PT Ramayana Lestari Sentosa Tbk

Financial statements with independent auditors' report
years ended December 31, 2009 and 2008

These financial statements are originally issued in Indonesian language.

PT RAMAYANA LESTARI SENTOSA Tbk
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2009 AND 2008

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This report is originally issued in Indonesian language.

Independent Auditors' Report

Report No. RPC-11233

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

We have audited the balance sheets of PT Ramayana Lestari Sentosa Tbk (the "Company") as of December 31, 2009 and 2008, and the related statements of 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, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles in Indonesia.

Purwantono, Sarwoko & Sandjaja

Benyanto Suherman
Public Accountant License No. 05.1.0973

March 1, 2010

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
BALANCE SHEETS
December 31, 2009 and 2008
(Expressed in Millions of Rupiah, Except Par Value per Share)

	Notes	2009	2008
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2b,3,23	655,450	841,838
Time deposits	4	147,100	44,000
Short-term investments	2c,5,23	202,977	237,283
Accounts receivable - third parties			
Trade		2,253	2,940
Others	23	17,987	10,176
Inventories	2e,7	640,758	475,377
Prepaid expenses and advances		23,992	6,313
Current portion of long-term rent	2d,2g,2h, 6a,9,16,19	68,416	80,019
Total Current Assets		1,758,933	1,697,946
NON-CURRENT ASSETS			
Advances for purchases of property and equipment		109,173	8,100
Property and equipment - net of accumulated depreciation of Rp878,627 in 2009 and Rp752,753 in 2008	2f,2g,8,16	944,419	888,340
Long-term rent - net of current portion and impairment loss	2d,2g,2h, 6a,9,16,19	364,159	375,148
Security deposits	2d,9a,23	23,676	24,545
Other assets	2d,2f,2g,6b,8	8,850	9,980
Total Non-Current Assets		1,450,277	1,306,113
TOTAL ASSETS	22	**3,209,210**	**3,004,059**

PT RAMAYANA LESTARI SENTOSA Tbk
BALANCE SHEETS (continued)
December 31, 2009 and 2008
(Expressed in Millions of Rupiah, Except Par Value per Share)

	Notes	2009	2008
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable - third parties			
Trade	10	568,527	501,115
Others	23	17,868	21,637
Accrued expenses		16,206	23,596
Taxes payable	2l,11	23,578	25,580
Total Current Liabilities		626,179	571,928
NON-CURRENT LIABILITIES			
Deferred tax liabilities - net	2l,11	8,495	7,858
Estimated liability for employees' benefits	2o,18	101,918	96,785
Total Non-Current Liabilities		110,413	104,643
Total Liabilities	22	736,592	676,571
EQUITY			
Share capital - Rp50 par value			
Authorized - 28,000,000,000 shares			
Issued and fully paid - 7,064,000,000 shares	12	353,200	353,200
Additional paid-in capital - net	2i,20	91,004	91,004
Share options	2m,20	12,018	12,018
Unrealized loss on available-for-sale securities - net	2c,5	(5,526)	(34,877)
Retained earnings:			
Appropriated	13	50,000	45,000
Unappropriated		1,971,922	1,861,143
Equity - Net		2,472,618	2,327,488
TOTAL LIABILITIES AND EQUITY		**3,209,210**	**3,004,059**

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

PT RAMAYANA LESTARI SENTOSA Tbk
STATEMENTS OF INCOME
Years Ended December 31, 2009 and 2008
(Expressed in Millions of Rupiah, Except Earnings per Share)

	Notes	2009	2008
REVENUES	2j,14,22		
Outright sales		3,830,788	3,927,141
Consignment sales	2d,6c	1,627,967	1,599,106
Cost of consignment sales		(1,148,360)	(1,118,693)
Commission on consignment sales		479,607	480,413
Total Revenues		**4,310,395**	**4,407,554**
COST OF OUTRIGHT SALES	2j,15,22	**2,839,025**	**2,883,585**
GROSS PROFIT		**1,471,370**	**1,523,969**
OPERATING EXPENSES	2d,2j,2o, 8,9,11, 16,18,19	1,104,825	1,107,366
OPERATING INCOME	22	**366,545**	**416,603**
OTHER INCOME (EXPENSES)			
Interest income	17	64,254	60,936
Gain (loss) on sale of short-term investments - net	2c,5	11,362	(1,427)
Gain (loss) on foreign exchange - net	2k	(38,646)	38,575
Others - net	2f,8	608	6,486
Other Income - Net	22	37,578	104,570
INCOME BEFORE INCOME TAX	22	**404,123**	**521,173**
INCOME TAX EXPENSE (BENEFIT)	2l,11		
Current		72,577	99,069
Deferred		(3,217)	(7,643)
Income Tax Expense - Net	22	**69,360**	**91,426**
NET INCOME	22	**334,763**	**429,747**
BASIC EARNINGS PER SHARE	2p,21	**47.39**	**60.84**

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

PT RAMAYANA LESTARI SENTOSA Tbk
STATEMENTS OF CHANGES IN EQUITY
Years Ended December 31, 2009 and 2008
(Expressed in Millions of Rupiah)

	Notes	Issued and Fully Paid Share Capital	Additional Paid-in Capital - Net	Share Options	Unrealized Gain (Loss) on Available-for-Sale Securities - Net	Retained Earnings - Appropriated	Retained Earnings - Unappropriated	Equity - Net
Balance, January 1, 2008		**353,200**	**91,004**	**12,018**	**2,378**	**40,000**	**1,655,380**	**2,153,980**
Change in fair value on available-for-sale securities - net of deferred tax effect	2c	-	-	-	(22,519)	-	-	(22,519)
Realized loss on sale of available-for-sale securities - net		-	-	-	(14,736)	-	-	(14,736)
Appropriation for general reserve	13	-	-	-	-	5,000	(5,000)	-
Cash dividend declaration	13	-	-	-	-	-	(218,984)	(218,984)
Net income for 2008		-	-	-	-	-	429,747	429,747
Balance, December 31, 2008		**353,200**	**91,004**	**12,018**	**(34,877)**	**45,000**	**1,861,143**	**2,327,488**
Change in fair value on available-for-sale securities - net of deferred tax effect	2c	-	-	-	13,116	-	-	13,116
Realized gain on sale of available-for-sale securities - net		-	-	-	16,235	-	-	16,235
Appropriation for general reserve	13	-	-	-	-	5,000	(5,000)	-
Cash dividend declaration	13	-	-	-	-	-	(218,984)	(218,984)
Net income for 2009		-	-	-	-	-	334,763	334,763
Balance, December 31, 2009		**353,200**	**91,004**	**12,018**	**(5,526)**	**50,000**	**1,971,922**	**2,472,618**

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

PT RAMAYANA LESTARI SENTOSA Tbk
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2009 and 2008
(Expressed in Millions of Rupiah)

	Notes	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from sales		5,461,717	5,514,131
Cash paid to suppliers and employees		(4,982,895)	(4,872,958)
Payments for income taxes		(73,728)	(112,893)
Cash receipts from:			
Interest income		67,145	67,307
Other operating activities		12,255	6,501
Net Cash Provided by Operating Activities		**484,494**	**602,088**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of short-term investments	5	278,029	524,344
Proceeds from sale of property and equipment	8	568	1,624
Placement in short-term investments		(213,683)	(481,097)
Acquisitions of property and equipment	8	(213,202)	(315,595)
Withdrawal of (placement in) time deposits - net	4	(103,100)	181,500
Advances for purchases of property and equipment		(101,073)	(3,175)
Additions in long-term rent	9	(69,210)	(160,783)
Additions in security deposits		(1,916)	(1,079)
Net Cash Used in Investing Activities		**(423,587)**	**(254,261)**
CASH FLOWS FROM FINANCING ACTIVITY			
Payments of cash dividends	13	**(218,984)**	**(218,984)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(158,077)**	**128,843**
Effect of changes in foreign exchange rate on cash and cash equivalents		(28,311)	19,795
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		841,838	693,200
CASH AND CASH EQUIVALENTS AT END OF YEAR	3	**655,450**	**841,838**
ACTIVITIES NOT AFFECTING CASH FLOWS			
Increase (decrease) in fair values on available-for-sale securities - net of deferred tax effect		**13,116**	**(22,519)**
Write-off of property and equipment	2f	**13,484**	**-**

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

1. GENERAL

a. Company's Establishment

PT Ramayana Lestari Sentosa Tbk (the "Company") was established in Indonesia based on Notarial Deed No. 60 dated December 14, 1983 of R. Muh. Hendarmawan, S.H. The Deed of Establishment was approved by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C2-5877.HT.01.01.TH.85 dated September 17, 1985, and was published in the Addendum No. 589 of the State Gazette No. 9 dated October 3, 1985. The Company's Articles of Association has been amended several times, the latest amendment to the Company's Articles of Association as notarized under Notarial Deed No. 13 dated May 30, 2008 of Rianto, S.H., pertain 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.

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 2009, the Company closed its 2 stores and opened 5 new stores. As of December 31, 2009, the Company operates several stores known as "Ramayana" (99 stores), "Robinson" (1 store), "Cahaya" (3 stores), and "Orangemart" (4 stores), that are located in Jakarta, Java (West Java, East Java and Central Java), Sumatera, Bali, Kalimantan, Nusa Tenggara and Sulawesi. The Company's head office is located at Jl. KH Wahid Hasyim No. 220 A & B, Jakarta 10250.

The Company started its commercial operations in 1983.

b. Company's Public Offering

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

1. On September 15, 1997, the Company issued bonus shares, whereby each shareholders holding one share was entitled to receive one new share. The outstanding shares became 700,000,000 shares.
2. On June 8, 2000, the Company changed the par value per share from Rp500 (full amount) per share to Rp250 (full amount) per share. The outstanding shares became 1,400,000,000 shares.
3. On June 18, 2004, the Company changed the par value per share from Rp250 (full amount) per share to Rp50 (full amount) per share. The outstanding shares became 7,000,000,000 shares.
4. On July 4, 2005, the Company issued 32,000,000 shares in connection with the exercise of share options by the employees (ESOP). The outstanding shares became 7,032,000,000 shares.
5. On October 2, 2006, the Company issued 32,000,000 shares in connection with the exercise of share options by the employees (ESOP). The outstanding shares became 7,064,000,000 shares (Notes 12 and 20).

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

(Expressed in Millions of Rupiah Unless Otherwise Stated)

1. GENERAL (continued)

c. Boards of Commissioners and Directors and Number of Employees

As of December 31, 2009 and 2008, 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	Wira Chandra	- Director
		Setyadi Surya	- Director

As of December 31, 2009 and 2008, the composition of the audit committee are as follows:

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

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

Salaries and other compensation benefits incurred for the Company's commissioners and directors amounted to Rp6.57 billion in 2009 and Rp5.42 billion in 2008. As of December 31, 2009 and 2008, the Company had 16,711 employees and 18,327 employees, respectively (unaudited).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation of the Financial Statements

The financial statements are prepared in accordance with generally accepted accounting principles in Indonesia, which are the Statements of Financial Accounting Standards ("PSAK") and BAPEPAM-LK Rule No. VIII.G.7 concerning "Guidelines of Financial Statements Presentation".

The financial statements are prepared on the historical cost basis of accounting, except for short-term investments, which are stated at fair value; and inventories, which are stated at the lower of cost or net realizable value. The financial statements are prepared using accrual basis, except for the statements of cash flows.

The statements of cash flows are prepared using direct method that classified the receipt and payment of cash and cash equivalents into operating, investing and financing activities.

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

b. Cash and Cash Equivalents

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Short-term Investments

Short-term investments represent investments in debt securities (bonds and notes), equity securities (shares of stock), and mutual fund that are classified as available-for-sale securities. Available-for-sale securities are stated at their fair values. The fair values of shares and bonds in Rupiah are determined based on their market values as listed at the Indonesia Stock Exchange on the last stock exchange day of the related year on December 31, 2009 and December 31, 2008. Fair values of bonds and notes in United States Dollar are determined based on market values published by Bloomberg on December 31, 2009 and 2008, respectively. Any unrealized gain or loss from the changes in fair values at balance sheet date is credited to “Unrealized Gain (Loss) on Available-for-Sale Securities” account as an equity component and is credited or charged to operations upon realization.

The cost of securities sold is determined using the weighted-average method.

d. Transactions with Related Parties

The Company has transactions with certain parties, which have related party relationships as defined under PSAK No. 7, “Related Party Disclosures”.

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

e. Inventories

Effective January 1, 2009, the Company has applied PSAK No. 14 (Revised 2008), “Inventories”, which supersedes PSAK No. 14 (1994), “Inventories”. The adoption of this revised PSAK did not result in a significant effect on the Company’s financial statements.

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 this inventories to the location and current conditions. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated cost necessary to make the sale. Allowance for inventory obsolescence and losses is provided based on a review of the condition of the inventories at the end of the year.

f. Property and Equipment

Direct ownership

Effective January 1, 2008, the Company has applied PSAK No. 16 (Revised 2007), “Fixed Assets”, which supersedes PSAK No. 16 (1994), “Fixed Assets and Other Assets”, and PSAK No. 17 (1994), “Accounting for Depreciation”, whereby the Company has chosen the cost model. The adoption of this revised PSAK did not result in a significant effect in the Company’s financial statements.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Property and Equipment (continued)

Direct ownership (continued)

Depreciation 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

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

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

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

Construction in progress

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

g. Impairment of Assets Value

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

h. Leases

Effective January 1, 2008, the PSAK No. 30 (Revised 2007), "Leases" supersedes PSAK No. 30 (1990), "Accounting for Leases". Based on PSAK No. 30 (Revised 2007), the determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset. Under this revised PSAK, leases that transfer substantially to the lessee all the risks and rewards incidental to ownership of the leased item are classified as finance leases. Moreover, leases which do not transfer substantially all the risks and rewards incidental to ownership of the leased item are classified as operating leases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Leases

The Company as a lessee

Under an operating lease, the Company recognized lease payments as an expense on a straight-line basis over the lease term.

The Company as a lessor

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

The current portion of the long-term rent is classified as current assets and presented as part of "Current Portion of Long-term Rent" account.

The adoption of this revised PSAK did not have effect in the Company's financial statements.

i. Additional Paid-in Capital - Net

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

j. Recognition of Revenues and Expenses

Revenues from outright and consignment sales are recognized when the goods are sold at the sales counter. Revenues from consignment sales are recognized at the amounts of the sales of consignment goods to customers, while the related costs are recognized at the amounts due to consignors as part of revenues.

Expenses are recognized when incurred.

k. Foreign Currency Transactions and Balances

Transactions involving foreign currencies are recorded in Rupiah amounts at the rates of exchange prevailing at the time the transactions are made. At balance sheet date, monetary assets and liabilities denominated in foreign currency are adjusted to Rupiah based on the last prevailing middle exchange rates published on that date. The resulting gains or losses are credited or charged to operations of the current year.

As of December 31, 2009 and 2008, the exchange rates used are as follows (in full amount of Rupiah):

	2009	2008
US$1	9,400	10,950
Sin$1	6,699	7,608

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Income Tax

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

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

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

m. Stock Based Compensation

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

n. Segment Reporting

The Company classifies its segment reporting as follows:

(i) Geographical segment (primary), which is classified based on location of the stores.
(ii) Business segment (secondary), which is classified based on type of products sold, such as fashion and accessories; and non-fashion items.

o. Employees’ Benefits

The Company adopts PSAK No. 24 (Revised 2004), “Accounting for Retirement Benefit Cost” which regulates the accounting and disclosure requirements of retirement benefit cost. The estimated liability for employees benefits is calculated in accordance with Labor Law No. 13/2003 dated March 25, 2003 (“UU No. 13/2003”) that requires the Company to pay the severance, gratuity and compensation pay if certain conditions in the UU No. 13/2003 are met. Under PSAK No. 24 (Revised 2004), the cost of providing employee benefits under UU No. 13/2003 is determined using the “*Projected Unit Credit*” actuarial valuation method. Actuarial gains and losses are recognized as income or expenses when the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting year 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 change in the benefit payable of an existing plan are required to be amortized over the period until the benefits concerned become vested.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Earnings per Share ("EPS")

Basic EPS is computed by dividing net income for the year with the weighted-average number of shares outstanding during the year. The weighted-average numbers of shares outstanding are 7,064,000,000 shares in 2009 and 2008, respectively.

Diluted EPS is computed by dividing net income for the year with the weighted-average number of shares outstanding during the year and the effects of all dilutive potential shares arising from the grant of ESOP on August 8, 2003. In 2009 and 2008, the share option is not considered as a dilutive potential share for diluted earnings per share purposes (Note 21). Potential ordinary shares are anti-dilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing ordinary operations. The effects of anti-dilutive potential ordinary shares are ignored in calculating diluted earnings per share.

q. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in Indonesia, requires management to make estimations and assumptions that affect amounts reported. Therein, due to inherent uncertainty in making estimates, actual results reported in future periods might be based on amounts, which may differ from those estimates.

r. Standards Issued but not yet Effective

Accounting Standards issued by Indonesian Accounting Standards Board ("DSAK") up to the date of completion of the Company's financial statements but not yet effective are summarized below:

Effective on or after January 1, 2010:

PSAK 50 (Revised 2006) "Financial Instruments: Presentation and Disclosures", contains the requirements for the presentation of financial instruments and identifies the information that should be disclosed.

PSAK 55 (Revised 2006) "Financial Instruments: Recognition and Measurement", establishes the principles for recognizing and measuring financial assets, financial liabilities, and some contracts to buy or sell non-financial items.

PSAK 26 (Revised 2008) "Borrowing Costs", prescribes for the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset.

PPSAK 5 "Revocation of ISAK 6: Interpretation of Paragraphs 12 and 16 of PSAK 55 (1999) on Embedded Derivative Instruments in Foreign Currency".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Revised Statements of Financial Accounting Standards (continued)

Accounting Standards issued by Indonesian Accounting Standards Board ("DSAK") up to the date of completion of the Company's financial statements but not yet effective are summarized below: (continued)

Effective on or after January 1, 2011:

PSAK 1 (Revised 2009) "Presentation of Financial Statements", prescribes the basis for presentation of general purpose financial statements to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities.

PSAK 2 (Revised 2009) "Statement of Cash Flows", requires the provision of information about the historical changes in cash and cash equivalents by means of a statement of cash flows which classifies cash flows during the period from operating, investing and financing activities.

PSAK 5 (Revised 2009) "Operating Segments", segment information is disclosed to enable users of financial statements to evaluate the nature and financial effects of the business activities in which the entity engages and the economic environments in which it operates.

PSAK 25 (Revised 2009) "Accounting Policies, Changes in Accounting Estimates and Errors", prescribes the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors.

PSAK 48 (Revised 2009) "Impairment of Assets", prescribes the procedures applied to ensure that assets are carried at no more than their recoverable amount and if the assets are impaired, an impairment loss should be recognized.

PSAK 57 (Revised 2009) "Provisions, Contingent Liabilities and Contingent Assets", aims to provide that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets and to ensure that sufficient information is disclosed in the notes to enable users to understand the nature, timing and amount related to the information.

ISAK 10 "Customer Loyalty Programmes", applies to customer loyalty award credits granted to customers as part of a sales transaction, and subject to meeting any further qualifying conditions, the customers can redeem in the future for free or discounted goods or services.

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

(Expressed in Millions of Rupiah Unless Otherwise Stated)

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2009	2008
Cash on hand	13,747	14,337
Cash in banks - third parties:		
Rupiah		
Citibank N.A., Indonesia	15,026	42,358
PT Bank Danamon Indonesia Tbk	13,552	17,659
PT Bank Negara Indonesia (Persero) Tbk	11,798	48,048
Deutsche Bank AG, Indonesia	7,700	32,725
PT Bank Central Asia Tbk	2,993	4,682
PT Bank Mandiri (Persero) Tbk	1,470	2,519
PT Bank Rakyat Indonesia (Persero) Tbk	913	35
PT Bank Internasional Indonesia Tbk	644	73
PT Bank Mega Tbk	6	181
United States Dollar		
Deutsche Bank AG, Indonesia (US$697,732 in 2009 and US$329,015 in 2008)	6,559	3,603
Deutsche Bank AG, Singapore (US$474,834 in 2009 and US$7,755 in 2008)	4,463	84
Credit Suisse Bank, Singapore (US$88,641 in 2009 and US$3,306,276 in 2008)	833	36,204
UBS AG, Singapore (US$7,585)	71	-
Singapore Dollar		
PT Bank UOB Indonesia (Sin$150,387 in 2009 and Sin$175,214 in 2008)	1,007	1,333
Deutsche Bank AG, Indonesia (Sin$28,909 in 2009 and Sin$29,119 in 2008)	194	222
Sub-total	67,229	189,726
Cash equivalents (time and on call deposits) - third parties:		
Rupiah		
PT Bank Danamon Indonesia Tbk	120,600	45,000
PT Bank Rakyat Indonesia (Persero) Tbk	101,000	121,200
PT Bank Central Asia Tbk	87,500	78,700
Citibank N.A., Indonesia	39,400	-
PT Bank Negara Indonesia (Persero) Tbk	35,000	89,800
PT Bank Mandiri (Persero) Tbk	28,000	160,300
Deutsche Bank AG, Indonesia	4,200	25,000
PT Bank Internasional Indonesia Tbk	-	20,000

(Expressed in Millions of Rupiah Unless Otherwise Stated)

3. CASH AND CASH EQUIVALENTS (continued)

Cash and cash equivalents consist of: (continued)

	2009	2008
Cash equivalents (time and on call deposits) - third parties: (continued)		
United States Dollar		
UBS AG, Singapore (US$9,686,099 in 2009 and US$5,168,841 in 2008)	91,049	56,599
Credit Suisse Bank, Singapore (US$5,104,809 in 2009 and US$3,760,348 in 2008)	47,985	41,176
Deutsche Bank AG, Singapore (US$2,100,000)	19,740	-
Sub-total	574,474	637,775
Total	**655,450**	**841,838**

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

	2009	2008
Rupiah	6.25% - 13.50%	2.00% - 14.00%
United States Dollar	0.12% - 0.90%	0.13% - 4.89%

4. TIME DEPOSITS

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

	2009	2008
PT Bank Rakyat Indonesia (Persero) Tbk	107,900	-
PT Bank Negara Indonesia (Persero) Tbk	20,000	-
PT Bank Danamon Indonesia Tbk	19,200	-
PT Bank Central Asia Tbk	-	44,000
Total	**147,100**	**44,000**

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 ranging from 8.00% to 10.50% in 2009 and from 8.10% to 8.25% in 2008.

(Expressed in Millions of Rupiah Unless Otherwise Stated)

5. SHORT-TERM INVESTMENTS

This account represents investments in debt securities, equity securities (shares of stock) and mutual fund denominated in United States Dollar and Rupiah, which are classified as available-for-sale securities as follows:

	2009	2008
Debt securities - third parties:		
United States Dollar		
Adaro Indonesia Guaranteed Senior Notes due 2019 (US$3,124,384)	29,369	-
Indosat International Finance Company B.V. Guaranteed Notes due 2012 (US$2,050,000 in 2009 and US$1,763,600 in 2008)	19,270	19,311
Majapahit Holding B.V. 2006 Guaranteed Notes due 2016 (US$1,055,000 in 2009 and US$818,500 in 2008)	9,917	8,962
Majapahit Holding B.V. 2006 Guaranteed Notes due 2011 (US$1,035,000 in 2009 and US$912,400 in 2008)	9,729	9,991
Bank CIMB Niaga Subordinated Notes due 2016 (US$1,007,500 in 2009 and US$999,800 in 2008)	9,471	10,948
BLT Finance B.V. Guaranteed Senior Notes due 2014 (US$625,000 in 2009 and US$450,000 in 2008)	5,875	4,928
GT 2005 Bonds B.V. Guaranteed Secured Bonds due 2014 (US$190,042 in 2009 and US$80,000 in 2008)	1,786	876
PGN Euro Finance 2003 Limited Guaranteed Notes (US$2,208,875)	-	24,187
ICICI Bank Ltd Bond (US$555,733)	-	6,085
HSBC Var PCT 19.07.49 Series 3H Perp Call (US$440,438)	-	4,823
Sub-total - United States Dollar	85,417	90,111
Rupiah		
Duta Pertiwi Bond V Year 2007	27,544	25,950
Bank Mandiri Subordinated Bond I Year 2009	20,000	-
Bhakti Finance Bond II Year 2007	10,000	10,200
Perusahaan Listrik Negara Bond VII Year 2004	9,925	10,000
WOM Finance Bond IV Series C Year 2007	9,887	8,204
Bank Mega Subordinated Bond Year 2007	9,800	10,000
Bakrie Telecom Bond I Year 2007	8,648	9,000
BNI Securities Bond I Year 2007	7,840	6,400
Panin Sekuritas Bond III Year 2007	6,000	6,000
Indofood Sukses Makmur Bond V Year 2009	5,000	-
Indofood Sukses Makmur Bond IV Year 2007	2,916	-
Mobile-8 Telecom Bond I Year 2007	-	14,963
Sub-total - Rupiah	117,560	100,717
Sub-total debt securities - third parties	202,977	190,828

(Expressed in Millions of Rupiah Unless Otherwise Stated)

5. SHORT-TERM INVESTMENTS (continued)

This account represents investments in debt securities, equity securities (shares of stock) and mutual fund denominated in United States Dollar and Rupiah, which are classified as available-for-sale securities as follows: (continued)

	2009	2008
Shares of stock - third parties		
PT Bakrieland Development Tbk	-	37,250
PT Bakrie & Brothers Tbk	-	992
Sub-total shares of stock - third parties	-	38,242
Mutual fund - third parties:		
United States Dollar		
Managed by UBS AG, Singapore		
(US$750,000)	-	8,213
Total	**202,977**	**237,283**

The total nominal values of the debt securities are US$9,369,000 and Rp119 billion or totaling Rp207.07 billion as of December 31, 2009 and US$10,275,000 and Rp108 billion or totaling Rp220.51 billion as of December 31, 2008.

The annual interest for the debt securities range as follows:

	2009	2008
Rupiah	10.01% - 12.85%	11.50% - 12.85%
United States Dollar	5.00% - 10.25%	5.73% - 10.25%

Proceeds from sales of short-term investments are amounted to Rp278.03 billion and Rp524.34 billion in 2009 and 2008, respectively. The related gain on the sale of short-term investments of Rp11.36 billion in 2009 and the related loss on the sale of short-term investments of Rp1.43 billion in 2008 are presented in “Gain (Loss) on Sale of Short-term Investments” account in the statements of income. As of December 31, 2009 and 2008, the change in fair value on available-for-sale securities, net of deferred tax effect, represents unrealized loss amounted to Rp5.53 billion and Rp34.88 billion, respectively, are presented as part of “Unrealized Loss on Available-for-Sale Securities - Net” account in the balance sheets.

The related bonds as stated above will mature on various date from 2010 until 2019.

(Expressed in Millions of Rupiah Unless Otherwise Stated)

5. SHORT-TERM INVESTMENTS (continued)

The bond credit ratings issued by PT Pemeringkat Efek Indonesia, Fitch Ratings, Moody's and Standard & Poor's, credit rating agencies, as of December 31, 2009 are as follows:

	Rating
Adaro Indonesia Guaranteed Senior Notes due 2019	BB+
Indosat International Finance Company B.V. Guaranteed Notes due 2012	BBB-
Majapahit Holding B.V. 2006 Guaranteed Notes due 2016	BB-
Majapahit Holding B.V. 2006 Guaranteed Notes due 2011	BB-
Bank CIMB Niaga Subordinated Notes due 2016	BB
BLT Finance B.V. Guaranteed Senior Notesdue 2014	CCC
GT 2005 Bonds B.V. Guaranteed Secured Bonds due 2014	Caa1
Duta Pertiwi Bond V Year 2007	BBB
Bank Mandiri Subordinated Bond I Year 2009	AA+
Bhakti Finance Bond II Year 2007	BBB-
Perusahaan Listrik Negara Bond VII Year 2004	AA-
WOM Finance Bond IV Series C Year 2007	A-
Bank Mega Subordinated Bond Year 2007	A
Bakrie Telecom Bond I Year 2007	A-
BNI Securities Bond I Year 2007	BBB
Panin Sekuritas Bond III Year 2007	A-
Indofood Sukses Makmur Bond V Year 2009	AA
Indofood Sukses Makmur Bond IV Year 2007	AA

6. ACCOUNTS AND TRANSACTIONS WITH RELATED PARTIES

The Company, in the normal course of its business, engages in transactions with related parties under normal prices and conditions as those with third parties, except for loans to employees, as follows:

a. Store and warehouse rental agreements with PT Jakarta Intiland ("JIL") as discussed in Notes 9 and 19. JIL is owned by PT Ramayana Makmursentosa ("RMS"), a shareholder of the Company, and by Paulus Tumewu, a shareholder and president commissioner of the Company.

b. Non-interest bearing loans to its employees collectible through monthly salary deduction with outstanding balance of Rp7.18 billion and Rp8.53 billion as of December 31, 2009 and 2008, respectively. These loans are presented as part of "Other Assets" account in the balance sheets.

c. The Company's share in the revenue with RMS, a shareholder of the Company, from the revenue on family entertainment centre "Zone 2000" amounted to Rp56.38 billion in 2009 and Rp56.13 billion in 2008 or representing 1.31% and 1.27% of net revenues, respectively, are presented as part of revenues in the statements of income (Note 14).

7. INVENTORIES

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

	2009	2008
Jakarta	173,016	129,586
West Java	155,028	109,443
Sumatera	135,701	110,587
East Java	53,239	36,495
Kalimantan	41,719	30,845

(Expressed in Millions of Rupiah Unless Otherwise Stated)

7. INVENTORIES (continued)

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

	2009	2008
Central Java	26,415	20,932
Sulawesi	26,324	17,508
Bali	21,494	13,762
Nusa Tenggara	7,822	6,219
Total	**640,758**	**475,377**

The above inventories are covered by insurance against losses from fire, damage, natural disasters, riots and other risks of US$37.69 million (equivalent to Rp354.29 billion) as of December 31, 2009, which in the Company's management opinion is adequate to cover possible losses arising from such risks.

8. PROPERTY AND EQUIPMENT

Property and equipment consists of:

		Changes during the year		
2009	Beginning Balance	Additions/ Reclassifications	Disposals/ Reclassifications	Ending Balance
Cost				
Direct Ownership				
Land	163,608	64,680	-	228,288
Buildings	463,799	30,350	5,174	488,975
Building renovations and improvements	455,034	58,796	18,560	495,270
Store equipment	443,002	33,941	6,832	470,111
Transportation equipment	35,632	1,837	683	36,786
Office equipment	33,927	5,422	-	39,349
Total	1,595,002	195,026	31,249	1,758,779
Constructions in Progress				
Buildings	11,850	43,500	13,940	41,410
Building renovations and improvements	24,673	23,819	35,374	13,118
Store equipment	9,566	12,819	12,695	9,690
Office equipment	2	1,263	1,216	49
Total	46,091	81,401	63,225	64,267
Total Cost	1,641,093	276,427	94,474	1,823,046
Accumulated Depreciation				
Direct Ownership				
Buildings	135,158	27,565	2,194	160,529
Building renovations and improvements	253,184	62,583	10,745	305,022
Store equipment	314,352	45,502	4,143	355,711
Transportation equipment	25,465	3,881	683	28,663
Office equipment	24,594	4,108	-	28,702
Total Accumulated Depreciation	752,753	143,639	17,765	878,627
Net Book Value	**888,340**			**944,419**

(Expressed in Millions of Rupiah Unless Otherwise Stated)

8. PROPERTY AND EQUIPMENT (continued)

Property and equipment consists of: (continued)

2008	Beginning Balance	Changes during the year: Additions/ Reclassifications	Changes during the year: Disposals/ Reclassifications	Ending Balance
Cost				
Direct Ownership				
Land	102,953	60,655	-	163,608
Buildings	411,874	51,925	-	463,799
Building renovations and improvements	343,961	111,262	189	455,034
Store equipment	379,251	64,170	419	443,002
Transportation equipment	29,017	8,639	2,024	35,632
Office equipment	27,896	6,037	6	33,927
Total	1,294,952	302,688	2,638	1,595,002
Constructions in Progress				
Buildings	750	35,129	24,029	11,850
Building renovations and improvements	17,229	44,503	37,059	24,673
Store equipment	15,168	21,797	27,399	9,566
Office equipment	36	983	1,017	2
Total	33,183	102,412	89,504	46,091
Total Cost	1,328,135	405,100	92,142	1,641,093
Accumulated Depreciation				
Direct Ownership				
Buildings	109,069	26,089	-	135,158
Building renovations and improvements	206,582	46,790	188	253,184
Store equipment	272,058	42,424	130	314,352
Transportation equipment	23,373	3,651	1,559	25,465
Office equipment	20,983	3,615	4	24,594
Total Accumulated Depreciation	632,065	122,569	1,881	752,753
Net Book Value	**696,070**			**888,340**

Depreciation charged to operating expenses amounted to Rp143.64 billion in 2009 and Rp122.57 billion in 2008 (Note 16).

Additions of property and equipment in 2009 mainly represent costs of the additional 5 new stores located in Sumatera, Jakarta and West Java regions.

Additions of property and equipment in 2008 mainly represent costs of the additional 6 new stores located in Sumatera and Jakarta regions.

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

	2009	2008
Proceeds	568	1,624
Net book value	-	757
Gain	**568**	**867**

Land under Rights of Building ("HGB") status owned by the Company are located in several cities in Indonesia. These HGBs will expire on various dates from 2014 until 2038 and the Company's management believes that these rights can be renewed upon their expiry.

(Expressed in Millions of Rupiah Unless Otherwise Stated)

8. PROPERTY AND EQUIPMENT (continued)

The details of construction in progress as of December 31, 2009 are as follows:

	Estimated Percentage of Completion from Financial Point of View	Accumulated Costs	Estimated Completion
Buildings	54-99%	41,410	Year 2010
Building renovations and improvements	18-74%	13,118	Year 2010
Store equipment	25-55%	9,690	Year 2010
Office equipment	25-55%	49	Year 2010
Total		**64,267**	

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$113.66 million and Rp37.07 million or with total equivalent amount of Rp1.07 trillion as of December 31, 2009, which in the Company's management opinion is adequate to cover possible losses arising from such risks.

As of December 31, 2009 and 2008, the Company's management believes that there is no other event or change in circumstances that may indicates any impairment of assets value.

9. LONG-TERM RENT

(a) This account represents prepaid long-term rent under rental agreements with PT Jakarta Intiland ("JIL"), a related party, and with third parties for its certain stores and warehouses locations, expiring at various dates from 2010 until 2037. These rental agreements require refundable security deposits.

The details of long-term rent as of December 31, 2009 and 2008 are as follows:

	2009	2008
Contract value		
PT Jakarta Intiland, a related party	325,375	403,176
Third parties	412,888	408,855
Total	738,263	812,031
Less cumulative expired portion	(296,688)	(347,864)
Unexpired portion	441,575	464,167
Less:		
Impairment loss	(9,000)	(9,000)
Current portion	(68,416)	(80,019)
Long-term portion	**364,159**	**375,148**

The outstanding balance of long-term rent with a related party represents 4.34% and 5.07% of total assets as of December 31, 2009 and 2008, respectively.

Additions in contract values of long-term rent amounted to Rp69.21 billion in 2009 and Rp160.78 billion in 2008.

(Expressed in Millions of Rupiah Unless Otherwise Stated)

9. LONG-TERM RENT (continued)

Amortization of long-term rent charged to operations amounted to Rp86.70 billion in 2009 and Rp92.56 billion in 2008 (Note 16).

Certain leased stores and warehouses under rights of use with total net book value of Rp70.73 billion as of December 31, 2009 are covered by insurance against losses from fire, damage, natural disasters, riots and other risks of US$6.27 million and Rp21 billion or with total equivalent amount of Rp79.91 billion as of December 31, 2009, which in the Company's management opinion is adequate to cover possible losses arising from such risks. The insurance of the leased stores that are classified as rent rights with net book value of Rp300.26 billion is the responsibility of the owner, while other long-term rent with total net book value of Rp61.59 billion are not covered by insurance since the stores are not yet operating.

In connection with above rental agreements with JIL, the existing store and warehouse rentals cover 19 locations as of December 31, 2009. Under these agreements, the Company has the right to use the stores and warehouse locations for a period from 5 years until 8 years. These agreements will expire at various dates from 2010 until 2014, which can be renewed for another periods to be agreed by both parties. Total prepaid rent paid to JIL in 2009 and 2008 amounted to Rp44.39 billion and Rp117.81 billion, respectively. As of December 31, 2009 and 2008, the outstanding refundable security deposits paid by the Company to JIL of Rp2.91 billion or representing 0.09% and 0.10% of total assets, respectively, are presented as part of "Security Deposits" account in the balance sheets.

(b) The Company also has agreements with JIL and third parties, of which the related rents are payable during the rental periods. Rent expenses of Rp105.61 billion in 2009 and Rp98.46 billion in 2008, including rental with a related party of Rp52.28 billion and Rp42.45 billion, respectively, or representing 4.73% and 3.83% of operating expenses, respectively, are presented as part of "Operating Expenses - Rent - Net" account in the statements of income (Notes 16 and 19).

(c) The Company is required to pay service charges under the rental agreements. Total service charges of Rp53.90 billion in 2009 and Rp69.09 billion in 2008, including payments to a related party, are presented as part of "Operating Expenses - Repairs and Maintenance" in the statements of income (Note 16).

10. ACCOUNTS PAYABLE - TRADE - THIRD PARTIES

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

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

	2009	2008
Current	484,493	419,922
1 - 2 months	75,083	75,003
More than 2 months	8,951	6,190
Total	**568,527**	**501,115**

(Expressed in Millions of Rupiah Unless Otherwise Stated)

11. TAXATION

Taxes payable consists of:

	2009	2008
Income taxes:		
Article 21	501	801
Article 23	4,904	7,099
Article 25 - December	7,872	8,223
Article 26	142	-
Article 29	102	903
Value Added Tax	10,057	8,554
Total	**23,578**	**25,580**

The reconciliation between income before income tax as shown in the statements of income and taxable income for the years ended December 31, 2009 and 2008 are presented as follows:

	2009	2008
Income before income tax	404,123	521,173
Temporary differences:		
Provision for employees' benefits	11,429	10,696
Amortization of long-term rent	10,059	7,044
Loss on disposal of property and equipment	3,455	-
Payment for employees' benefits	(6,296)	(3,061)
Depreciation of property and equipment	(3,305)	(5,842)
Amortization of prepaid expenses	(2,178)	1,746
Gain on sale of property and equipment	(297)	(237)
Permanent differences:		
Promotion expenses	8,408	-
Donations and entertainment	7,551	3,468
Salaries and employees' welfare	366	4,910
Tax penalties	2	926
Income already subjected to final tax:		
Rent	(64,094)	(75,694)
Interest	(45,235)	(50,592)
Gain on sale of short-term investments	(8,438)	(18,212)
Taxable income	315,550	396,325
Income tax expense - current	**72,577**	**99,069**
Deferred corporate income tax expense (benefit) - effect of temporary differences at maximum tax rate:		
Depreciation of property and equipment	826	1,753
Amortization of prepaid expenses	545	(524)
Gain on sale of property and equipment	74	71
Amortization of long-term rent	(2,515)	(2,113)
Provision for employees' benefits	(1,283)	(2,291)

(Expressed in Millions of Rupiah Unless Otherwise Stated)

11. TAXATION (continued)

The reconciliation between income before income tax as shown in the statements of income and taxable income for the years ended December 31, 2009 and 2008 are presented as follows: (continued)

	2009	**2008**
Deferred corporate income tax expense (benefit) - effect of temporary differences at maximum tax rate: (continued)		
Loss on disposal of property and equipment	(864)	-
Impact on changes in tax rates under Law No. 36 Year 2008	-	(4,539)
Income tax benefit - deferred	**(3,217)**	**(7,643)**
Income tax expense - net	**69,360**	**91,426**

The Company's estimated taxable income for the year ended December 31, 2008 was consistent with the Annual Income Tax Return as reported to the Tax Office.

The computation of income tax payable is as follows:

	2009	**2008**
Income tax expense - current	72,577	99,069
Prepayments of income taxes:		
Article 22	19	33
Article 23	647	434
Article 25	71,809	97,699
Total prepayments of income taxes	72,475	98,166
Income tax payable - Article 29	**102**	**903**

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

1. The total publicly-owned shares is 40% 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 at least 300 parties can only own less than 5% shares from the total paid up shares, and should be fulfilled by the taxpayer within 6 months (183 calendar days) in 1 (one) tax/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 tax/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 2009 and 2008 income tax calculations.

(Expressed in Millions of Rupiah Unless Otherwise Stated)

11. 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 income for the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
Income before income tax	404,123	521,173
Income tax expense at applicable tax rate	92,948	156,334
Tax effect of permanent differences:		
Promotion expenses	1,934	-
Donations and entertainment	1,737	1,040
Salaries and employees' welfare	84	1,473
Tax penalties	1	278
Income already subjected to final tax:		
Rent	(14,742)	(22,708)
Interest	(10,404)	(15,178)
Gain on sale of short-term investments	(1,941)	(5,463)
Impact on changes in corporate income tax rates under PMK No. 238/2008	(257)	(19,811)
Impact on changes in tax rates under Law No. 36 Year 2008	-	(4,539)
Income tax expense per statements of income	**69,360**	**91,426**

In September 2008, Law No. 7 Year 1983 regarding "Income Tax" has been revised for the fourth time with Law No. 36 Year 2008. The revised Law stipulates changes in corporate income tax rate from a marginal tax rate to a single rate of 28% for fiscal year 2009 and 25% for fiscal year 2010 onwards. The Company recorded the impact of the changes in tax rates which amounted to Rp4.54 billion as part of "Deferred Corporate Income Tax Expense (Benefit)" account in the 2008 statement of income.

The deferred tax assets and liabilities as of December 31, 2009 and 2008 are as follows:

	2009	2008
Deferred tax assets on:		
Estimated liability for employees' benefits	25,479	24,196
Unrealized loss on available-for-sale securities	811	4,665
Total	26,290	28,861
Deferred tax liabilities on:		
Property and equipment	19,596	19,559
Long-term rent	14,506	17,021
Prepaid expenses	683	139
Total	34,785	36,719
Deferred tax liabilities - net	**8,495**	**7,858**

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

(Expressed in Millions of Rupiah Unless Otherwise Stated)

11. TAXATION (continued)

In 2009, the Company received several Tax Collection Letters ("STP") for income taxes under Articles 21 for 1999, 2003, 2004, 2005, 2008 and 2009 and Article 23 for 2004 totaling Rp2 million. The payments of these STP are presented as part of "Operating Expenses - Taxes and Licenses" in the 2009 statement of income (Note 16).

In 2008, the Company received several STP for income taxes under Articles 4(2) and 23 for 2005, 2006 and 2008, Article 21 for 2005, 2006, 2007 and 2008, and Article 29 for 2005 and 2006 totaling Rp926 million. The payments of these STP are presented as part of "Operating Expenses - Taxes and Licenses" in the 2008 statement of income (Note 16).

12. SHARE CAPITAL

The shareholders and their share ownership as of December 31, 2009 and 2008 are as follows:

Shareholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Total
PT Ramayana Makmursentosa	3,965,000,000	56.13	198,250
Paulus Tumewu (President Commissioner)	260,000,000	3.68	13,000
Public (below 5% ownership each)	2,839,000,000	40.19	141,950
Total	**7,064,000,000**	**100.00**	**353,200**

13. CASH DIVIDEND AND APPROPRIATION FOR GENERAL RESERVE

In the Annual Shareholders' General Meeting held on May 29, 2009, the minutes of which were notarized by Deed No. 8 on the same date of Rianto, S.H., the shareholders approved the declaration of cash dividends of Rp31 (full amount) per share or in total amount of Rp218.98 billion, and the appropriation for general reserve of Rp5 billion from the 2008 net income.

In the Annual Shareholders' General Meeting held on May 30, 2008, the minutes of which were notarized by Deed No. 15 on the same date of Rianto, S.H., the shareholders approved the declaration of cash dividends of Rp31 (full amount) per share or in total amount of Rp218.98 billion, and the appropriation for general reserve of Rp5 billion from the 2007 net income.

14. REVENUES

The details of revenues are as follows:

	2009	2008
Outright sales	3,830,788	3,927,141
Consignment sales	1,627,967	1,599,106
Cost of consignment sales	(1,148,360)	(1,118,693)
Commission on consignment sales	479,607	480,413
Total revenues	**4,310,395**	**4,407,554**

There are no sales to a specific customer that exceeded 10% of total revenues in 2009 and 2008.

(Expressed in Millions of Rupiah Unless Otherwise Stated)

15. COST OF OUTRIGHT SALES

The details of cost of outright sales are as follows:

	2009	2008
Beginning inventories	475,377	498,386
Net purchases	3,004,406	2,860,576
Inventories available for sale	3,479,783	3,358,962
Ending inventories	(640,758)	(475,377)
Cost of outright Sales	**2,839,025**	**2,883,585**

There are no purchases from a supplier of the Company that exceeded 10% of total revenues in 2009 and 2008.

16. OPERATING EXPENSES

The details of operating expenses are as follows:

	2009	2008
Salaries and employees' welfare (Note 18)	387,008	365,278
Electricity and energy	167,930	183,814
Depreciation (Note 8)	143,639	122,569
Rent - net (Notes 9a, 9b and 19)	130,202	119,785
Repairs and maintenance (Note 9c)	79,038	95,415
Transportation and travel	62,559	67,739
Promotion	33,007	41,482
Store supplies	23,643	38,255
Insurance	14,041	14,087
Bank charges	10,479	10,832
Taxes and licenses (Note 11)	9,142	8,697
Social security contribution (*Jamsostek*)	7,576	6,481
Donations and entertainment	7,551	3,468
Stationeries and printing	6,727	7,817
Telecommunications	6,586	6,138
Professional fee	6,283	4,392
Contributions and retributions	5,746	5,381
Security	3,230	5,440
Others	438	296
Total	**1,104,825**	**1,107,366**

17. INTEREST INCOME

This account represents interest income from:

	2009	2008
Time deposits	45,145	38,513
Bonds	17,685	21,710
Mutual fund	813	-
Current accounts	611	713
Total	**64,254**	**60,936**

(Expressed in Millions of Rupiah Unless Otherwise Stated)

18. ESTIMATED LIABILITY FOR EMPLOYEES' BENEFITS

The estimated liability for employees' benefits as of December 31, 2009 and 2008 were determined based on the actuarial valuations performed by PT Dayamandiri Dharmakonsilindo, an independent actuary, based on its reports dated January 29, 2010 and January 6, 2009, respectively, using the "Projected Unit Credit" method.

Assumptions used in determining the estimated liability for employees' benefits as of December 31, 2009 and 2008 are as follows:

	2009	2008
Discount rate	10.5% per year	12% per year
Salary increase rate	7% per year	9% per year
Resignation rate	10% per year	10% per year
Pension age	55 years old	55 years old
Mortality rate	CSO-1980 table	CSO-1980 table

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

	2009	2008
Current service cost	9,548	9,836
Interest expense	9,493	6,828
Amortization of past-service cost and actuarial gains - net	(212)	(584)
Gain on curtailment and settlement	(7,400)	(5,384)
Net	**11,429**	**10,696**

The details of employees' benefits liabilities are as follows:

	2009	2008
Present value of benefit obligation	91,018	84,259
Amortization of unrecognized past-service cost	(599)	(846)
Unrecognized actuarial gains	11,499	13,372
Estimated liability for employees' benefits	**101,918**	**96,785**

Movements in estimated liability for employees' benefits for the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
Beginning balance	96,785	89,150
Provision during the year	11,429	10,696
Benefits payments during the year	(6,296)	(3,061)
Ending balance	**101,918**	**96,785**

(Expressed in Millions of Rupiah Unless Otherwise Stated)

19. COMMITMENTS

The Company entered into various long-term rental agreements with a related party and with third parties (Note 9) for its certain stores and warehouses locations, expiring on various dates from 2010 until 2037.

In addition, the Company entered into rental agreements with third parties to sub-lease some of the store spaces. The total rent income from these agreements of Rp64.09 billion in 2009 and Rp75.69 billion in 2008 is presented as deductions to rent expense in operating expenses (Note 16).

20. STOCK BASED COMPENSATION

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

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

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

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

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

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

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

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

(Expressed in Millions of Rupiah Unless Otherwise Stated)

20. STOCK BASED COMPENSATION (continued)

As of December 31, 2009 and 2008, outstanding share options not yet exercised represents 38,400 share options.

21. EARNINGS PER SHARE ("EPS") RECONCILIATION

The following is the reconciliation of the numerators and denominators used in the computation of basic and diluted EPS:

2009	**Net Income**	**Weighted Average of Shares Issued and Fully Paid**	**Earnings per Share Amount (in Full Rupiah Amount)**
Basic Earnings per Share			
Net income available to shareholders	334,763	7,064,000,000	47.39
Assumed conversion of the remaining shares from options granted to employees on the grant date (Note 20)	-	(37,473,523)	-
Diluted Earnings per Share			
Net income available to shareholders after the above assumption	334,763	7,026,526,477	-

2008	**Net Income**	**Weighted Average of Shares Issued and Fully Paid**	**Earnings per Share Amount (in Full Rupiah Amount)**
Basic Earnings per Share			
Net income available to shareholders	429,747	7,064,000,000	60.84
Assumed conversion of the remaining shares from options granted to employees on the grant date (Note 20)	-	(5,034,332)	-
Diluted Earnings per Share			
Net income available to shareholders after the above assumption	429,747	7,058,965,668	-

Based on the above calculations, the 2009 and 2008 share options are not considered as dilutive potential shares for diluted earnings per share purposes.

(Expressed in Millions of Rupiah Unless Otherwise Stated)

22. SEGMENT INFORMATION

Geographical Segment - Primary

The Company determines its geographical segment (primary) based on the location of stores such as in Sumatera; Java, Bali and Nusa Tenggara; Kalimantan; Sulawesi and Papua regions.

The information of the Company's geographical segment are as follows:

2009

	Sumatera	Java, Bali and Nusa Tenggara	Kalimantan	Sulawesi dan Papua	Total Segment
Total revenues	1,034,902	2,679,968	366,201	229,324	4,310,395
Income					
Segment income	272,358	780,410	125,092	63,167	1,241,027
Unallocated operating expenses					(874,482)
Operating income					366,545
Other income - net					37,578
Income before income tax					404,123
Income tax expense					(69,360)
Net income					**334,763**
Segment assets	658,177	1,084,023	200,409	100,489	2,043,098
Unallocated assets					1,166,112
Total assets					**3,209,210**
Segment liabilities	3,594	1,589	84	39	5,306
Unallocated liabilities					731,286
Total liabilities					**736,592**
Capital expenditures	138,176	43,287	5,291	26,448	213,202
Depreciation and amortization	74,870	127,506	14,822	13,144	230,342

2008

	Sumatera	Java, Bali and Nusa Tenggara	Kalimantan	Sulawesi	Total Segment
Total revenues	1,061,968	2,748,238	376,984	220,364	4,407,554
Income					
Segment income	371,964	795,540	118,664	32,617	1,318,785
Unallocated operating expenses					(902,182)
Operating income					416,603
Other income - net					104,570
Income before income tax					521,173
Income tax expense					(91,426)
Net income					**429,747**

(Expressed in Millions of Rupiah Unless Otherwise Stated)

22. SEGMENT INFORMATION (continued)

Geographical Segment - Primary (continued)

The information of the Company's geographical segment are as follows: (continued)

2008 (continued)

	Sumatera	Java, Bali and Nusa Tenggara	Kalimantan	Sulawesi	Total Segment
Segment assets	622,428	975,155	189,659	67,838	1,855,080
Unallocated assets					1,148,979
Total assets					**3,004,059**
Segment liabilities	9,541	5,821	95	59	15,516
Unallocated liabilities					661,055
Total liabilities					**676,571**
Capital expenditures	203,225	77,631	30,041	4,698	315,595
Depreciation and amortization	54,298	137,993	13,630	9,178	215,099

Business Segment - Secondary

The Company determines its business segment (secondary) based on the product sold such as (i) fashion and accessories and (ii) non-fashion items.

2009	Fashion and Accessories	Non-Fashion Items	Total Segment
Outright sales	1,923,898	1,906,890	3,830,788
Commission on consignment sales	407,775	71,832	479,607
Cost of outright sales	(1,181,199)	(1,657,826)	(2,839,025)
Gross profit	**1,150,474**	**320,896**	**1,471,370**

2008	Fashion and Accessories	Non-Fashion Items	Total Segment
Outright sales	1,964,889	1,962,252	3,927,141
Commission on consignment sales	407,600	72,813	480,413
Cost of outright sales	(1,217,971)	(1,665,614)	(2,883,585)
Gross profit	**1,154,518**	**369,451**	**1,523,969**

(Expressed in Millions of Rupiah Unless Otherwise Stated)

23. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

As of December 31, 2009, the Company has monetary assets and liabilities denominated in foreign currencies as follows:

	Rupiah Equivalent
Assets	
Cash and cash equivalents	
United States Dollar (US$18,159,700)	170,701
Singapore Dollar (Sin$179,296)	1,201
Short-term investments	
United States Dollar (US$9,086,926)	85,417
Other receivables	
United States Dollar (US$373,030)	3,507
Security deposits	
United States Dollar (US$495,958)	4,662
Singapore Dollar (Sin$90,656)	607
Total	266,095
Liabilities	
Other payables	
United States Dollar (US$140,058)	1,317
Singapore Dollar (Sin$4,808)	32
Total	1,349
Net monetary assets	**264,746**

On March 1, 2010, the exchange rates are Rp9,313 (full amount) per US$1 and Rp6,628 (full amount) per Sin$1.

If the net monetary assets in foreign currencies as of December 31, 2009 are converted to Rupiah using the exchange rates as of March 1, 2010, the net monetary assets will decrease by Rp2.45 billion.

24. ECONOMIC CONDITIONS

The economic conditions in Indonesia are affected by global economic conditions as characterized by volatility in currency values and interest rates, as well as decline in share prices. Economic improvements and recovery of the economy depends on the fiscal, monetary and other measures that are being undertaken or will be taken by the Indonesian government, actions which are beyond the Company's control.

25. COMPLETION OF THE FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of these financial statements that were completed on March 1, 2010.