expenses	27,236	-	-	-	27,236
Total	**736,391**	**-**	**-**	**-**	**736,391**

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

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 requirements are considered by the Company at the Annual General Shareholders' Meeting ("AGM").

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, issue new shares or raise debt financing. No changes were made in the objectives, policies or processes for the years ended December 31, 2012 and 2011.

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 statements 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 - loan to employees are carried at amortized cost using the effective interest rate method and the discount rates used are the current market incremental lending rate for similar types of lending. 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 , accounts payable - trade, accounts payable - other and accrued expenses reasonably approximate their fair values because they are mostly short-term in nature.

The following table sets out the carrying values and estimated fair values of the Company's financial instruments as of December 31, 2012 and 2011:

	2012		2011	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Financial Assets				
Cash and cash equivalents	1,169,416	1,169,416	927,030	927,030
Time deposits	152,264	152,264	119,700	119,700
Accounts receivable - third parties				
Trade	2,115	2,115	4,227	4,227
Others	8,342	8,342	14,567	14,567

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

28. FINANCIAL INSTRUMENTS (continued)

The following table sets out the carrying values and estimated fair values of the Company's financial instruments as of December 31, 2012 and 2011: (continued)

	2012		2011	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Financial Assets (continued)				
Short-term investments	1,692	1,692	228,831	228,831
Security deposits	1,227	1,227	1,224	1,224
Other non-current assets - loan to employees	6,586	6,302	9,660	9,325
Total	**1,341,642**	**1,341,358**	**1,305,239**	**1,304,904**
Financial Liabilities				
Accounts payable - third parties				
Trade	723,184	723,184	691,049	691,049
Others	50,955	50,955	18,106	18,106
Accrued expenses	33,689	33,689	27,236	27,236
Total	**807,828**	**807,828**	**736,391**	**736,391**

29. SUPPLEMENTARY CASH FLOWS INFORMATION

	2012	**2011**
ACTIVITIES NOT AFFECTING CASH FLOWS		
Reclassification of advances for purchases of property and equipment to property and equipment	1,265	-
Decrease in fair value of available-for-sale financial assets - net	2,081	3,579
Reclassification of assets not used in operation to property and equipment	-	1,733

30. RECLASSIFICATIONS OF ACCOUNTS

The following account in the 2011 financial statements have been reclassified to conform to the presentation of accounts in the financial statements for the year ended December 31, 2012:

As Previously Reported	As Reclassified	Total
General and administrative expenses - Rent - net	Selling expenses - Rent - net	167,691
General and administrative expenses - Transportation and travel	Selling expenses - Transportation	64,244
General and administrative expenses - Transportation and travel	General and administrative expenses - Travel	11,216

30. RECLASSIFICATIONS OF ACCOUNTS (continued)

The following account in the 2011 financial statements have been reclassified to conform to the presentation of accounts in the financial statements for the year ended December 31, 2012: (continued)

As Previously Reported	As Reclassified	Total
General and administrative expenses - Promotion	Selling expenses - Promotion	57,645
General and administrative expenses - Supplies	Selling expenses - Plastic Bag	13,420
General and administrative expenses - Bank Charges	Selling expenses - Credit Card Charges	6,723
General and administrative expenses - Supplies	Selling expenses - Others	2,495

Ramayana

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