PT MULTIPOLAR Tbk
DAN ENTITAS ANAK

Interim Consolidated Financial Statements
June 30, 2014 (UNAUDITED),
December 31, 2013 and January 1, 2013/December 31, 2012 (AUDITED)
and for the Six-Month Periods Ended
June 30, 2014 and 2013 (UNAUDITED)

MULTIPOLAR

Grow and Prosper Together

THE STATEMENT LETTER OF THE BOARD OF DIRECTORS ON THE RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 6 (SIX) MONTHS ENDED JUNE 30, 2014 PT MULTIPOLAR TBK. No. CSS.090-2014

We the undersigned

1. Name	Bunjamin Jonatan Mailool
Office Address	Menara Matahari 21st Floor Palem Raya Bulevar 7 Lippo Karawaci, Tangerang
Residential Address/as per ID Card or other identity card	Gading Griya Lestari Blok C 1 No. 77 RT/RW. 004/012, Kel. Sukapura, Kec. Cilincing, Jakarta Utara
Phone	5460011
Title	President Director
2. Name	Richard H. Setiadi
Office Address	Menara Matahari 21st Floor Palem Raya Bulevar 7 Lippo Karawaci, Tangerang
Residential Address/as per ID Card or other identity card	Jl. Hanoman Raya 20A RT/RW 003/009, Kel. Rawa Buaya, Kec. Cengkareng, Jakarta Barat
Phone	5460011
Title	Director

1. We are responsible for the preparation and the presentation of the consolidated financial statements of the Company;
2. The Company's consolidated financial statements have been prepared and presented in accordance with generally accepted accounting principles in Indonesia;
3. a. All information has been fully and correctly disclosed in the Company's consolidated financial statements;
   b. The Company's consolidated financial statements do not contain false material information or facts, nor do they omit material information or facts; and
4. We are responsible for the Company's internal control system.

This is our declaration, which has been made truthfully.

Tangerang, 20 August 2014

Bunjamin Jonatan Mailool President Director	**Richard H. Setiadi** Director

Menara Matahari Lantai 16, Palem Raya Boulevard Lippo Karawaci 1100 Tangerang 15811
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PT MULTIPOLAR Tbk AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2014 (UNAUDITED), December 31, 2013 and
January 1, 2013/December 31, 2012 (AUDITED)
(Expressed in millions of Indonesian Rupiah, except for share data)

	Notes	June 30, 2014	December 31, 2013	January 1, 2013/ December 31, 2012
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	2c,2d,2t, 2y,3,7,30,35	2,618,069	4,301,461	2,875,259
Trade receivables	2d,2f,2t,4,30,35			
- Third parties		203,423	224,138	155,800
- Related parties	2y,7	94,837	124,912	75,654
Other current financial assets	2d,2t,2y,5, 7,30,35	954,832	1,024,910	1,187,714
Inventories	2g,6	3,683,623	2,925,163	2,064,262
Prepaid taxes	18	338,487	235,585	270,459
Prepaid expenses	2h,2i,2l,2y,7,12	217,549	218,041	181,288
Equity shares for exchangeable rights	19	2,840,900	2,840,900	-
Other current assets	2t,30	179,299	160,851	150,970
Total Current Assets		11,131,019	12,055,961	6,961,406
NON-CURRENT ASSETS				
Due from related parties non-trade	2d,2f, 2t,2y,7,30,35	50,482	51,099	49,026
Other non-current financial assets	2d,2f,32,35	303,044	210,444	43,474
Investments in associates	2e,2y,7,8,33	2,027,608	1,866,102	606,472
Other long-term investments	2e,2y,7,8,35	1,005	1,005	927,584
Investment properties	2j,9	103,067	103,096	107,913
Fixed assets	2k,2l,2y,10	3,363,973	3,019,244	2,593,069
Rental advances and deposits	2l,2y,7,11,32	1,912,330	1,439,496	1,694,071
Long-term prepaid rents	2h,2i, 2l,2y,7,12	276,232	589,090	462,307
Intangible assets	2m,2n,13	203,042	193,331	177,331
Deferred tax assets	2u,18	394,243	380,324	262,104
Other non-current assets	2d,2r,2t,30	321,719	346,077	203,426
Total Non-current Assets		8,956,745	8,199,308	7,126,777
TOTAL ASSETS		**20,087,764**	**20,255,269**	**14,088,183**

PT MULTIPOLAR Tbk AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)
June 30, 2014 (UNAUDITED), December 31, 2013 and January 1, 2013/December 31, 2012 (AUDITED)
(Expressed in millions of Indonesian Rupiah, except for share data)

	Notes	June 30, 2014	December 31, 2013	January 1, 2013/ December 31, 2012
LIABILITIES AND EQUITY				
LIABILITIES				
CURRENT LIABILITIES				
Short-term bank loans	2d,2t,14,30,32,35	156,991	117,062	503,849
Trade payables	2d,2t,15,30,35			
- Third Parties		2,793,477	2,672,217	1,905,621
- Related Parties	2y,7	10,437	5,014	2,401
Accrued expenses	2d,2t,16,30,35	810,191	924,650	670,918
Other short - term financial liabilities	2d,2t,17,30,35	422,858	483,267	330,148
Taxes payable	2d,18,35	97,666	97,626	113,871
Short-term employee benefit liabilities	2v,29	115,320	180,293	265,541
Exchangeable rights	19	2,840,900	2,840,900	-
Current maturities of long-term debts:				
Bank and other financial institution loans	2d,2t,20,30,32,35	75,976	70,141	626,456
Bonds payable	2d,2o,21,35	-	51,939	-
Sukuk payable	2d,2p,21,35	-	135,898	-
Other short-term liabilities	2t,2y,7,30,35	347,940	272,914	252,847
Total Current Liabilities		7,671,756	7,851,921	4,671,652
NON-CURRENT LIABILITIES				
Due to related parties non-trade	2d,2y,7,35	1,220	307	3,305
Long-term debts - net of current maturities:				
Bank and other financial institution loans	2d,2t,20,30,32,35	51,867	68,380	1,493,054
Bonds payable	2d,2o,21,35	2,710,290	2,394,726	51,747
Sukuk payable	2d,2p,21,35	-	-	135,493
Long-term employee benefit liabilities	2v,29	278,379	248,771	183,961
Deferred tax liabilities	2u,18	6,439	6,422	5,175
Other long-term liabilities	2d,2t,30,35	762,779	707,615	490,723
Total Non-current Liabilities		3,810,974	3,426,221	2,363,458
Total Liabilities		11,482,730	11,278,142	7,035,110

PT MULTIPOLAR Tbk AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)
June 30, 2014 (UNAUDITED), December 31, 2013 and
January 1, 2013/December 31, 2012 (AUDITED)
(Expressed in millions of Indonesian Rupiah, except for share data)

	Notes	June 30, 2014	December 31, 2013	January 1, 2013/ December 31, 2012
EQUITY				
Equity attributable to owners of the parent				
Capital Stocks				
Authorized -				
23,620,710,440 shares consist of: 467,942,000 class A shares with par value of Rp2,000 (full amount) per share; 1,228,347,890 class B shares with par value of Rp500 (full amount) per share and 21,924,420,550 class C shares with par value of Rp100 (full amount) per share				
Issued and fully paid capital -				
10,064,747,323 shares as of June 30, 2014 and December 31, 2013 consist of: 467,942,000 class A shares, 1,228,347,890 class B shares and 8,368,457,433 class C shares				
7,727,543,468 shares as af December 31, 2012 consist of: 467,942,000 class A shares, 1,228,347,890 class B shares and 6,031,253,578 class C shares	22	2,386,904	2,386,904	2,153,183
Additional paid-in capital	2q,23,38	(227,509)	(227,509)	162,391
Difference in changes on equity of subsidiaries/associates transactions	2b,24,38	638,779	464,901	(385,946)
Other comprehensive income	2b,2d,5	197,091	194,826	217,588
Retained earnings				
Appropriated	31	1,800	1,500	1,200
Unappropriated		4,082,619	4,232,442	2,827,716
Total		7,079,684	7,053,064	4,976,132
Non-controlling interests		1,525,350	1,924,063	2,076,941
Total Equity		8,605,034	8,977,127	7,053,073
TOTAL LIABILITIES AND EQUITY		**20,087,764**	**20,255,269**	**14,088,183**

PT MULTIPOLAR Tbk AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Six Month-Periods Ended June 30, 2014 and 2013 (UNAUDITED)
(Expressed in millions of Indonesian Rupiah, except for earnings per share)

	Notes	June 30, 2014	June 30, 2013
NET SALES	2s,2y,7,25,33,38	7,830,074	6,627,223
COST OF GOODS AND SERVICES SOLD	2g,2k,2s,10,26,38	(6,364,619)	(5,363,616)
GROSS PROFIT		1,465,455	1,263,607
Operating expenses	2i,2k,2s, 2y,7,10,27,38	(1,555,911)	(1,247,014)
Other income	2r,2s,2t,11,12,28,38	420,652	1,746,133
Other expenses	2s,38	(50,103)	(25,455)
OPERATING PROFIT		**280,093**	**1,737,271**
Finance income	2d,2s,2y,7,33	60,447	67,241
Finance cost	2s,33	(199,106)	(140,493)
Equity in net income of associates	2e,8,33	80,477	17,775
PROFIT BEFORE INCOME TAX		**221,911**	**1,681,794**
Income tax expense	2u,18,33,38	(77,950)	(84,117)
NET PROFIT FOR THE PERIOD		**143,961**	**1,597,677**
Other comprehensive income:			
Exchange differences on translation of financial statements	2b	(8,644)	(28,735)
Unrealized gain on available for sale investments	2d,5	17,125	178,100
Share of other comprehensive income of associates	2e,8	(6,216)	-
Total Comprehensive Income For The Period		**146,226**	**1,747,042**
Net profit for the period attributable to:			
Owners of the parent		63,850	1,477,429
Non-controlling interests		80,111	120,248
		143,961	**1,597,677**
Total comprehensive income for the period attributable to:			
Owners of the parent		66,115	1,626,794
Non-controlling interests		80,111	120,248
		146,226	**1,747,042**
BASIC EARNINGS PER SHARE	2x	**6**	**163**

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

PT MULTIPOLAR Tbk AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Six-Month Periods Ended June 30, 2014 and 2013 (UNAUDITED)
(Expressed in millions of Indonesian Rupiah)

		Equity attributable to owners of the parent										
			Additional paid-in capital			Other comprehensive income		Retained Earnings				
	Notes	**Capital stocks**	**Share Premium**	**Difference in value of restructuring transactions of entities under control**	**Difference in changes on equity of subsidiaries/ associates transactions**	**Unrealized gain on available for sale investments**	**Others**	**Appropriated**	**Unappropriated**	**Total**	**Non-Controlling interests**	**Total equity**
Balance, December 31, 2012		**2,153,183**	**162,391**	**-**	**(385,946)**	**192,865**	**24,723**	**1,200**	**2,827,716**	**4,976,132**	**2,076,941**	**7,053,073**
Issuance of new shares through warrants	1c	233,721	350,581	-	-	-	-	-	-	584,302	-	584,302
Resolution of Annual General Stockholders Meeting on April 24, 2013:	31											
Cash dividend declaration		-	-	-	-	-	-	-	(10,065)	(10,065)	-	(10,065)
Appropriation of general reserve		-	-	-	-	-	-	300	(300)	-	-	-
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	(467,449)	(467,449)
Reclassification of difference in changes in equity transactions of subsidiaries/ associates to additional paid-in capital	2a	-	-	(389,487)	389,487	-	-	-	-	-	-	-
Difference in changes on equity transactions of subsidiaries/associates		-	-	-	(2,414)	-	-	-	-	(2,414)	-	(2,414)
Total comprehensive income for the period	2b,2d,5	-	-	-	-	178,100	(28,735)	-	1,477,429	1,626,794	120,248	1,747,042
Balance, June 30, 2013 (Previously reported)		**2,386,904**	**512,972**	**(389,487)**	**1,127**	**370,965**	**(4,012)**	**1,500**	**4,294,780**	**7,174,749**	**1,729,740**	**8,904,489**
Adjustment reclassification on adoption of PSAK 38 (Revised 2013)	2a,38	-	-	(350,994)	350,994	-	-	-	-	-	-	-
Balance, June 30, 2013 (After reclassified)		**2,386,904**	**512,972**	**(740,481)**	**352,121**	**370,965**	**(4,012)**	**1,500**	**4,294,780**	**7,174,749**	**1,729,740**	**8,904,489**
Balance, December 31, 2013 (Previously reported)		**2,386,904**	**512,972**	**(389,487)**	**113,907**	**162,040**	**32,786**	**1,500**	**4,232,442**	**7,053,064**	**1,924,063**	**8,977,127**
Adjustment reclassification on adoption of PSAK 38 (Revised 2013)	2a,38	-	-	(350,994)	350,994	-	-	-	-	-	-	-
Balance, December 31, 2013 (After reclassified)		**2,386,904**	**512,972**	**(740,481)**	**464,901**	**162,040**	**32,786**	**1,500**	**4,232,442**	**7,053,064**	**1,924,063**	**8,977,127**
Resolution of Annual General Stockholders Meeting on April 11, 2014:	31											
Cash dividend declaration		-	-	-	-	-	-	-	(213,373)	(213,373)	-	(213,373)
Appropriation of general reserve		-	-	-	-	-	-	300	(300)	-	-	-
Additional paid in capital in subsidiary		-	-	-	-	-	-	-	-	-	35,000	35,000
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	(15,295)	(15,295)
Distribution of dividend to non-controlling interests by susidiary		-	-	-	-	-	-	-	-	-	(498,529)	(498,529)
Difference in changes on equity transactions of subsidiaries/associates		-	-	-	173,878	-	-	-	-	173,878	-	173,878
Total comprehensive income for the period	2b,2d,5	-	-	-	-	17,125	(14,860)	-	63,850	66,115	80,111	146,226
Balance, June 30, 2014		**2,386,904**	**512,972**	**(740,481)**	**638,779**	**179,165**	**17,926**	**1,800**	**4,082,619**	**7,079,684**	**1,525,350**	**8,605,034**

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

PT MULTIPOLAR Tbk AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six-Month Periods Ended June 30, 2014 and 2013 (UNAUDITED)
(Expressed in millions of Indonesian Rupiah)

	Notes	June 30, 2014	June 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from sales		7,751,556	6,457,125
Cash paid to suppliers		(6,839,425)	(5,673,285)
Payments for selling expenses		(454,213)	(334,587)
Payments to employees		(779,666)	(606,434)
Payments of income tax		(39,961)	(30,229)
Cash receipts from rental income		278,456	205,341
Payments of rental expenses		(479,493)	(452,385)
Other incomes		559,316	562,958
Other expenses		(544,024)	(307,944)
Net Cash used in Operating Activities		**(547,454)**	**(179,440)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend income		316,991	201,268
Proceeds from refund of rental advances and deposits		170,076	336,000
Proceeds from sale of fixed assets		3,170	898
Deduction (addition) of other financial assets		15,189	(69,860)
Purchase of investment from non-controlling interests		(15,295)	-
Deduction (addition) of other non-current assets		(16,501)	28,145
Acquisition of fixed assets		(269,641)	(254,558)
Addition of advance purchase of fixed assets		(320,720)	(100,116)
Addition of rental advance and deposits		(391,143)	(285,578)
Proceeds from issuance of exchangeable rights		-	2,840,900
Purchase in equity shares for exchangeable rights		-	(2,840,900)
Proceeds from sale of investment in associates		-	1,399,997
Addition of investment in associates		-	(307,735)
Net Cash (used in) provided from Investing Activities		**(507,874)**	**948,461**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of bonds-net		338,527	-
Proceeds from loans		98,132	1,607,940
Interest income receipts		56,421	78,399
Addition of capital by non-controlling interest		35,000	32,495
Addition (deduction) of due to related parties		530	(3,073)
Repayments of loans		(68,881)	(1,963,203)
Payment of interest expense		(165,806)	(162,677)
Repayment of bonds and sukuk payables		(188,000)	-
Cash dividend paid by the Company		(213,373)	(10,065)
Cash dividend paid to non-controlling interests		(498,855)	(513,639)
Proceeds from issuance of warrants		-	584,301
Net Cash Used in Financing Activities		**(606,305)**	**(349,522)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(1,661,633)**	**419,499**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3	**4,301,461**	**2,875,259**
Effects in Foreign Exchange Changes in Cash and Cash Equivalents		**(21,759)**	**(3,340)**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3	**2,618,069**	**3,291,418**

Additional informations that do not affect the cash flows are presented in Note 34.

1. GENERAL

a. The Company's Establishment

PT Multipolar Tbk (the "Company") was established in the Republic of Indonesia on December 4, 1975 based on notarial deed No. 7 of Adlan Yulizar, S.H., which has been amended several times, the latest by notarial deed No. 119 of Misahardi Wilamarta, S.H., dated March 25, 1982. The deed of establishment and its amendments were approved by the Minister of Justice in his decree No. C2-1093.HT.01.01.Th.82 dated September 3, 1982 and was published in the State Gazette No. 84, Supplement No. 938 dated October 20, 1987. The Company's Articles of Association has been amended several times, the latest based on notarial deed No. 2 of Rini Yulianti, SH dated May 2, 2013 concerning the changes in article 4 point 2 regarding the capital of the Company. The Changes in the Company's Data was already accepted and recorded by the Ministry of Law and Human Rights of Republic of Indonesia in its letter No. AHU.AH.01.10-17887 dated May 8, 2013.

The Company primarily engages in telecommunication services, information technology industry, general trading including import, export, interinsulair, local and retail, property/real estate development and management services, rental space of building.

The ultimate parent of the Company and subsidiaries is Lanius Limited.

The Company is domiciled in South Jakarta. Its operational head office is located at Menara Matahari, Palem Raya Boulevard No. 7, Lippo Karawaci - Tangerang, Banten.

The Company started commercial operations on December 4, 1975.

b. The Company's Public Offerings

By virtue of the approval letter of the Minister of Finance No. SI-052/SHM/MK.10/1989, the Company offered 3,428,000 shares to the public on September 18, 1989. All issued shares have been listed in the Jakarta Stock Exchange in 1989 and in the Surabaya Stock Exchange in 1990. In 1996 and 1997, the Company listed additional shares totaling 102,852,000 shares (at par value of Rp1,000) and 1,508,496,000 shares (at par value of Rp500) in the Jakarta and Surabaya Stock Exchanges in connection with First and Second Limited Public Offering of Pre-Emptive Rights Issuance, respectively.

In 2000, 89,000,000 of new shares other than the Limited Public Offering were issued to a strategic investor, approved by the Jakarta Stock Exchange in its letter No. S-2183/BEJ.EEM/07/2000 dated July 24, 2000 and by the Surabaya Stock Exchange in its letter No. 005/EMT/LIST/BES/IV/2000 dated April 18, 2000.

On September 10, 2005, the Company's registration statement regarding the Third Limited Public Offering to the stockholders in connection with Pre-Emptive Rights Issuance of 2,339,710,000 class B shares (at par value of Rp125) with offering price of Rp125 per share were declared effective. All shares were listed in the Indonesian Stock Exchange (formerly Jakarta Stock Exchange and Surabaya Stock Exchange) on September 24, 2005.

On November 24, 2006, the Company's registration statement regarding the Fourth Limited Public Offering to the stockholders in connection with Pre-Emptive Rights Issuance of 2,573,681,000 class B shares (New Share) at par value of Rp125 per share with offering price of Rp125 per share, together with the issuance of a maximum 1,429,822,778 Warrant Series I were declared effective.

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies, unless otherwise stated)

1. GENERAL *(continued)*

b. The Company's Public Offerings *(continued)*

In the Extraordinary General Meeting of Company's Stockholders on February 25, 2010 in connection with the plan for a reverse stock, the stockholders decided and approved, among others, to change the par value of shares in connection with the reverse stock by increasing the par value per share by 4 times of class A shares from Rp500 per share to Rp2,000 per share and class B shares from Rp125 per share to Rp500 per share.

On March 30, 2010, the Company conducted a Fifth Limited Public Offering to the stockholders in connection with the Pre-Emptive Rights Issuance of 6,031,252,940 class C shares (New Shares) at par value Rp100 per share with offering price of Rp125 per share, and maximum 2,345,487,255 Warrant Series II were issued to compliment the New Shares as an incentive for stockholders of the Company and/or Pre-Emptive Rights holders who exercised their rights. As of the end of exercised date on April 12, 2013, 2,337,204,493 of warrants series II have been exercised into shares.

All the Company's shares were listed in the Indonesian Stock Exchange.

c. Structure of the Company and Subsidiaries

As of June 30, 2014 and December 31, 2013, the Company has consolidated all its subsidiaries in line with the Consolidation Principles described in Note 2b. For presentation purposes, only subsidiaries (owned either directly or indirectly) that have assets of more than Rp50,000 are presented in the table below:

Subsidiaries	Location	Nature of Business	Start of Commercial Operation	Percentage of Ownership		Total Assets	
				Jun 30, 2014	Dec 31, 2013	Jun 30, 2014	Dec 31, 2013
PT Matahari Putra Prima Tbk	Tangerang, Banten	Retail business	1986	50.23	50.23	5,881,513	6,579,518
Prime Star Investment Pte.Ltd.	Singapore	Investment	2013	100.00	100.00	3,077,373	2,976,993
Pacific Emerald Pte.Ltd.	Singapore	Investment	2013	100.00	100.00	2,834,724	2,490,341
Pacific Sapphire Pte.Ltd.	Singapore	Investment	2013	100.00	100.00	2,699,095	2,369,629
PT Nadya Putra Investama	Tangerang, Banten	General trading	1998	100.00	100.00	3,263,280	2,414,937
PT Mentari Sinar Persada	Tangerang, Banten	General trading	2010	100.00	100.00	2,136,569	1,306,324
PT Prima Gerbang Persada	Tangerang, Banten	General trading	2009	100.00	100.00	237,872	239,687
PT Mulia Persada Pertiwi	Tangerang, Banten	General trading	2011	100.00	100.00	1,849,018	1,026,347
Tristar Capital Limited	Labuan, Malaysia	Investment	2007	100.00	100.00	401,850	405,543
PT Nadya Prima Indonesia	Tangerang, Banten	General trading	2010	100.00	100.00	318,904	296,836
PT Matahari Graha Fantasi	Jakarta	Family entertainment	1995	50.01	50.01	292,444	277,388
PT Mitra Prima Kreasi	Tangerang, Banten	General trading	2010	100.00	100.00	77,024	78,583
PTGratia Prima Indonesia	Tangerang, Banten	General trading	2008	100.00	100.00	51,108	50,137
PT Prima Mentari Persada	Tangerang, Banten	General trading	2010	100.00	100.00	239,252	242,340
PT Surya Asri Lestari	Tangerang, Banten	General trading	2012	100.00	100.00	218,013	221,921
PT Matahari Pacific	Tangerang, Banten	Trading and services	2010	100.00	100.00	703,520	679,779
PT Serang gemilang	Tangerang, Banten	Trading and services	2012	100.00	100.00	104,511	108,021
PT Balaraja Sentosa	Tangerang, Banten	Trading and services	2012	100.00	100.00	113,736	107,668
PT Citra Cito Perkasa	Tangerang, Banten	Trading and services	2012	100.00	100.00	89,541	92,384
PT Tanjung Bunga Gemilang	Tangerang, Banten	Trading and services	2012	100.00	100.00	82,633	68,202
PT Mega Duta Persada	Tangerang, Banten	Trading and services	2012	100.00	100.00	73,581	74,517
PT Surya Menara Lestari	Tangerang, Banten	Trading and services	2012	100.00	100.00	65,782	80,957
PT Kharisma Artha Sejati	Jakarta	Services and general trading	2010	100.00	100.00	919,208	1,233,316
PT Reksa Puspita Karya	Jakarta	Trading	2008	100.00	100.00	721,742	537,587
PT Multipolar Technology Tbk	Jakarta	Trading	2009	80.00	80.00	1,286,110	1,246,488
PT Visionet Internasional	Jakarta	Trading	2002	100.00	100.00	388,666	358,739
PT Graha Teknologi Nusantara	Jakarta	Services and general trading	-	100.00	80.00	146,703	76,335

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

1. GENERAL *(continued)*

c. Structure of the Company and Subsidiaries *(continued)*

Subsidiaries	Location	Nature of Business	Start of Commercial Operation	Percentage of Ownership Jun 30, 2014	Percentage of Ownership Dec 31, 2013	Total Assets Jun 30, 2014	Total Assets Dec 31, 2013
PT Surya Cipta Investama	Jakarta	Services and general trading	2010	50.20	50.20	184,175	188,668
PT Multifiling Mitra Indonesia Tbk	Cikarang, Bekasi	Filling management	1993	65.99	65.99	150,348	155,643
PT General Artha Sejati	Jakarta	Services and general trading	2010	100.00	100.00	177,524	244,127
PT Air Pasifik Utama	Tangerang, Banten	Air transportation	1997	99.93	99.93	65,607	71,274
PT Cahaya Artha Sejati	Jakarta	Services and general trading	-	100.00	100.00	392,895	382,788
PT Multipolar Multimedia Prima	Jakarta	Services and general trading	2013	100.00	100.00	578,144	238,384
PT Indonesia Media Televisi	Jakarta	Services and general trading	2012	65.00	65.00	495,829	171,548
PT Tecnoves International	Jakarta	Telecommunication network satelite (Transponder)	2012	85.00	85.00	146,508	88,069
PT Prima Cakrawala Sentosa	Jakarta	Services and general trading	2011	100.00	100.00	348,260	353,450

* Including subsidiaries that are engaged in the retail business in China.

In April 2013 and December 2013, PT Multipolar Technology Tbk (“PT MT”) sold to PT Multipolar Multimedia Prima (“PT MMP”) the whole investment in PT Indonesia Media Televisi and PT Tecnoves International of 60% and 85%, respectively.

In June 2014, PT MT made additional investment of 20% to PT Graha Teknologi Nusantara (”PT GTN”), thus PT MT has full ownership in PT GTN.

d. Employees, the Board of Commissioners and Directors and Audit Committee

As of June 30, 2014 and December 31, 2013, the composition of the Boards of Commissioners and Directors based on a resolution of the Company’s Annual General Meetings of the Stockholders held on April 11, 2014 and April 24, 2013, respectively, that are notarized under notarial deed No.18-19 dated April 11, 2014 and No. 1 dated May 2, 2013 of Rini Yulianti, S.H., are as follows:

	June 30, 2014	December 31, 2013
President Commissioner	Theo L. Sambuaga	Theo L. Sambuaga
Independent Commissioners	Jonathan Limbong Parapak	Jonathan Limbong Parapak
	Isnandar Rachmat Ali	Isnandar Rachmat Ali
Commissioners	Jeffrey Koes Wonsono	Jeffrey Koes Wonsono
	Viven G. Sitiabudi	Viven G. Sitiabudi
	Benny Haryanto	-
President Director	Bunjamin J. Mailool	Eddy Harsono Handoko
Vice President Director	-	Bunjamin J. Mailool
Directors	Harijono Suwarno	Harijono Suwarno
	Lina H. Latif	Lina H. Latif
	Richard H. Setiadi	Richard H. Setiadi
Unaffiliated Director	Reynold Pena Ong	Reynold Pena Ong

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

1. GENERAL *(continued)*

d. Employees, the Board of Commissioners and Directors and Audit Committee *(continued)*

The compositions of Audit Committee are as follows:

	June 30, 2014	December 31, 2013
Chairman	Jonathan Limbong Parapak	Isnandar Rachmat Ali
Members	Lie Kwang Tak	A. Sonny Soedjadi
	Siswanto Pramono	Ridwan Masui

As of June 30, 2014 and December 31, 2013, the Company's corporate secretary is Chrysologus RN Sinulingga.

The Company has approximately 17,527 and 16,402 employees as of June 30, 2014 and December 31, 2013, respectively.

The Company's management is responsible for the preparation and presentation of the consolidated financial statements. The interim consolidated financial statements of PT Multipolar Tbk and Subsidiaries were authorised for issuance by the Directors on August 20, 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Indonesian Financial Accounting Standards that comprise the Statements and Interpretations issued by Board of Financial Accounting Standards - Indonesian Institute of Accountant ("DSAK - IAI") and regulation of capital market regulator that is *Otoritas Jasa Keuangan* ("OJK") (or formerly *Badan Pengawas Pasar Modal dan Lembaga Keuangan*), for entities under its control, comprise of regulation No.VIII.G.7 regarding the presentation and disclosure of financial statements of publicly-listed entities in accordance with decision letter No.KEP-347/BL/2012 dated June 25, 2012.

The consolidated financial statements are prepared under the historical cost concept, except for inventories which are stated at the lower of cost or net realizable value and certain financial assets (including financial derivative instruments) which are stated at fair value or at net assets value, or accounted for under the equity method for associated companies representing equity interest of at least 20% but not more than 50%, and the consolidated financial statements are based on the accrual basis, except for the consolidated statements of cash flows.

The consolidated statements of cash flows present the cash receipts and payments classified into operating, investing and financing activities. The cash flows from operating activities are presented under the direct method.

The presentation currency used in the consolidated financial statements is the Indonesian rupiah, which is the functional currency.

The Adoption of Current Accounting Standards

The adoption of new standards that is mandatory for the first time on or after January 1, 2014 that may affect to the Company's consolidated financial statements is the Interpretation of Financial Accounting Standards ("ISAK") no.27 "Transfer of Assets from Customers".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

a. Basis of Presentation of Consolidated Financial Statements *(continued)*

The Adoption of Current Accounting Standards *(continued)*

ISAK addresses the accounting treatment for transfers of asset from customers and concludes that when the item transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of transfer, with the credit being recognised as revenue.

ISAK does not change the Company's accounting policies and not impacted to the amount reported in the current period or previous year.

b. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its Subsidiaries. The Subsidiaries are all entities whereby the Company has the power to control the financial and operating policies, generally through an ownership of more than half of the voting rights. All significant intercompany accounts and transactions are eliminated.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company and de-consolidated from the date on which that the Company’s control ceases.

Non-controlling interests represent the proportion of the results and net assets of subsidiaries which are not attributable to the Company.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. The difference between the fair value of payments and the acquired portion on the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Financial statements of the Company and Subsidiaries are presented in the currency of the primary economic environment in which the entities operate (“the functional currency”). For the consolidated financial statements purpose, financial results and position from each subsidiaries are presented in Rupiah, which represent functional currency of the Company and presentation currency in the consolidated financial statements.

The assets and liabilities of subsidiaries that meet the definition of foreign operation activities are presented in Rupiah currency using the prevailing exchange rates at the end of reporting period. The income and expenses are translated using the average exchange rate for the related period. The exchange rate differences are presented as “Exchange Differences on Translation of Financial Statements”, presented as a separate item in the equity portion as “Other Comprehensive Income”.

c. Cash Equivalents

Cash equivalents include all highly liquid investments with original maturities of three months or less since the placement date, which are not pledged or restricted in use.

Restricted cash is recorded as part of other current financial assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d. Financial Assets and Financial Liabilities

The Company classifies the financial instruments in the form of financial assets and financial liabilities.

Financial assets are classified as follows:

1. Financial assets at fair value through profit or loss

   Financial assets at fair value through profit or loss are financial assets held for trading. Under this category are financial assets acquired for the purpose of selling in the near term or where there is evidence of a recent actual pattern of short-term profit-taking. Derivative instruments are also classified herein unless they are designated as effective hedging instruments. The investments which meet this classification are recorded at fair value. Unrealized gains or losses on reporting date are credited or debited to the operations of the period.

   Financial assets that are measured at fair value through profit or loss are other current financial assets - trading investment and other non-current financial assets - derivative assets.

2. Held-to-maturity investments

   Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, and the management has the positive intention and ability to hold them to maturity, except for:

   a. investments that upon initial recognition are designated as at fair value through statement of income;
   b. investments are designated as available-for-sale; and
   c. investments that have a definition of loans and receivables.

   At initial measurement, held to maturities investments are measured at fair value plus their transaction costs and are subsequently measured at amortized cost using the effective interest rate method.

   Held to maturities investments comprise all investments that are held to maturities.

3. Loans and receivables

   Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At initial measurement, loans and receivables are measured at fair value plus their transaction costs and are subsequently measured at their acquisition costs plus the amortized cost using the effective interest rate method, except for short-term loans and receivables whereby the interest is immaterial.

   Loans and receivables comprise of cash and cash equivalents, trade receivables, certain other current financial assets, due from related parties non-trade and certain other non-current financial assets in the consolidated statements of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d. Financial Assets and Financial Liabilities*(continued)*

Financial assets are classified as follows: *(continued)*

4. Available-for-sale financial assets

   Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the preceding categories. These financial assets are recorded at fair value. The difference between the acquisition costs and the fair value is the unrealized gain (loss) at the reporting date and is presented as part of the equity.

   Financial assets that are classified as available-for-sale is investment in the stock.

The Company uses the accounting for transaction date of regular contract when recording the financial instrument transactions.

Financial liabilities are classified as follows:

1. Financial liabilities at fair value through profit or loss

   Financial liabilities at fair value through profit or loss are the financial liabilities that are transferable within a short-term period. Derivative instruments are classified as financial liabilities at fair value through profit or loss, unless they are designated as effective hedging instruments.

   There are no financial liabilities classified as financial liabilities at fair value through profit or loss.

2. Financial liabilities measured at amortized cost

   Financial liabilities that are not classified as financial liabilities at fair value through statement of income are categorized and measured at amortized acquisition cost.

   Financial liabilities measured at amortized cost comprised of trade payables, taxes payable, other current financial liabilities, accrued expenses, due to related parties non-trade, bank and other financial institution loans, bonds and sukuk payables, and other certain non-current liabilities.

Financial assets and liabilities are offset against each other and the net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognized amount and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

The recognition of financial asset is only terminated if the contractual right on the cash flows from the assets is ended, or the Company transfers its financial asset and substantially transfers all risks and benefits of asset ownership to other entities. The recognition of financial liability is only terminated if the Company’s liability is disposed, cancelled or expired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

e. Investments

Investments consist of:

1. Investment in associates

The Company's investment in associates is accounted for under the equity method. A company is considered as an associate if the Company has significant influence in that company. Significant influence is presumed to exist through the inclusion of at least 20%, but not more than 50% of ownership, unless it can be clearly demonstrated that the Company has no significant influence.

Under the equity method, the investments are carried at cost, and subsequently adjusted by the Company's portion in the profits or losses of associates, proportional to the percentage of ownership in that company, less any dividend income. Goodwill related to associates at the time of acquisition is included in the carrying value of investments. Amortization of goodwill is not permitted.

If the Company's share in the loss of an associate equals or exceeds the Company's ownership in associate, the Company stops the recognition of its share to avoid further losses. The obligation to recognize additional losses exceeding the Company's ownership is only recognized to the extent that the Company has incurred legal or constructive obligations to make payments on behalf of the associate.

2. Long-term investments in shares of stock without available fair value.

Investment in shares of stock without available fair value, wherein the Company has an ownership interest of less than 20%, and other long-term investments are stated at the acquisition cost.

f. Receivables

On each reporting date, the Company evaluates whether there is an objective evidence that impairment of receivables exists.

The balance of receivables are written off through the respective allowance for impairment of receivables or directly written off from the account when management believes that these assets are determined to be uncollectible.

g. Inventories

Inventories are stated at the lower of cost or net realizable value.

The acquisition cost of retail and distribution merchandise inventories are stated at the lower of cost, which is calculated by the conventional retail method, or net realizable value. The merchandise inventories do not include consignment goods.

Information technology inventories are determined by the moving average method, except for the cost of certain inventories which are determined by the specific identification method. Goods in transit are stated at cost.

Allowance for inventory obsolescence is provided based on the review of the condition of individual inventory at the end of the year, while the allowance for impairment in value is provided to impair the carrying values of the inventories to their net realizeable value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

h. Prepaid Expenses

Prepaid expenses are amortized over their beneficial periods using the straight-line method.

i. Lease

The classification of a lease is determined by whether it is the lessor or the lessee that controls substantially all risks and rewards to the ownership. Leases that do not transfer all risks and rewards substantially to ownership are classified as operating leases. Operating lease payments are recognized as an expense in the statements of comprehensive income for the period on a straight-line basis over the lease term. Lease income from operating leases is amortized on a straight-line basis over the lease term.

Long-term prepaid rents, generally on store space, is amortized on the straight-line method starting from the opening of the leased store/renewal of the lease over the lease period. The portion of the rent charged to operations within one year is reclassified and presented under the current assets as part of “prepaid expenses”.

j. Investment Properties

Investment properties are stated at acquisition cost and depreciated using straight-line method over 20 years, except for land which is not depreciated.

The Company’s investment properties consist of land, buildings and improvements which are held by the Company to earn rentals or for capital appreciation, or both, and not for use in the production, or supply of goods or services, administrative purposes or sale in the ordinary conduct of business.

Investment property is derecognized when the investment property is permanently withdrawn from use and no future economic benefit is expected. Any gains or losses arising are recognized in the profit or loss for the period.

k. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and impairment losses. The cost of maintenance and repairs are charged to profit and loss as incurred; significant renewals and betterments are capitalized. When assets are retired or otherwise disposed, their carrying values and the related accumulated depreciation are removed from the accounts and any resulting gain or loss are reflected in the profit or loss for the period.

Depreciation is computed as follows:

	Method	Years	Rates
Buildings	Straight-line	20	-
Building improvements and renovations	Straight-line	2 - 20	-
Office furnitures, fixtures and equipment	Straight-line	3 - 5	-
Equipment and installation	Double-declining balance	-	15% and 25%
Machineries	Straight-line	3 - 5	-
Transportation equipment	Straight-line	2 - 5	-
Equipments for rental	Straight-line	2 - 5	-
Finance leased assets	Straight-line	5	-

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

k. Fixed Assets *(continued)*

The residual values, useful lives and methods of depreciation are reviewed at the end of each financial year.

Land rights are stated at cost and are not amortized, unless there is a management prediction, or probability, that extension or renewal of the title is highly likely or will definitely not be obtained.

Legal expenditures related to acquisition of land rights are included in the acquisition cost of land. The expenditures for subsequent extension or renewal of land right are recorded as “Other Non-Current Assets” and are amortized over the land rights period under its legal form or its useful life using the straight-line method, whichever is shorter.

Construction in progress is carried at cost and presented as part of fixed assets. The accumulated costs will be reclassified to the appropriate fixed assets account when construction becomes complete and the asset is ready for intended use.

l. Impairment of Asset Value

<u>Impairment of non-financial assets</u>
Non-financial assets are reviewed by the Company for impairment whenever events or changes in circumstances indicate that the carrying amount is not recoverable. Losses due to impairment are recognized if the carrying amount exceeds the recoverable amount. Recoverable amount is the higher of the fair value less costs to sell and use value.

In assessing impairment purposes, the assets are grouped at the smallest group of cash-generating units. Non-financial assets which have value impairment are reviewed for possible reversal of the impairment at each reporting date.

<u>Impairment of financial assets</u>
At each reporting date, the Company will assess if there is an objective evidence that any of the Company’s financial assets are impaired.

For equity securities that are classified as available-for-sale financial assets, significant or prolonged impairment value below its cost is an indicator that it is impaired. If there is evidence that the financial assets classified as available-for-sale are impaired, the cumulative losses of those assets that have been recorded in the equity section should be removed and recognized in the statements of comprehensive income for the year. Impairment losses recognized in the statements of comprehensive income for the year should not be reversed.

For other financial assets, the objective evidences of impairment value are as follows:
- significant financial difficulties suffered by issuer or debtor; or
- breach of contract, such as default or unpaid principal or interests payment; or
- there is possibility that the debtor will be declared bankrupt or financial reorganization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

l. Impairment of Asset Value *(continued)*

For other certain group of financial assets, such as receivables, impairment value is evaluated individually. The objective evidence of impairment in portfolio value of receivables can include past experiences of the Company regarding collection of receivables, increment in late receipts of receivables payment from the average of credit period, and also observation on the change in national or local economic condition correlated with the default of receivables.

For financial assets that are stated at amortized acquisition cost, the loss of impairment value is the difference between the carrying value of the financial assets and the present value of discounted future estimated cash flows value using an effective interest rate as applicable to financial assets.

The carrying value of the financial asset is deducted directly by losses in impairment value on the financial assets, except for receivables with its carrying value deducted through the use of allowance for doubtful account. If the receivables are uncollectible, these receivables should be written off through the allowance for doubtful account. The recovery of the previously written-off amount is credited to allowance account. The changes in carrying value of allowance for doubtful accounts are recorded in the consolidated statements of comprehensive income.

m. Intangible Assets - Computer Softwares

Costs regarding the purchase of computer software for voice and data communications, accounting programs and the corresponding updates are deferred and amortized using the straight-line method over the estimated useful lives from 4 to 5 years.

n. Goodwill

The excess cost of an acquisition over the fair value of subsidiaries' net identifiable assets (goodwill) is recorded as "Intangible assets". Goodwill is evaluated periodically by considering the current period earnings and future prospects of the subsidiary.

o. Bonds Issuance Cost

The issuance costs of bonds are deducted from the proceeds in the consolidated statements of financial position and are amortized using the effective interest rate method over the term of bonds.

p. Sukuk Payables

In accordance to PSAK Sharia 110, Accounting for Sukuk, the sukuk ijarah is recognized when the company becomes a binding party to the regulation of sukuk ijarah issuance. Sukuk ijarah is recognized at its nominal amount and transaction cost. After the initial recognition, if the carrying amount is different with the nominal amount, the difference is amortized on a straight-line basis over the period of the sukuk ijarah.

q. Difference in Value of Restructuring Transactions of Entities Under Common Control

Transaction of restructuring entities under common control is transaction involves transfer of assets, liabilities, shares and other ownership instruments between the entities under common control that does not results in gain or loss to the whole group of companies or individual company within the group of companies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

q. Difference in Value of Restructuring Transactions of Entities Under Common Control *(continued)*

Before January 1, 2013, the difference between the transaction price of the transfer of assets, liabilities, shares or other form of ownership instruments and the net book value of the transactions of restructuring under common control was recorded as “Differences in Changes on Equity Transactions of Subsidiaries/Associates” and was part of the equity. Effective January 1, 2013, the Company adopts PSAK 38 (revised 2012). The adoption of PSAK 38 (revised 2012) is prospective whereby the difference from the transaction of restructuring under common control based on PSAK 38 (revised 2004) is presented as additional paid-in capital and cannot be recognized either as realized gain or loss or reclassification to retained earnings.

r. Derivative Financial Instruments

The Company enters into derivative financial instrument contracts in order to hedge underlying exposures. Derivative financial instruments are recognised at their fair values. The method of recognising the resulting gains or losses is dependent on whether the derivative is designated as a hedging instrument for accounting purposes and the nature of the item being hedged. The Company designates derivatives as hedges of the foreign exchange rate risk associated with a recognised liability (cash flow hedge).

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges for accounting purposes and that are effective, are recognised in other comprehensive income. When a hedging instrument expires, or when a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss in equity is recognised in profit or loss.

Changes in the fair value of derivatives that do not meet the criteria of hedging for accounting purposes are recorded in profit or loss.

The fair value measurements of cross currency swaps and foreign currency forward contracts are determined based on the quotation value provided by the bank for the Company’s outstanding contracts on the date of statements of financial position, which calculated by reference to observable market interest rates and foreign exchange rates.

s. Revenue and Expense Recognition

Revenue from sales of merchandise inventories (except those sold on “Cash-on-Delivery” basis which are recognized when goods are delivered to customers) is recognized when the goods are paid for at the sales counter. Revenue from consignment sales is recorded at the amount of sales of consigned goods to customers and deducted with the amount due to consignor.

For the customer loyalty program held by the subsidiary, if it meets the criteria as set forth in ISAK 10, the subsidiary records the points reward in the program as a separately identified component of sales transaction which at the time of initial sale is as deferred revenue and is recognized as revenue over the period of the program.

Revenue from sales and services of information technology is recognized when the products or services are delivered or rendered to the customers. Services income which are billed or received in advance are deferred (presented under “Other short-term liabilities”) and amortized as services are rendered.

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

s. Revenue and Expense Recognition *(continued)*

Revenue from sales of prepaid cards (known as “power cards”) by family entertainment centers is recorded as unearned income initially and then recognized as revenue based on actual use of the cards by customers proportionately. Revenue from sales of tokens is recognized at the time when customers purchase the tokens.

Expenses directly related to project costs of contracts wherein the contract revenue cannot be recognized until certain conditions in the contract are fulfilled are deferred and recognized when the contract revenue is recognized. Other expenses are recognized when incurred.

t. Transactions and Balances Denominated in Foreign Currencies

In the preparation of financial statements of each entity, transactions using currencies other than its functional currency are translated using the exchange rate prevailing on the date of the transactions. At the end of each reporting dates:

a) monetary accounts denominated in foreign currency are translated using the closing exchange rate;
b) non-monetary accounts carried at historical cost in a foreign currency are translated using the exchange rate on the date of transaction; and
c) non-monetary accounts carried at fair value in a foreign currency are translated using the exchange rate in the date when the fair value is determined.

On June 30, 2014, and December 31, 2013, the exchange rates used (in full amount) as computed by taking the average of the last buying and selling rates of exchange rate transactions for the period then ended, are as follows:

	June 30, 2014	December 31, 2013
USD1	Rp11,969	Rp12,189
SGD1	Rp 9,583	Rp 9,628
RMB1	Rp 1,945	Rp 1,999

The gains or losses from exchange rate differences, either realized or unrealized, that come from transactions in foreign currencies are charged to the consolidated statements of comprehensive income.

u. Income Tax

Current tax expense is calculated based on the estimated taxable income for the period. Deferred tax assets and liabilities are recognized for the temporary differences between the financial and the tax bases at each reporting date. Future tax benefits, such as the carryover of unused tax losses, are also recognized to the extent that such benefits are more likely realized. The tax effects for the period are allocated to current operations, except for the tax effects from transactions that are directly charged or credited to equity.

Deferred tax assets and liabilities are measured based on a rate that is expected to apply to the period when the asset is realized or when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rate are charged or credited to current period operations, except to the extent that they relate to items previously charged or credited directly to equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

u. Income Tax *(continued)*

For each of the consolidated subsidiaries, the tax effects of temporary differences and tax loss carryover, which individually are either assets or liabilities, are shown at the applicable net amounts.

The Company shall offset current tax assets and current tax liabilities if, and only if the Company has a legally enforceable right to set off the recognized amounts; and the Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

v. Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are recognized when they accrue to the employee less than 12 months since the financial reporting date based on an accrual basis.

Pension Benefits

The Company and certain subsidiaries provide defined contribution pension plans covering certain permanent employees according to their preferences. The fixed pension plan is computed at 3% for employee contribution and 5% for the Company contribution from the employees' basic salary.

Aside from fulfilling the pension benefits through the defined contribution pension plan, the Company also records the additional reserve for employee benefits to meet the minimum employee benefits as stipulated in the Labour Law No. 13/2003 dated March 25, 2003 ("Labour Law No. 13").

Under the PSAK 24 (Revised 2004), the cost of providing employee benefits under the Labor Law No. 13 is determined using the Projected-Unit-Credit actuarial valuation method. Actuarial gains or losses are recognized as income or expense when the net cumulative unrecognized actuarial gains or losses of each individual plan, at the end of the previous reporting period exceeds 10% of the present value of the defined benefit obligation on that date. These gains or losses are recognized based on a straight-line basis over the expected average remaining working lives of the employees. Furthermore, past service costs arising from the introduction of a defined benefit plan or changes in the benefits payable from an existing plan are required to be amortized over the period until the benefits become vested.

The Company recognizes gains or losses on curtailment or settlement of defined benefit plan when the curtailment or settlement incurs. The gains or losses on curtailment or settlement consist of changes in present value of the defined benefit obligation and previous unrecognized past service cost.

w. Operating Segment Reporting

Operating segments are identified in a manner consistent with internal management reporting, which is reviewed by the operating decision maker. The Company identifies retail and distribution and information technology as its operating segments. Activities outside retail and distribution and information technology are presented in the category of others since they do not meet the quantitative thresholds as an operating segment. The financial information used by the management to evaluate the performance of operating segment is presented in Note 33.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

x. Earnings per Share

Basic earnings per share is computed by dividing income attributable to owners of the parent by the weighted average number of shares issued and fully paid during the period.

In calculating diluted earnings per share, the number of weighted average of outstanding common shares have to be adjusted by considering the impact on the effect of all potentially dilutive common shares. There are no existing instruments as of June 30, 2014 and 2013 which could result in diluted effect, thus the dilutive earnings per share is equivalent as the basic earnings per share.

The income attributable to owners of the parent for the periods ended June 30, 2014 and 2013 amounted to Rp63,850 and Rp1,477,429, respectively. The number of weighted average issued and fully paid shares the periods ended June 30, 2014 and 2013 are 10,064,747,323 shares and 9,045,963,365 shares, respectively.

y. Transaction with Related Parties

A related party is a person or entity related to the entity that is preparing its financial statements ("the Reporting Entity"):

(a) A person or a close member of that person's family is related to a reporting entity if that person:
   (i) has control or joint control over the reporting entity;
   (ii) has significant influence over the reporting entity; or
   (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity (by taking into account item (c) below) if any of the following conditions applies:
   (i) The entity and the reporting entity are members of the same group (which means that parent company, subsidiary and fellow subsidiary is related to the others).
   (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   (iii) Both entities are joint ventures of the same third party.
   (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is the one that has a plan, the sponsoring employers are also related to the reporting entity.
   (vi) The entity is controlled or jointly controlled by a person identified in (a).
   (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

y. Transaction with Related Parties *(continued)*

(c) In this context, the following are not related parties:
- (i) two entities simply because they have a director or other member of key management personnel in common or because a member of key management personnel of one entity has significant influence over the other entity.
- (ii) two venturers simply because they share joint control over a joint venture.
- (iii) (1) providers of finance,
  - (2) trade unions,
  - (3) public utilities, and
  - (4) departments and agencies of a government that do not control, jointly control or significantly influence on the reporting entity, simply by virtue of their normal dealings with an entity (even though they may affect the freedom of action of an entity or participate in its decision-making process).
- (iv) a customer, supplier, franchisor, distributor or general agent with whom an entity transacts a significant volume of business, simply by virtue of the resulting economic dependence.

z. Significant Accounting Estimates and Judgements

The preparation of the Company and its subsidiaries consolidated 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.

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/period are disclosed below. The Company and its subsidiaries based its assumptions and estimates on parameters available when the 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 and its subsidiaries. Such changes are reflected in the assumptions as they occur.

Estimated Useful Lives of Fixed Asset

The Company and its subsidiaries reviews periodically the estimated useful lives of fixed assets based on factors such as technical specification and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

The Company and its subsidiaries reviews periodically the estimated useful lives of renovation of equipment based on factors such as change in technology and potential income that can be generated from the equipment. This condition may cause the Company and its subsidiaries to impair or write-off the fixed assets if the equipment has obsolete with the development of new technology.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

z. Significant Accounting Estimates and Judgements *(continued)*

Employee Benefit Liabilities

The present value of the employee benefit liabilities depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of short term employee benefit liabilities.

The Company and its subsidiaries determine the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations. In determining the appropriate discount rate, the Company and its subsidiaries consider the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related obligation.

Other key assumptions for employee benefit liabilities are based in part on current market conditions.

Fair Value of Financial Instruments

Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity discount rates, prepayment rates, and default rate assumptions.

Income Tax

Significant judgement is involved in determining provision for corporate income tax. There are certain transaction and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Company and its subsidiaries recognized liabilities for expected corporate income tax issues based on estimates of whether additional corporate income tax will be due.

Deferred Tax Assets

Deferred tax assets are recognized only when deferred tax will be recovered, in this case is dependent on generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management estimates of future cash flows. These depend on estimates of the number of additional subscribers, technology innovation, operating cost, capital expenditure, dividends, and other capital management transactions in the future.

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

3. CASH AND CASH EQUIVALENTS

This account consists of the following:

	June 30, 2014	December 31, 2013
Cash on hand:		
Rupiah	24,903	27,621
Foreign Currencies	2,884	4,600
Current Account:		
Rupiah		
Third Parties:		
PT Bank CIMB Niaga Tbk (“CIMB”)	619,219	425,964
PT Bank Mayapada Internasional Tbk (”Mayapada”)	367,274	142,690
PT Bank Mandiri Tbk	104,413	117,828
PT Bank Negara Indonesia (Persero) Tbk (“BNI”)	39,135	129,720
PT Bank Mega Tbk (”MEGA”)	26,560	738,430
Other banks, below Rp50,000 each	40,509	104,662
Related Party:		
PT Bank Nationalnobu Tbk (“Nobu”) (Note 7)	137,695	237,317
Foreign Currencies		
Third Parties:		
CIMB	450,765	1,320,524
Mayapada	375,474	1,771
PT Bank Permata Tbk	101,783	7,381
The Hongkong and Shanghai Banking Corporation	61,547	87,605
Bank of China Limited	54,385	276,197
Other banks, below Rp50,000 each	72,034	103,825
Time Deposits:		
Rupiah		
Third Parties:		
Mayapada	72,000	99,999
PT Bank Mega Syariah	-	50,000
Other banks, below Rp30,000 each	33,106	39,717
Related Party:		
Nobu (Note 7)	29,154	12,000
Foreign Currencies		
Third Parties:		
MEGA	-	243,768
Mayapada	-	121,890
Other banks, below Rp10,000 each	5,229	7,952
Total	**2,618,069**	**4,301,461**

The annual interest rate of time deposits:

	June 30, 2014	December 31, 2013
Rupiah	5.5% - 11.75%	5.00% - 11.25%
USD	1.0% - 3.25%	0.75% - 3.25%

Details of balances in foreign currencies are disclosed in Note 30.

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

4. TRADE RECEIVABLES

Trade receivables according to the types of sale are as follows:

	June 30, 2014	December 31, 2013
Sales of information technology and others	277,571	328,613
Sales of retail and distribution	34,402	33,866
Total	311,973	362,479
Allowance for impairment of receivables	(13,713)	(13,429)
Net	**298,260**	**349,050**

Trade receivables consist of:

	June 30, 2014	December 31, 2013
Third parties	214,328	234,756
Allowance for impairment of receivables	(10,905)	(10,618)
Net	203,423	224,138
Related parties	97,645	127,723
Allowance for impairment of receivables	(2,808)	(2,811)
Net (Note 7)	94,837	124,912
Total	**298,260**	**349,050**

The aging analysis of the trade receivables based on the number of outstanding days is as follows:

	June 30, 2014	December 31, 2013
Less than 31 days	128,650	221,037
31 - 60 days	40,461	44,801
61 - 90 days	49,983	39,764
Over 90 days	92,879	56,877
Total	311,973	362,479
Allowance for impairment of receivables	(13,713)	(13,429)
Net	**298,260**	**349,050**

Changes in allowance for impairment of receivables are as follows:

	June 30, 2014	December 31, 2013
Balance at beginning of period	13,429	10,351
Provision during the period	284	3,078
Balance at end of period	**13,713**	**13,429**

Based on the review of the status of individual debtors at the end of the period, management of the Company and Subsidiaries are in the opinion that the allowance for impairment of receivables is adequate to cover possible losses due to impairment of trade receivables.

Certain trade receivables are used as collateral for loans obtained by certain Subsidiaries (Notes 14 and 20).

Details of balances in foreign currencies are disclosed in Note 30.

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

5. OTHER CURRENT FINANCIAL ASSETS

	June 30, 2014	December 31, 2013
Held to maturities investments		
Investment in managed funds		
Third parties	62,980	62,980
Notes receivable		
Related parties (Note 7)	32,250	32,250
Sub - total	95,230	95,230
Available-for-Sale investments		
Shares of stock		
Related parties (Note 7)	328,800	311,675
Trading investments		
Bonds and shares of stocks		
Related parties (Note 7)	138,531	131,213
Third parties	91	88
Mutual funds	4,151	3,885
Sub - total	142,773	135,186
Loans and receivables		
Other receivables		
Related parties (Note 7)	86,312	85,354
Third parties	293,151	346,280
Time deposits	2,134	12,024
Restricted funds - including USD242 as of June 30, 2014 and USD47 as of December 31, 2013	6,432	39,161
Sub - total	388,029	482,819
Total	**954,832**	**1,024,910**

The investment in managed funds by third party is an investment management contract with PT GAP Capital, the appointed party of PT MPP as the investment manager, which will be due on September 3, 2013 and extendable.

The Company placed funds in notes receivable issued by PT Ciptadana Capital (related party). The notes receivable may be rolled over on a monthly basis.

The fair value measurement of available-for-sale investments and trading investments are based on quoted price in an active market. As of June 30, 2014 and 2013, the unrealized gain on available-for-sale investments amounted to Rp17,125 and Rp178,100, respectively, and are presented as part of equity, while the unrealized gain of trading investments amounting to Rp7,587 and Rp74,824, respectively, are recognized in the consolidated statements of comprehensive income.

Other receivables are not amortized using the effective interest rate due the short-term maturities, thus the carrying amount are approximately equal to their fair value.

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

5. OTHER CURRENT FINANCIAL ASSETS *(continued)*

As of December 31, 2013, the restricted funds primarily are sinking fund for bonds and sukuk of PT MPP (Note 21).

Certain other current financial assets earned annual interests ranging from 5.5% to 11.25% for the six-month period ended June 30, 2014 and ranging from 7% to 16% for the year ended December 31, 2013.

Certain other current financial assets are used as collaterals for loan facilities obtained by the Company (Note 32).

Details of balances in foreign currencies are disclosed in Note 30.

6. INVENTORIES

Inventories consist of:

	June 30, 2014	December 31, 2013
Retail and distribution	3,088,766	2,349,086
Information technology and others	594,857	576,077
Total	**3,683,623**	**2,925,163**

The management believes that the value of inventories represents the net realizable value.

Inventories are insured against losses by fire and other risks under blanket policies with sum insured of Rp71,897, USD207,748 and RMB140,305 as at June 30, 2014. The management of the Company and Subsidiaries are in the opinion that the sum insured is adequate to cover possible losses arising from such risks. This insurance coverage is mainly covered by PT Asuransi Central Asia, PT Asuransi Bintang Tbk, PT Asuransi Wahana Tata, PT Asuransi Tripakarta and PT Lippo General Insurance Tbk (related party).

Certain inventories are used as collateral to loans obtained by certain Subsidiaries (Notes 14 and 20).

7. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Direct and Indirect Subsidiaries

Details of direct and indirect Subsidiaries of the Company are disclosed in Note 1c.

Investments in Associates and Other Long-term Investments

Details of Investments in Associates and other long-term investments are disclosed in Note 8.

Balances with Related Parties

Details of the balances with related parties are as follows (mainly affiliates):

	June 30, 2014	December 31, 2013
Cash and cash equivalents (Note 3)		
PT Bank Nationalnobu Tbk	166,849	249,317
Percentage of total assets	**0.83**	**1.23**

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies, unless otherwise stated)

7. TRANSACTIONS AND BALANCES WITH RELATED PARTIES *(continued)*

Balances with Related Parties *(continued)*

Details of the balances with related parties are as follows (mainly affiliates): *(continued)*

	June 30, 2014	December 31, 2013
Trade receivables (Note 4)		
PT First Media Tbk	49,703	49,757
PT Link Net Tbk	17,703	61,272
PT Matahari Department Store Tbk *)	16,857	3,604
Others (below Rp1,000 each)	10,574	10,279
Total	**94,837**	**124,912**
Percentage of total assets	**0.47**	**0.62**
Other current financial assets (Note 5)		
Held to maturity investments		
Notes receivable		
PT Ciptadana Capital	32,250	32,250
Available-for-sale investments		
Shares of stock		
PT Lippo Karawaci Tbk	328,800	311,675
Trading investments		
Bonds and shares of stock		
PT Lippo Karawaci Tbk	138,243	131,043
Others (below Rp10,000 each)	288	170
Sub - total	138,531	131,213
Loans and receivables		
Others		
PT Menara Bhumimegah	83,056	83,056
Others (below Rp10,000 each)	3,256	2,298
Sub - total	86,312	85,354
Total	**585,893**	**560,492**
Percentage of total assets	**2.92**	**2.77**
Prepaid expenses		
Others (below Rp10,000 each)	14,528	15,539
Total	**14,528**	**15,539**
Percentage of total assets	**0.07**	**0.08**
Due from related parties non-trade		
PT First Media Tbk	33,166	33,776
PT Bintang Sidoraya	15,206	15,206
Others (below Rp10,000 each)	2,110	2,117
Total	**50,482**	**51,099**
Percentage of total assets	**0.25**	**0.25**

*) Affiliate starting on March 8, 2013

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

7. TRANSACTIONS AND BALANCES WITH RELATED PARTIES *(continued)*

Balances with Related Parties *(continued)*

Details of the balances with related parties are as follows (mainly affiliates): *(continued)*

	June 30, 2014	December 31, 2013
Rental advances and deposits (Note 11)		
PT Mandiri Cipta Gemilang	142,971	340,500
Percentage of total assets	**0.71**	**1.60**
Long-term prepaid rents (Note 12)		
PT Direct Power	49,610	50,988
PT Villa Permata Cibodas	35,842	36,992
PT Mandiri Cipta Gemilang	23,160	27,704
Total	**108,612**	**115,684**
Percentage of total assets	**0.52**	**0.57**
Trade payables		
Others (below Rp10,000 each)	10,437	5,014
Total	**10,437**	**5,014**
Percentage of total liabilities	**0.09**	**0.04**
Other short-term liabilities		
PT Link Net Tbk	14,056	4,494
PT First Media Tbk	13,269	17,453
Others (below Rp10,000 each)	17,528	13,783
Total	**44,853**	**35,730**
Percentage of total liabilities	**0.39**	**0.32**
Due to related parties non-trade		
Others (below Rp10,000 each)	1,220	307
Total	**1,220**	**307**
Percentage of total liabilities	**0.01**	**0.01**

Transactions with Related Parties

The following is a summary of significant transactions (affecting revenue/income and expenses) with related parties (mainly affiliates):

	June 30, 2014	June 30, 2013
Net Sales (Note 25)		
PT Matahari Department Store Tbk *)	93,032	51,388
PT Link Net Tbk	54,627	35,183
PT First Media Tbk	12,066	14,542
PT Siloam International Hospitals Tbk	10,518	18,408
Others (below Rp10,000 each)	18,857	17,380
Total	**189,100**	**136,901**
Percentage of net sales	**2.42**	**2.07**
Cost of Goods and Services Sold		
Others (below Rp10,000 each)	(9,802)	(3,631)
Total	**(9,802)**	**(3,631)**
Percentage of Cost of Goods and Services Sold	**0.15**	**0.07**

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

7. TRANSACTIONS AND BALANCES WITH RELATED PARTIES *(continued)*

Transactions with Related Parties *(continued)*

The following is a summary of significant transactions (affecting revenue/income and expenses) with related parties (mainly affiliates): *(continued)*

	June 30, 2014	June 30, 2013
Selling Expenses		
Rental Expenses (included rental amortization)		
Others (below Rp10,000 each)	(3,608)	(5,701)
Total	**(3,608)**	**(5,701)**
Percentage of rental expenses - net	**1.28**	**2.07**
Rental Income		
Others (below Rp10,000 each)	1,902	12,326
Percentage of rental income	**1.90**	**11.89**
Other Expenses		
Others (below Rp10,000 each)	(5,575)	(5,324)
Total	**(5,575)**	**(5,324)**
Percentage of other expenses	**3.14**	**3.52**
General and Administrative Expenses		
Salaries, allowances and employee benefits		
Boards of Commisioners and Directors (short-term employee benefits)	(48,318)	(40,887)
Percentage of salaries, allowances and employee benefits	**8.73**	**9.71**
Insurance expense		
Others (below Rp10,000 each)	(4,647)	(926)
Percentage of insurance expenses	**17.05**	**4.59**
Other Expenses		
Others (below Rp10,000 each)	(1,387)	(592)
Percentage of other expenses	**1.89**	**1.47**
Financial income		
Others (below Rp10,000 each)	10,557	7,717
Total	**10,557**	**7,717**
Percentage of financial income	**17.46**	**11.48**

Transactions with the related parties are made under normal terms comparable to those that would be obtained in similar transactions with the third parties, except for certain due from related parties non-trade which are non-interest bearing.

The relationship and nature of account balances/transactions with the related parties are as follows:

No.	Related Parties	Relationship	Nature of Account Balances/Transactions
1.	PT Bank Nationalnobu Tbk	An associate of PT Prima Cakrawala Sentosa (“PT PCS”)	Cash and cash equivalents
2.	PT Matahari Department Store Tbk	An associate	Trade receivables and net sales

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

7. TRANSACTIONS AND BALANCES WITH RELATED PARTIES *(continued)*

Transactions with Related Parties *(continued)*

The relationship and nature of account balances/transactions with the related parties are as follows: *(continued)*

No.	Related Parties	Relationship	Nature of Account Balances/Transactions
3.	PT First Media Tbk	An associate of PT Reksa Puspita Karya ("PT RPK")	Trade receivables, due from related parties non-trade, other short-term liabilities and net sales
4.	PT Link Net Tbk	Affiliate, subsidiary of PT First Media Tbk	Trade receivables, other short-term liabilities and net sales
5.	PT Lippo Karawaci Tbk ("PT LK")	Affiliate, common control entity	Other current financial assets, other short-term liabilities and net sales
6.	PT Siloam International Hospitals Tbk	Affiliate, subsidiary of PT LK	Net sales
7.	PT Ciptadana Capital	Affiliate, common control entity	Other current financial assets
8.	PT Mandiri Cipta Gemilang	Affiliate, subsidiary of PT LK	Prepaid expenses, rental advances and deposits and long-term prepaid rents
9.	PT Menara Bhumimegah	Affiliate, subsidiary of PT LK	Other current financial assets, prepaid expenses and rental expense
10.	PT Direct Power	Affiliate, subsidiary of PT LK	Prepaid long-term rent dan rental expense
11.	PT Villa Permata Cibodas	Affiliate, subsidiary of PT LK	Prepaid long-term rent dan rental expense
12.	PT Bintang Sidoraya	An associate of PT Taraprima Reksabuana ("PT TPRB")	Due from related parties non-trade
13.	Boards of Commissioners and Directors	Boards of Commissioners and Directors	Payment for salaries and allowances expenses

8. INVESTMENTS

Investments in Associates

The Company's investments in Associates consist of the following:

		Carrying Values		Accumulated Equity in Undistributed net earnings (losses) of Investees	
	Percentage of Ownership	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
PT Matahari Department Store Tbk ("PT MDS")	20.48	929,624	949,772	203,563	223,712
PT First Media Tbk ("PT FM")	33,76	721,673	537,533	(113,379)	(116,045)
PT Bank Nationalnobu Tbk ("Nobu")	20,95	348,185	353,369	3,935	2,903
PT Matahari Leisure ("PT MLe")	50,00	22,103	17,758	20,666	16,321
PT Bintang Sidoraya ("PT BSR")	24,00	2,380	2,380	(18,581)	(18,581)
PT Tason Mitra Prima ("PT TMP")	50,00	2,082	2,082	(918)	(918)
PT Nusantara Trimultiprima ("PT NTP")	49,00	1,015	1,808	(1,925)	(1,132)
PT MOMO Trimultiprima ("PT MOMO")	40,00	146	1,000	(854)	-
PT Karya Dinamika Investama ("PT KDI")	36,36	400	400	-	-
Total		**2,027,608**	**1,866,102**	**92,507**	**106,260**

8. INVESTMENTS *(continued)*

Investments in Associates *(continued)*

The Company's investments in Associates consist of the following: *(continued)*

PT MDS

Since 2010, through PT Matahari Pacific ("PT MP"), the Company has the ownership of preference shares and ordinary shares of Meadows Asia Company Limited ("MAC"). MAC did not have any other business besides its investment in Asia Color Company Limited ("ACC"). ACC has investments only in PT MDS.

Afterward, On March 8, 2013, the Company, PT MP, Meadows Asia Company Limited ("MAC") and Asia Color Company Limited ("ACC") entered into a Reorganisation Agreement ("RA"). Based on the RA, it is agreed that:

(i) ACC agreed to sell, and the Company agreed to purchase 726,561,500 shares of PT MDS with an amount of Rp883,499 through the issuance of a Promissory Note.

(ii) MAC purchased and/or redeemed from PT MP all MAC's ordinary shares and preference shares held by PT MP, and MAC cancelled all MAC's warrants held by PT MP, with a total amount of Rp883,499.

The Company's obligation from the purchase of PT MDS' shares was offset against PT MP's proceeds from the redemption of MAC's shares and cancellation of MAC's Warrants.

On March 25, 2013, the Company sold 129,032,000 shares of PT MDS with a total amount of Rp1,399,997, and recorded a gain from sale of investment amounting to Rp1,243,210.

The Company received a cash dividend of Rp94,230 in June 2014.

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PT FM

Investment in shares of PT FM was acquired through PT RPK, PT FM engaged primarily in the provision of services through a broadband communication network and distribution of various electronic signals through the network.

Nobu

PT Prima Cakrawala Sentosa ("PT PCS"), subsidiary, acquired stocks in Nobu that engaged in the banking industry.

PT MLe

The investment in PT MLe was acquired through PT NPrI. PT MLe is engaged in the manufacture of game machineries. PT NPrI received a cash dividend of Rp5,000 in 2013.

PT NTP and PT MOMO

The investment in PT NTP and PT MOMO were acquired through PT Prima Karya Sejati, a subsidiary, PT NTP and PT MOMO are engaged in general trading.

PT BSR and PT TMP

The investments in PT BSR and PT TMP were acquired through PT TPRB. PT BSR is engaged in the sale and marketing of beer products, while PT TMP has not yet started its commercial operations.

PT KDI

The investment in PT KDI was acquired through PT NPI. PT KDI has not yet started its commercial operations.

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies, unless otherwise stated)

8. INVESTMENTS *(continued)*

Investments in Associates *(continued)*

In addition, the Company also has investments in PT Natrindo Global Telekomunikasi ("PT NGT") and PT Tirta Mandiri Sejahtera ("PT TMS"), with ownerships of 20% each. PT NGT and PT TMS have not yet started their commercial operations. The carrying values of investments in PT NGT and PT TMS have been zero since the accumulated losses exceed the cost of investments.

Certain investments in associates are used as collateral for loan facilities obtained by the Company (Note 32).

Other Long-term Investments

Other long-term investments are the investment in stocks which are accounted for under the cost method. These investments as of June 30, 2014 and December 31, 2013 are consist of:

	Total
PT Langgeng Mandiri Lestari ("PT LML")	1,000
Other long-term investment in shares - net	5
Total	**1,005**

PT LML
PT Surya Lestari Asri has an ownership of 7.14% in PT LML. PT LML is engaged in the leasing of office space.

9. INVESTMENT PROPERTIES

The detail of this account is as follows:

		Transactions during The Period			
	Beginning Balance	Addition	Reclassification	Disposal	Ending Balance
June 30, 2014					
Acquisition Costs					
Land	102,131	-	-	-	102,131
Buildings	1,128	-	-	-	1,128
Total	103,259	-	-	-	103,259
Accumulated Depreciation					
Buildings	163	29	-	-	192
Net book value	**103,096**				**103,067**

		Transactions during The Year			
	Beginning Balance	Addition	Reclassification	Disposal	Ending Balance
December 31, 2013					
Acquisition Costs					
Land	106,893	6,412	-	11,174	102,131
Buildings	1,128	-	-	-	1,128
Total	108,021	6,412	-	11,174	103,259
Accumulated Depreciation					
Buildings	108	55	-	-	163
Net book value	**107,913**				**103,096**

As of June 30, 2014, the taxable sales value of land and buildings owned by the Company and Subsidiaries amounted to Rp114,230.

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies, unless otherwise stated)

10. FIXED ASSETS

The details of fixed assets are as follows:

June 30, 2014	Beginning Balance	Transactions during The Period: Addition	Reclassification*	Disposal**	Ending Balance
Acquisition Costs					
Land	260,668	72,331	2,823	-	335,822
Buildings	1,183,355	2,669	3,184	609	1,188,599
Building improvements and renovations	1,109,832	25,543	22,429	16,829	1,140,975
Office furniture, fixtures and equipment	610,616	56,082	138,356	9,543	795,511
Equipment and installation	1,711,638	7,983	11,201	650	1,730,172
Machineries	428,992	29,304	24,209	11,274	471,231
Transportation equipment	73,968	3,763	6,127	1,456	82,402
Equipment for rental	564,470	58,985	111,012	2,360	732,107
Sub - total	5,943,539	256,660	319,341	42,721	6,476,819
Finance leased assets	69,566	58,595	-	-	128,161
Construction in progress	12,483	12,981	(10,817)	-	14,647
Total	6,025,588	328,236	308,524	42,721	6,619,627
Accumulated Depreciation					
Buildings	462,766	28,443	-	80	491,129
Building improvements and renovations	510,876	63,034	(11,108)	16,312	546,490
Office furniture, fixtures and equipment	249,647	110,331	(227)	6,765	352,986
Equipment and installation	885,047	16,404	(338)	439	900,674
Machineries	337,333	22,810	(16)	11,108	349,019
Transportation equipment	63,314	3,266	(15)	1,456	65,109
Equipment for rental	335,142	56,508	(4,012)	2,278	385,360
Sub - total	2,844,125	300,796	(15,716)	38,438	3,090,767
Finance leased assets	10,787	3,895	-	-	14,682
Total	2,854,912	304,691	(15,716)	38,438	3,105,449
Impairment value of fixed assets					
Land	7,161	-	-	-	7,161
Buildings	68,496	-	-	-	68,496
Building improvements and renovations	71,611	-	-	-	71,611
Office furniture, fixtures and equipment	1,538	-	(62)	1,165	311
Equipment and installation	2,626	-	-	-	2,626
Total	151,432	-	(62)	1,165	150,205
Net	**3,019,244**				**3,363,973**

December 31, 2013	Beginning Balance	Transactions during The Year: Addition	Reclassification*	Disposal	Ending Balance
Acquisition Costs					
Land	245,942	14,726	-	-	260,668
Buildings	1,135,828	23,470	25,079	1,022	1,183,355
Building improvements and renovations	799,164	81,228	264,270	34,830	1,109,832
Office furniture, fixtures and equipment	141,457	292,972	198,967	22,780	610,616
Equipment and installation	1,683,323	15,675	14,745	2,105	1,711,638
Machineries	396,551	38,918	17,296	23,773	428,992
Transportation equipment	70,023	6,143	1,148	3,346	73,968
Equipment for rental	458,601	78,217	31,643	3,991	564,470
Sub - total	4,930,889	551,349	553,148	91,847	5,943,539

* including the effect of differences in exchange rate translation of subsidiaries' financial statements in foreign currencies
** including assets damaged by fire

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

10. FIXED ASSETS *(continued)*

The details of fixed assets are as follows: *(continued)*

December 31, 2013 *(continued)*	Beginning Balance	Transactions during The Year			Ending Balance
		Addition	Reclassification*	Disposal	
Finance leased assets	61,260	8,306	-	-	69,566
Construction in progress	19,059	132,058	(136,783)	1,851	12,483
Total	5,011,208	691,713	416,365	93,698	6,025,588
Accumulated Depreciation					
Land	407,087	55,667	16	4	462,766
Building improvements and renovations	345,362	110,627	88,629	33,742	510,876
Office furniture, fixtures and equipment	84,871	181,013	1,989	18,226	249,647
Equipment and installation	853,611	29,945	2,942	1,451	885,047
Machineries	326,534	34,434	133	23,768	337,333
Transportation equipment	62,033	4,447	138	3,304	63,314
Equipment for rental	250,374	87,479	(24)	2,687	335,142
Sub - total	2,329,872	503,612	93,823	83,182	2,844,125
Finance leased assets	9,984	803	-	-	10,787
Total	2,339,856	504,415	93,823	83,182	2,854,912
Impairment value of fixed assets					
Land	7,161	-	-	-	7,161
Buildings	68,496	-	-	-	68,496
Building improvements and renovations	-	71,611	-	-	71,611
Office furniture, fixtures and equipment	-	1,538	-	-	1,538
Equipment and Installation	2,626	-	-	-	2,626
Total	78,283	73,149	-	-	151,432
Net	**2,593,069**				**3,019,244**

* including the effect of differences in exchange rate translation of subsidiaries' financial statements in foreign currencies

For the six-month periods ended June 30, 2014 and 2013, the Company and subsidiaries have sold certain fixed assets with details as follows:

	June 30, 2014	June 30, 2013
Proceeds	3,170	898
Net book value	(3,118)	(5,515)
Gain (Loss)	**52**	**(4,617)**

The depreciation for the six-month periods ended June 30, 2014 and 2013 are charged to the following:

	June 30, 2014	June 30, 2013
General and administrative expenses (Note 27)	161,217	107,351
Cost of goods and services sold	105,762	96,536
Selling expenses	37,712	34,779
Total	**304,691**	**238,666**

10. FIXED ASSETS *(continued)*

The land represent rights (*Hak Guna Bangunan* “HGB" and *Hak Milik Rumah Susun* “HMRS") for parcels of land and buildings located in several cities in Indonesia. These HGB and HMRS will expire on various dates until 2041. The HGB and HMRS are under the names of the Company and Subsidiaries.

In June 2014, one of the store of PT Matahari Graha Fantasi, Subsidiary of PT NPI, that located in Bandung damaged by fire. Management believes that all the losses will be recovered by insurance company.

The Company and Subsidiaries carry insurance for Rp279,084, USD508,980 and RMB447,418 as of June 30, 2014 on their respective fixed assets, except for land, from fire and other risks. The management of the Company and Subsidiaries believe that the insurance coverage is adequate to cover possible losses arising from such risks. The coverage is mainly covered by PT Asuransi Central Asia, PT Asuransi Bintang Tbk, China Ping An Property Insurance, PT Asuransi Tripakarta and PT Lippo General Insurance Tbk (related party).

As at June 30, 2014, taxable sales value of land and buildings owned by the Company and certain Subsidiaries amounted to Rp1,471,079.

Certain fixed assets are used as collaterals for loan facilities obtained by certain Subsidiaries (Notes 14 and 20).

11. RENTAL ADVANCES AND DEPOSITS

This account mainly represents rental advances and deposits paid to the building owners by PT MPP and PT Mulia Persada Pertiwi (Note 32c). The advances are used for rental payments upon the start of the rental period.

In 2014 and 2013, PT MPP has signed cancellation of rental agreements with several developers. Based on the agreements, PT MPP received refund of rental advances which previously paid by PT MPP to the developers. Therefore, PT MPP reversed the loss on impairment of the rental advances amounting to Rp85,663 and Rp62,210 for the six-month periods ended June 30, 2014 and 2013 and recorded the adjustment as part of “Other Income” in the consolidated statements of comprehensive income.

As of June 30, 2014 and December 31, 2013, the rental advances and deposits to related parties are amounted to Rp142,971 and Rp340,500, respectively (Note 7).

12. LONG-TERM PREPAID RENTS

This account mainly represents the long-term rent prepayments for the PT MPP’s stores located at Muara Bungo Jambi, Mal Simpang Siur Bali, Bale Kota Tangerang, Cirebon Super Block and other stores as of June 30, 2014 and December 31, 2013.

The long-term prepaid rents have lease terms which varies up to 20 years.

During 2013, in line with the plan of PT MPP to streamline its non-core assets, PT MPP signed lease cancellation agreements with several developers. The rental value of the stores in the related locations has been impaired. Then, PT MPP reversed the loss of impairment value on long-term prepaid rent amounted to Rp125,652 for the six-month period ended June 30, 2013. The adjustment was recorded as part of "Other Income" in the consolidated statements of comprehensive income for the period.

As of June 30, 2014 and December 31, 2013, the long-term prepaid rents to related parties are amounted to Rp108,612 and Rp115,684, respectively (Note 7).

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

13. INTANGIBLE ASSETS

This account consists of:

	Beginning Balance	Transactions during The Period			Ending Balance
		Addition	Reclassification	Disposal	
June 30, 2014					
Computer software					
Acquisition cost	93,349	22,751	(4,936)	-	111,164
Accumulated amortization	(31,179)	(8,204)	100	-	(39,283)
Net book value	62,170	14,547	(4,836)	-	71,881
Goodwill	132,226	-	-	-	132,226
Total	194,396	14,547	(4,836)	-	204,107
Impairment value - Computer software	1,065	-	-	-	1,065
Net	**193,331**				**203,042**

	Beginning Balance	Transactions during The Year			Ending Balance
		Addition	Reclassification	Disposal	
December 31, 2013					
Computer software					
Acquisition cost	66,291	22,927	4,310	179	93,349
Accumulated amortization	(21,186)	(9,370)	(802)	(179)	(31,179)
Net book value	45,105	13,557	3,508	-	62,170
Goodwill	132,226	-	-	-	132,226
Total	177,331	13,557	3,508	-	194,396
Impairment value - Computer software	-	1,065	-	-	1,065
Net	**177,331**				**193,331**

The amortization for six-month period ended June 30, 2014 and for the year ended December 31, 2013 are amounted to Rp8,204, and Rp9,370, respectively, and were charged to operating expenses in the consolidated statements of comprehensive income.

14. SHORT-TERM BANK LOANS

This account consists of:

	June 30, 2014	December 31, 2013
HSBC Bank (China) Company Limited (“HSBC”) RMB70,783 as at June 30, 2014 and RMB54,720 as at December 31, 2013	137,694	109,386
PT Bank Mayapada Internasional Tbk (“Mayapada”)	13,520	4,612
PT Bank Permata Tbk (“Permata”)-USD483 as at June 30, 2014 and USD251 as at December 31, 2013	5,777	3,064
Total	**156,991**	**117,062**

Subsidiaries of PT Kharisma Artha Sejati (“PT KAS”), Robbinz Department Stores (Tianjin) Limited (”RDS TJ”), Robbinz Department Stores (Changzhou) Co.,Ltd (”RDS CZ”) and Robbinz Department Stores (Suzhou) Co.,Ltd (”RDS SZ”), obtained working capital credit facilities from HSBC with maximum amount equivalent to USD11,200, USD2,900 and USD4,900, respectively, that are available up to April 15, 2014. Until the date of this report, facilities of RDS TJ and RDS SZ are still in renewal process and RDS CZ is also in the process of transferring the facility to other subsidiary of PT KAS (note 37).

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

14. SHORT-TERM BANK LOANS *(continued)*

PT Visionet Internasional ("PT VI") obtained overdaft loan facility from Mayapada with maximum amount of Rp5,000 and on demand fixed loan facility with maximum amount of Rp9,000, both facilities are available up to November 21, 2014. In addition, PT VI also obtained short-term financing facility from Permata with maximum amount of USD1,000. These loan facilities are available between July until October 2014.

For all the loan facilities above, the Subsidiaries was charged with interest at annual rates of 13.5% for the credit facility in Rupiah, 6.7% for the credit facility in USD, and ranging from 6.4% to 6.6% for the credit facilities in RMB for the six-month period ended June 30, 2014; and 12% for the credit facility in Rupiah, 6.1% for the credit facility in USD, and ranging from 6.4% to 6.6% for the credit facilities in RMB for the year ended December 31, 2013. The Subsidiaries are also required to comply with certain conditions which have all been met as of June 30, 2014 and December 31, 2013. The credit facilities obtained by the Company's Subsidiaries are guaranteed by certain trade receivables, inventories and fixed assets (Notes 4 and 10).

15. TRADE PAYABLES

This account represents liabilities to suppliers:

	June 30, 2014	December 31, 2013
Direct purchase	2,587,542	2,142,219
Consignment	216,372	535,012
Total	**2,803,914**	**2,677,231**

Details of balances in foreign currencies are disclosed in Note 30.

All amounts due to suppliers are all payable in the next quarter.

16. ACCRUED EXPENSES

This account consists of:

	June 30, 2014	December 31, 2013
Maintenance and service	341,089	355,272
Interest	160,499	131,551
Marketing and supplies	110,300	112,962
Rent	88,805	69,076
Electricity and energy	73,895	64,278
Consultant	11,645	16,074
Others	23,958	175,437
Total	**810,191**	**924,650**

Details of balances in foreign currencies are disclosed in Note 30.

17. OTHER CURRENT FINANCIAL LIABILITIES

This account comprises of liabilities to contractors for building renovation works, including store decoration, and to third parties for marketing and rental expenses.

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

18. TAXATION

a. Prepaid taxes

	June 30, 2014	December 31, 2013
Claims for income tax refund:		
- 2014	12,499	-
- 2013	4,500	4,544
- 2012	-	29,549
	16,999	34,093
Other taxes:		
- Value Added Tax	267,773	171,608
- Others	53,715	29,884
	321,488	201,492
Total	**338,487**	**235,585**

b. Taxes payable

	June 30, 2014	December 31, 2013
Corporate income tax:		
Subsidiaries	39,488	18,297
Other taxes:		
- Art 21	13,490	26,377
- Art 23	10,191	11,047
- Art 25	-	58
- Art 26	8,032	1,400
- Art 4 (2)	851	256
Others	4,612	5,505
Value Added Tax	21,002	34,686
	58,178	79,329
Total	**97,666**	**97,626**

c. Income Tax Expenses

	June 30, 2014	June 30, 2013
The Company		
- Current	(2,407)	-
- Deferred	3,358	51,014
	951	51,014
Subsidiaries		
- Current	(94,048)	(80,425)
- Deferred	15,147	(54,706)
	(78,901)	(135,131)
Total	**(77,950)**	**(84,117)**

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

18. TAXATION *(continued)*

c. Income Tax Expenses *(continued)*

A reconciliation between profit before income tax, as shown in the consolidated statements of comprehensive income and estimated taxable income (loss) of the Company for the six-month periods ended June 30, 2014 and 2013, are as follows:

	June 30, 2014	June 30, 2013
Consolidated profit before income tax	221,911	1,681,794
Subsidiaries profit before income tax	(362,921)	(529,210)
Equity in net income of associates	(80,477)	(17,775)
Profit (loss) before income tax of the Company	(221,487)	1,134,809
Temporary differences:		
- Depreciation and amortization differences between commercial and tax	(1,412)	682
- Employee benefits	1,044	(1,703)
- Others	-	156
Permanent differences:		
- Gain on disposal of shares listed in the stock exchange	-	(1,243,210)
- Others	100,547	(95,258)
Estimated taxable loss	(121,308)	(204,524)
Accumulated tax losses carryforward 2013	(266,146)	-
Estimated fiscal loss that can be compensated to the Company	**(387,454)**	**(204,524)**
Current tax expense (final) - Company	2,407	-
Claim for income tax refund of the Company	**14,540**	**461**

In these financial statements, the amount of taxable income for the period ended June 30, 2014 is based on preliminary calculations.

According to Indonesian Taxation Law, the corporate income tax is computed on annual basis for the Company and each of the subsidiaries as separate entities. The consolidated financial statements cannot be used for the calculation of corporate income tax.

The reconciliation between the consolidated income tax expense which is calculated using the effective tax rate from the consolidated profit before income tax for the six-month periods ended June 30, 2014 and 2013 is as follows:

	June 30, 2014	June 30, 2013
Consolidated profit before income tax	**221,911**	**1,681,794**
Income tax expense calculated at an effective rate (25%)	(55,478)	(420,448)
Income subject to final tax	21,444	334,617
Fiscal loss adjustment	-	8,559
Others	(43,916)	(6,845)
Income tax expense	**(77,950)**	**(84,117)**

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

18. TAXATION *(continued)*

d. Deferred Tax Assets (Liabilities)

	December 31, 2013	Credited to consolidated statements of comprehensive income	June 30, 2014
Deferred tax assets			
Accumulated fiscal losses	66,537	-	66,537
The difference in net book value of fixed assets and intangible assets between accounting and tax	(1,039)	2,134	1,095
Provision for employee benefits	3,526	1,224	4,750
Provision - inventories and receivables	6,506	-	6,506
Total	75,530	3,358	78,888
Subsidiaries	304,794	10,561	315,355
Total	**380,324**	**13,919**	**394,243**
Deferred tax liabilities			
Subsidiaries	**6,422**	**17**	**6,439**

	December 31, 2013	Credited to consolidated statements of comprehensive income	June 30, 2014
Deferred tax assets			
Accumulated fiscal losses	8.560	57.977	66.537
The difference in net book value of fixed assets and intangible assets between accounting and tax	(1.052)	13	(1.039)
Provision for employee benefits	1.090	2.436	3.526
Provision - inventories and receivables	6.467	39	6.506
Total	15.065	60.465	75.530
Subsidiaries	247.039	57.755	304.794
Total	**262.104**	**118.220**	**380.324**
Deferred tax liabilities			
Subsidiaries	**5.175**	**1.247**	**6.422**

For the six-month period ended June 30, 2014, the deferred tax asset which is credited to other comprehensive income amounted to Rp4,603.

Management believes that the deferred tax assets can be utilized in the future.

e. Tax assessments

Significant Tax Assessments issued by the Tax Office for the six-month period ended June 30, 2014 and the year ended December 31, 2013 to the Company and its Subsidiaries are as follows:

<u>Company</u>

In April, 2014, the Company received Tax Underpayment Assessment Letter ("Surat Ketetapan Pajak Kurang Bayar or SKPKB") for the fiscal year 2012. Based on the SKPKB, the Company's taxable income was corrected to become Rp66,096, and after deducted by credit income tax Art 23 of Rp12,441, the underpayment of Income tax Art 25 including penalty is Rp1,027. The underpayment was paid by the Company on May 16, 2014 and the Company has adjusted the correction of taxable income, claim for tax refund, additional tax payable including the penalty in the consolidated financial statements as at June 30, 2014.

18. TAXATION *(continued)*

e. Tax assessments *(continued)*

In April 2013, the Company received Tax Overpayment Assessment Letter ("Surat Ketetapan Pajak Lebih Bayar or SKPLB") and SKPKB for the fiscal year 2011. Based on the SKPLB, the Company's fiscal loss was corrected to become taxable income of Rp102,224, and the Company's claim for tax refund of Rp13,755 was approved by Directorate General of Tax ("DJP"). However, based on the SKPKB, the Company was liable for additional witholding income tax articles 23 and 21 and Value Added Tax, including the related penalty amounted to Rp50. The Company has adjusted the correction of fiscal loss, claim for tax refund, additional tax payable including the penalty in the consolidated financial statements for the year ended.

Subsidiaries

In April 2014, PT MPP received SKPKB, SKPLB and Tax Collection Letter ("Surat Tagihan Pajak or STP") for fiscal year 2012. Based on the SKPKB and STP, the Company was billed with additional income tax (Art 4(2), 21, 23 and 26) and value added tax ("VAT") along with tax penalties of Rp5,923.

PT MPP also received SKPLB for corporate income tax fiscal year 2012, fiscal loss of PT MPP was adjusted to Rp65,553 and claim for tax refund of Rp38,917 has been approved by DJP. In June 2014, PT MPP received the claim for tax refund.

In February 2014, PT MT received SKPLB for VAT on goods and services fiscal year 2012 amounted to Rp12,521.

In April 2013, PT MT received SKPLB for corporate income tax fiscal year 2011 amounted to Rp8,064.

In April 2014, PT VI, subsidiary of PT MT, received SKPLB for corporate income tax fiscal year 2012 amounted to Rp3,510.

In April 2014, PT MP received SKPLB for fiscal year 2012. Based on the SKPLB, claim for tax refund of PT MP amounted to Rp13,594 has been approved by DJP.

In April 2013, PT MP received SKP for fiscal year 2011 and received net claim for tax refund of Rp13,705 on corporate income tax overpayment 2011.

In August and September 2013, PT Citra Cito Perkasa ("PT CCP"), PT Tanjung Bunga Gemilang ("PT TBG") and PT Indah Tasikmalaya Persada ("PT ITP"), subsidiaries of PT MP, received SKPLB for fiscal year 2012. Based on the SKPLB, corporate income tax of PT CCP, PT TBG and PT ITP that have been approved by DJP are amounting to Rp9,849, Rp7,274 and Rp2,929, respectively.

The above subsidiaries have adjusted the correction of fiscal loss, claim for tax refund, additional tax payable including the penalty in the consolidated financial statements for the period ended.

f. Administration

Based on taxation laws prevailing in Indonesia, the Company computes, determines and settles the liable tax on the basis of self assessment. Under the prevailing regulations, DJP may assess or amend the liable taxes within a certain period. For the fiscal year 2007 and before, this period is within ten years from the time the tax becomes due, but not later than 2013. For the fiscal year 2008 and onwards, the period is within five years from the time the tax becomes due.

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

19. EXCHANGEABLE RIGHTS

On January 31, 2013, the Company and Prime Star Investment Pte. Ltd. ("PSI") entered into an Exchangeable Rights ("ER") Subscription Agreement with Anderson Investments Pte. Ltd. ("Anderson"), a subsidiary that indirectly wholly owned by Temasek Holdings (Private) Limited ("Temasek"), whereby PSI issued ER without interest amounting to USD300,000 to be exchanged with 26.1% shares of stock (or totalling 1,402,947,000 shares) of PT MPP to Anderson.

Based on the Agreement, it was agreed, among others:

a. The ER shall be exchangeable in full for PT MPP's shares at any time at the option of Temasek,on or after the earlier of the following dates:
   - The 4th anniversary date;
   - The date of a Trade Sale,including a Trade Sale pursuant to the exercise of the Company's Drag Right or Temasek's Drag Right;
   - The date on which Temasek is entitled to exercise its Specified Trade Sale Support Drag Right; or
   - The date on which PSI becomes the holder of 26.1% of PT MPP's share capital.
b. The Company shall grant a pledge over 1,402,947,000 of PT MPP's shares. The Company shall be jointly and severally liable with PSI to deliver PT MPP's shares to Temasek.
c. The ER is not redeemable by PSI for cash.
d. Temasek shall be entitled to all dividends, bonuses and other distributions which will accrue on PT MPP's shares with respect to retained earnings of PT MPP arising on or after January 1, 2013 during the term of the ER, but excluding the special distributions from corporate reorganization of PT MPP.

On February 18, 2013, PSI received USD300,000 from Anderson regarding the ER issuance.

Up to May 28, 2013, PSI has purchased 1,402,947,000 shares of PT MPP with a total amount of Rp2,840,900 that are recorded as "Equity Shares for Exchageable Rights" in the consolidated statements of financial position.

On May 30 2013, PSI notified Anderson that PSI has acquired 26.1% shares of PT MPPA in accordance to the ER Agreement.

20. BANK AND OTHER FINANCIAL INSTITUTION LOANS

This account consists of banks and other financial institutions loan (third party) are as follows:

	June 30, 2014	December 31, 2013
PT Bank Permata Tbk ("Permata"), including USD656 as at June 30, 2014 and USD781 as at December 31, 2013	89,138	77,343
Cisco Systems Capital Asia, Pte, Ltd, ("Cisco"), USD1,980 as at June 30, 2014 and USD2,581 as at December 31, 2013	23,705	31,465
PT Bank Danamon Indonesia Tbk ("Danamon")	15,000	20,000
PT Bank Windu Kentjana International Tbk ("BWK")	-	9,713
Sub - total	127,843	138,521
Less due in one year portion	(75,976)	(70,141)
Long-term portion	**51,867**	**68,380**

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

20. BANK AND OTHER FINANCIAL INSTITUTION LOANS *(continued)*

The loans obtained by PT VI are as follows:

- Permata, the dual currency loan facility (in US Dollar and Rupiah) with maximum amount equivalent to USD16,500, PT VI obtained the loan on October 18, 2012 and will be mature between September 2014 until July 2017.
- Danamon, term loan facility for the financing of fixed assets with maximum amount of Rp40,000 for 4 years period , that is available up to December 20, 2015.

PT MT obtained from Cisco the loan installment payment facility agreement that used for financing the purchase of inventories, with a maximum amount of USD3,605, that is available up to August 24, 2016.

PT Multifiling Mitra Indonesia Tbk ("PT MMI") obtained credit investment loan facility from BWK with maximum amount of Rp20,000, the loan is available up to January 14, 2016. This facility is available for 5 years with certain repayment schedule. This loan is guaranteed by fixed assets. On January 17, 2014, PT MMI repaid the loan.

For the loan facilities above, the Subsidiaries bear interest at annual rates ranging from 11.7% to 13.5% for the credit facilities in Rupiah and from 5.5% to 7.0% for the credit facilities in USD for six-month period ended June 30, 2014; and from 11% to 13% for the credit facilities in Rupiah and from 6.1% to 6.5% for the credit facilites in USD for the year ended December 31, 2013. The Subsidiaries are also required to meet certain requirements in which all requirements have been met as at June 30, 2014 and December 31, 2013. The credit facilities obtained by the Subsidiaries are guaranteed by trade receivables, inventories and fixed assets (Notes 4 and 10).

21. BONDS PAYABLE AND SUKUK

Bonds payable and sukuk are calculated as follows:

	June 30, 2014	December 31, 2013
Emerald Bonds Year 2013 and 2014 with Fixed Rates		
Nominal amount	2,752,870	2,437,800
Unamortized bonds issuance cost	(42,580)	(43,074)
Net	2,710,290	2,394,726
Matahari Bonds III Year 2009 with Fixed Rates ("Matahari Bonds III")		
Nominal amount	-	52,000
Unamortized bonds issuance cost	-	(61)
Net	-	51,939
Total	2,710,290	2,446,665
Less current maturities	-	(51,939)
Long-term maturities - net	**2,710,290**	**2,394,726**
Matahari Sukuk Ijarah II Year 2009 ("Sukuk Ijarah II Matahari")		
Nominal amount	-	136.000
Unamortized bonds issuance cost	-	(102)
Net	-	135.898
Less current maturities	-	(135.898)
Long-term maturities - net	**-**	**-**

21. BONDS PAYABLE AND SUKUK *(continued)*

Emerald Bonds Year 2013 and 2014

On July 25, 2013, Pacific Emerald Pte. Ltd. (“PE”), a subsidiary, issued bonds (senior notes) with a nominal amount of USD200,000 and an annual fixed interest rate of 9.75% and listed in the Singapore Stock Exchange (SGX). The term of the Bonds is 5 years and will mature on July 25, 2018 with interest payment to be made every 6 months. The proceeds from the bonds issuance are mainly used to repay the Company's bank loans.

On January 25, 2014, PE issued additional bonds (senior notes) which previously issued on July 25, 2013, with additional nominal amount of USD30,000 and an annual fixed interest rate of 9.75% and listed in the Singapore Stock Exchange (SGX). The Bonds will mature on July 25, 2018 with interest payment to be made every 6 months. The proceeds from the bonds issuance are mainly used for general corporate purposes.

The bonds are guaranteed by the Company and by several of its subsidiaries, and are rated at B+ both by Standard & Poor's and Fitch as of June 30,2014.

The Company is required to comply with certain conditions as stipulated in the Offering Circular, which all have been met as at June 30, 2014 and December 31, 2013.

The amortization of bonds issuance cost that was charged to profit and loss for the six-month period ended June 30, 2014 amounting to Rp4,088.

Matahari Bonds III and Sukuk Ijarah II Year 2009

On April 14, 2009, PT MPP issued Matahari Bonds III and Matahari Sukuk Ijarah II, with details as follows:

- Matahari Bonds III Series A, with a nominal amount of Rp250,000 in Rp5 denomination. The bonds bore interest at a fixed rate of 16% per annum for 3 years and matured on April 14, 2012;
- Matahari Bonds III Series B, with a nominal amount of Rp52,000 in Rp5 denomination. The bonds bore interest at a fixed rate of 17% per annum for 5 years and will mature on April 14, 2014;
- Matahari Sukuk Ijarah II Series A, with a nominal amount of Rp90,000 in Rp5 denomination. Each sukuk holder was entitled to “Ijarah fee” amounting to Rp160 per annum for each Rp1,000 for 3 years and matured on April 14, 2012; and
- Matahari Sukuk Ijarah II Series B, with a nominal amount of Rp136,000 in Rp5 denomination. Each sukuk holder is entitled to “Ijarah fee” amounting to Rp170 per Rp1,000 per annum for 5 years and will mature on April 14, 2014.

Matahari Bonds III and Matahari Sukuk Ijarah II are listed in the Indonesian Stock Exchange. The interest of Matahari Bonds III and “Ijarah fee” of Matahari Sukuk Ijarah II are paid quarterly by PT Kustodian Sentral Efek Indonesia, acting as payment agent.

The ratings which are issued by PT Pemeringkat Efek Indonesia are $_{id}$A+ for Matahari Bonds III and $_{id}$A+$_{(sy)}$ for the Matahari Sukuk Ijarah II.

PT Bank Mega Tbk acts as the trustee for the Matahari Bonds III and Matahari Sukuk Ijarah II.

The Matahari Bonds III and Matahari Sukuk Ijarah II are not secured with a specific collateral.

21. BONDS PAYABLE AND SUKUK *(continued)*

Matahari Bonds III and Sukuk Ijarah II Year 2009 *(continued)*

The proceeds of the Matahari Bonds III were used for refinancing the Matahari Bonds II which matured on May 11, 2009, and the proceeds of the Matahari Sukuk Ijarah II were used for the lease of store spaces determined in "Akad Wakalah".

Based on the Bonds Indenture, PT MPP is required to comply with certain conditions which have all been met as of June 30, 2014.

The amortization of bonds issuance cost was charged to profit and loss for the six-month period ended June 30, 2014 and for the year ended December 31, 2013 amounting to Rp61 and Rp192, respectively, while the sukuk issuance cost was charged to statements of comprehensive income for the six-month period ended June 30, 2014 and for the year ended December 31, 2013 amounting to Rp102 and Rp405, respectively.

If the bonds' annual rating is downgraded to below $_{id}$A- for the Matahari Bonds III and $_{id}$A-$_{(sy)}$ for the Matahari Sukuk Ijarah II, PT MPP is required to provide a sinking fund in the year the downgrade occurs and in the following years as long as the rating still remains at below $_{id}$A- and $_{id}$A-$_{(sy)}$, respectively, in the amounts determined as follows:

- First year, 10% of the nominal amount of the Matahari Bonds III or Matahari Sukuk Ijarah II; or
- Second year, cumulative 15% of the nominal amount of the Matahari Bonds III or Matahari Sukuk Ijarah II; or
- Third year, cumulative 20% of the nominal amount of the Matahari Bonds III or Matahari Sukuk Ijarah; or
- Fourth year, cumulative 25% of the nominal amount of the Matahari Bonds III or Matahari Sukuk Ijarah II; or
- Fifth year, cumulative 30% of the nominal amount of the Matahari Bonds III or Matahari Sukuk Ijarah II.

Based on the General Meeting of Bondholders (RUPO) of Matahari Bonds III and Sukuk holders (RUPSI) of Matahari Sukuk Ijarah II on March 29, 2010, PT MPP provided one-time extra coupon of 0.4% from the principal amount of Matahari Bonds III and Matahari Sukuk Ijarah II to bondholders and sukuk holders. In addition, PT MPP was also required to provide a sinking fund to be used as a payment reserve as follows:

- 2% from the outstanding principal amount of Matahari Bonds III or Matahari Sukuk Ijarah II, that has already been provided on April 14, 2011;
- 2% from the outstanding principal amount of Matahari Bonds III or Matahari Sukuk Ijarah II, that has already been provided on April 14, 2012;
- 2% from the outstanding principal amount of Matahari Bonds III and Matahari Sukuk Ijarah II, that has already been provided on April 14, 2013.

Based on RUPO and RUPSI held on September 11, 2012, PT MPP has provided consent fee of 0.5% from the outstanding principal of Matahari Bonds III and Matahari Sukuk Ijarah II to Bondholders and Sukuk Ijarah holders relating to the approval from the bondholders and sukuk holders on the capital reduction of PT MPP. In addition, PT MPP was also required to provide an additional sinking fund that was used for a payment reserve of 4% from the principal of Matahari Bonds III and Matahari Sukuk Ijarah II which was already made on April 14, 2013.

On April 14, 2012, PT MPP has fully repaid Matahari Bonds III Series A and Matahari Sukuk Ijarah II Series A.

On April 14, 2014, PT MPP has fully repaid Matahari Bonds III Series B and Matahari Sukuk Ijarah II Series B.

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies, unless otherwise stated)

22. CAPITAL STOCK

The Company's stockholders as at June 30, 2014 and December 31, 2013 are as follows:

	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount
Class A Shares (par value of Rp2,000 per share)			
Cyport Limited	123,445,634	1.227	246,891
Grandhill Asia Limited	23,125,000	0.230	46,250
Management - Jeffrey Koes Wonsono	28,000	0.000	56
Others - public (below 5% each)	321,343,366	3.193	642,687
Sub-total	467,942,000	4.650	935,884
Class B Shares (par value of Rp500 per share)			
Cyport Limited	333,636,849	3.315	166,818
Grandhill Asia Limited	62,500,000	0.621	31,250
Management - Jeffrey Koes Wonsono	44,678	0.000	22
Others - public (below 5% each)	832,166,363	8.268	416,084
Sub-total	1,228,347,890	12.204	614,174
Class C Shares (par value of Rp100 per share)			
Cyport Limited	2,257,197,445	22.427	225,720
Grandhill Asia Limited	422,839,505	4.201	42,284
Others - public (below 5% each)	5,688,420,483	56.518	568,842
Sub-total	8,368,457,433	83.146	836,846
Total	**10,064,747,323**	**100.000**	**2,386,904**

23. ADDITIONAL PAID-IN CAPITAL

The details of this account as at June 30, 2014 and December 31, 2013 are as follows:

	Total
Premiums arising from:	
- Issuance of shares through the exercise of warrant Series II	350,581
- Issuance of shares through Fifth Limited Public Offering in connection with Pre-Emptive Rights Issuance	150,781
- Issuance of shares through Second Limited Public Offering in connection with Pre-Emptive Rights Issuance	32,613
- Issuance of shares other than Limited Public Offering	33,375
Declaration of stock dividends	(22,856)
Stock issuance costs	(31,522)
Difference in value of restructuring transactions of entities under common control	(740,481)
Net	**(227,509)**

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

24. DIFFERENCES IN CHANGES ON EQUITY OF SUBSIDIARIES/ASSOCIATES TRANSACTIONS

The balance of this account is mainly derived from the following transactions:

In June 2014, PT FM, an associate, sold its investment in PT Link Net Tbk amounted to 25.06% from issued and fully paid in capital of PT Link Net Tbk. From the share disposal transactions, balance of Difference in Changes on Equity of Subsidiaries/Associates increased by Rp181,476.

In 2013, PT MT, subsidiary, conducted Initial Public Offering for inssuance of 375,000,000 shares through Indonesia Stock Exchage. As a result, the Company's ownership in PT MT changed from 100% to 80%. The changes in value of investment before and after the transactions recorded in Difference Changes in Equity of Subsidiaries/Associates account is amounted to Rp111,752.

In 2011, PT Link Net Tbk, subsidiary of PT FM, issued1,032,649,384 of new shares. Due to the shares issuance, PT FM's shares ownership in PT Link Net declined from 100% to 66.06%. The changes in value of investment before and after the transactions recorded in Difference Changes in Equity of Subsidiaries/Associates account is amounted to Rp347,356.

25. NET SALES

The details of net sales are as follows:

	June 30, 2014	June 30, 2013
Retail and distribution	6,959,040	5,903,097
Information technology	689,364	548,263
Shares administration and other services	181,670	175,863
Total	**7,830,074**	**6,627,223**

Net sales are derived from the following customers:

	June 30, 2014	June 30, 2013
Third parties	7,640,974	6,490,322
Related parties (Note 7)	189,100	136,901
Total	**7,830,074**	**6,627,223**

There are no sales from an individual customer who exceeded 10% of the total net sales for the six-month periods ended June 30, 2014 and 2013.

26. COST OF GOODS AND SERVICES SOLD

The details of cost of goods and services sold are as follows:

	June 30, 2014	June 30, 2013
Retail and distribution	5,473,686	4,703,717
Information technology	672,931	467,504
Shares administration and other services	218,002	192,395
Total	**6,364,619**	**5,363,616**

There are no purchase of inventories from an individual supplier who exceeded 10% of the total net sales for the six-month periods ended June 30, 2014 and 2013.

27. OPERATING EXPENSES

The details of operating expenses are as follows:

	June 30, 2014	June 30, 2013
Selling expenses		
Rent - net	281,667	276,447
Others	177,782	151,143
Sub-total	459,449	427,590

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

27. OPERATING EXPENSES *(continued)*

The details of operating expenses are as follows: *(continued)*

	June 30, 2014	June 30, 2013
General and administrative expenses		
Salaries and allowances	553,508	421,237
Electricity and energy	181,054	140,485
Depreciation (Note 10)	161,217	107,351
Business travelling	40,034	25,743
Insurance	27,245	20,181
Taxes and permits	24,243	23,193
Consultant expense	21,258	27,704
Communication	14,578	13,292
Others	73,325	40,238
Sub-total	1,096,462	819,424
Total	**1,555,911**	**1,247,014**

28. OTHER INCOME

The details of other income are as follows:

	June 30, 2014	June 30, 2013
Dividend income	261,016	230,919
Lease refunds and transfers	85,663	197,180
Income from changes in fair value of derivatives	66,386	-
Unrealized gain on trading investments	7,587	74,824
Gain on sale of investments in associates	-	1,243,210
Total	**420,652**	**1,746,133**

29. EMPLOYEE BENEFITS

This account consists of:

	June 30, 2014	December 31, 2013
Accrued employee benefits	96,186	162,804
Employee benefit liabilities	297,513	266,260
	393,699	429,064
Short-term portion	(115,320)	(180,293)
Long-term portion	**278,379**	**248,771**

The Company and certain Subsidiaries have a defined contribution pension plan. Under the defined contribution pension plan, the benefit expense charged to operations for the six-month periods ended June 30, 2014 and 2013 amounted to Rp1,023 and Rp673, respectively.

In accordance with the Labor Law No.13/2003, dated March 25, 2003, the Company should provide employee benefits at least equal to what is stipulated in the Law. Hence, the Company recorded the shortage compared to the Company's pension plan as provision for employee benefits.

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

29. EMPLOYEE BENEFITS *(continued)*

The amounts recognized as employee benefit expenses are as follows:

	June 30, 2014	December 31, 2013
Current service cost	23,280	16,449
Interest cost	11,727	7,532
Loss (gain) on actuary - net	(698)	1,424
Gain on curtailment and settlement	-	317
Total	**34,309**	**25,722**

The estimated liabilities on employee benefits are computed using the Projected Unit Credit method based on the actuarial reports as of December 31, 2013, which are conducted by PT Dayamandiri Dharmakonsilindo and PT Eldridge Gunaprima Solution, independent actuaries, with the following assumptions:

Annual discount rate	: 8.60% - 9.25%
Annual salary increase rate	: 8% - 10%
Table of mortality	: Commissioners Standard Ordinary 1980 (CSO'80) dan TMI II
Disability rate	: 10% of mortality rate
Retirement rate	: 100% on normal retirement age
Resignation rate	: 2% - 15% per annum at age 20 up to 54 years
Normal retirement age	: 55 years

The movements of the estimated liability for employee benefits as of June 30, 2014 and December 31, 2013 are as follows:

	June 30, 2014	December 31, 2013
Beginning balance	266,260	219,732
Addition n	34,309	74,624
Mutation	-	(2,115)
Payment	(3,056)	(25,981)
Net	297,513	266,260
Less short-term portion	(19,134)	(17,489)
Long-term portion	**278,379**	**248,771**

The present value of plan benefit liabilities and the adjustment to the plan liabilities for five years history are as follows:

	Dec 31, 2013	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010	Dec 31, 2009
Present value of plan benefit liabilities	214,926	260,480	202,854	166,994	127,586
Experience adjustments on plan benefit liabilities	35,222	(5,882)	2,918	(7,536)	9,991

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

30. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

Monetary assets and liabilities in foreign currencies as at June 30, 2014 and December 31, 2013 are as follows:

		June 30, 2014		December 31, 2013	
		Foreign Currencies	Rupiah Equivalent	Foreign Currencies	Rupiah Equivalent
Assets					
Cash and cash equivalents	USD	85,765	1,026,521	148,308	1,807,726
	SGD	535	5,127	728	7,009
	HKD	174	269	268	421
	Euro	5	82	15	252
	JPY	5	1	1,067	124
	RMB	-	-	2	4
Trade receivables	USD	14,253	170,594	15,162	184,810
	SGD	9	86	-	-
Other current financial assets	USD	455	5,446	154	1,877
Other current assets	USD	2,966	35,500	5,057	61,640
	SGD	39	374	10	96
Due from related parties non-trade	USD	1,615	19,330	2,771	33,776
Other non-current assets	USD	18,760	224,538	9,756	118,916
Total Assets			**1,487,868**		**2,216,651**
Liabilities					
Short-term bank loans	USD	483	5,777	251	3,064
Trade payables	USD	11,712	140,181	10,753	131,068
Accrued expenses	USD	10,724	128,353	20,758	253,019
	HKD	281	434	344	541
Other short-term financial liabilities	USD	2,629	31,467	3	37
Current maturities of long-term debt:					
Bank and other financial institution loans	USD	656	7,852	1,585	19,319
Other short-term liabilities	USD	573	6,858	791	9,641
Long-term debts, net of current maturities:					
Bank and other financial institution loans	USD	1,980	23,699	1,777	21,660
Bonds Payable	USD	230,000	2,752,870	200,000	2,437,800
Other long-term liabilities	USD	6,305	75,465	3,664	44,660
Total Liabilities			**3,172,956**		**2,920,809**
Net Liabilities			**(1,685,088)**		**(704,158)**

31. DISTRIBUTION OF INCOME AND APPROPRIATION OF RETAINED EARNINGS

At the Company’s Annual General Meeting of the Stockholders held on April 11, 2014, which are notarized under deed of minutes of Annual General Meeting of the Stockholders No. 18 and deed of statement of meeting No.19 of Rini Yulianti, S.H., it were resolved to, among others, declare cash dividends amounting to Rp213,373 or Rp21.2 (in full amount) per share, payable to stockholders listed in the stockholders’ register on May 21, 2014, and to appropriate Rp300 from retained earnings as a general reserve. The dividends were paid on June 5, 2014.

At the Company’s Annual General Meeting of the Stockholders held on April 24, 2013, the minutes of which are notarized under deed No. 21 of Rini Yulianti, S.H., it was resolved to, among others, declare cash dividends amounting to Rp10,065 or Rp1 (in full amount) per share, payable to stockholders listed in the stockholders’ register on May 21, 2013, and to appropriate Rp300 from retained earnings as a general reserve. The dividends were paid on June 4, 2013.

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

32. SIGNIFICANT COMMITMENTS

a. PT MPP entered into a license agreement with IGA, Inc. ("IGA") in March 2001, whereby IGA authorized and licensed PT MPP to use IGA trademarks. On the same date, PT MPP entered into a service agreement with IGA to obtain service and support from IGA, including guidelines and consultation, international public relations assistance, and attendance at major key events.

b. PT MGF entered into a Business System License Agreement with Avel Pty. Limited, Australia (licensor) in January 2003, whereby the licensor granted PT MGF an exclusive right to use the Timezone Business System in Indonesia. The licensor earns an annual royalty as compensation, which is computed using certain percentage from the gross revenue of PT MGF. This agreement is valid for a period of 12 years starting January 1, 2003.

c. PT MPP and PT Mulia Persada Pertiwi entered into lease agreements to lease space in various cities in Indonesia, among others, in Jakarta, Bali, Yogyakarta and other cities for periods from 10 to 27 years starting from the opening date of the stores. PT MPP and PT Mulia Persada Pertiwi have paid the rents and deposits which are presented as part of “Rental Advances and Deposits”. As at June 30, 2014, these stores have not yet opened.

d. As at June 30, 2014, the total unused bank loan facilities of the Company and Subsidiaries amounted to Rp2,405,480, USD48,695 and RMB46,120.

e. Derivative Financial contracts

The Company uses derivative financial instruments, especially call spread option and swap to reduce the risk of foreign currency fluctuations on the Company’s liabilities denominated in US Dollar. Listed below are the Company’s derivatives financial contracts:

		Derivative Assets*)	
	National Amount	**June 30, 2014**	**December 31, 2013**
Not designated as hedging:			
Cancellable Call spread option	USD 50,000	46,493	31,491
	USD 60,000	29,431	-
Cancellable Swap deliverable	USD 25,000	24,555	18,220
Cancellable Call Spread	USD 35,000	15,618	-
Total		116,097	49,711

On June 30, 2014, gain from change in fair value of derivatives-net that are recognized as “Other income” in the consolidated statements of comprehensive income are amounting to Rp66,386.

The annual premium rate charged to these derivatives contracts are ranging from 1.95% - 2.40%.

Other information relating to the derivative assets as at June 30, 2014 are as follows:

<u>**Counterparties**</u>	<u>**Settlement Schedule**</u>
BNP Paribas, Singapore	July 23 and 25, 2018
Nomura International Plc, Singapore	July 25, 2018
Deutsche Bank, Singapore	July 25, 2018

*) Derivative assets are presented as part of “Other non-current financial assets”.

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies, unless otherwise stated)

33. OPERATING SEGMENT INFORMATION

In identifying the operating segments, management views the business types that represent the main activities of the Company which are retail and distribution and information technology.

In addition, the information about business activities other than the Company's two main activities are grouped and disclosed in the category "Others". The content of others segment is the result of businesses of the Subsidiaries' activities that engaged in retail malls, share administration, archive service and others.

Operating Segments are managed as separate legal entities because each operating segment provides different services/products. All inter-segment transactions have been eliminated.

The consolidated information based on operating segments are as follows:

	Retail and Distribution	Information Technology	Others	Total
June 30, 2014				
Operation Results				
Net sales	6,959,040	689,364	181,670	7,830,074
Finance income	32,095	18,602	9,750	60,447
Finance cost	(20,123)	(42,774)	(136,209)	(199,106)
Depreciation and amortization	(197,991)	(67,190)	(47,714)	(312,895)
Equity in net profit of associates	-	74,882	5,595	80,477
Income tax benefit (expenses)	(65,609)	33,635	(45,976)	(77,950)
Net profit (loss) for the period	**168,957**	**(95,305)**	**70,309**	**143,961**
Segment Information				
Investment in associates	-	929,623	1,097,985	2,027,608
Capital expenditures	295,195	260,525	34,641	590,361
Reported segment assets	7,193,133	4,328,158	8,566,473	20,087,764
Reported segment liabilities	4,537,524	995,477	5,949,729	11,482,730
June 30, 2013				
Operation Results				
Net sales	5,903,097	548,263	175,863	6,627,223
Finance income	31,619	29,295	6,327	67,241
Finance cost	(63,599)	(74,597)	(2,297)	(140,493)
Depreciation and amortization	(152,027)	(45,114)	(44,400)	(241,541)
Equity in net profit (loss) of associates	-	42,470	(24,695)	17,775
Income tax benefit (expenses)	(77,229)	14,731	(21,619)	(84,117)
Net profit (loss) for the period	**140,090**	**1,235,522**	**222,065**	**1,597,677**
December 31, 2013				
Segment Information				
Investment in associates	-	949,772	916,330	1,866,102
Capital expenditures	585,463	191,486	79,009	855,958
Reported segment assets	8,330,215	4,612,475	7,312,579	20,255,269
Reported segment liabilities	4,739,008	881,660	5,657,474	11,278,142

Net sales to customers based on the geographical segments are as follows:

	June 30, 2014	June 30, 2013
Indonesia	7,525,915	6,383,039
Outside Indonesia	304,159	244,184
Total	**7,830,074**	**6,627,223**

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

33. OPERATING SEGMENT INFORMATION *(continued)*

The Company's non-current assets based on the geographical location are as follows:

	June 30, 2014	December 31, 2013
Indonesia	7,944,465	7,171,790
Luar Indonesia	567,555	596,095
Total segment's non-current assets*	**8,512,020**	**7,767,885**

*) excluding the amounts of due from related parties non-trade and deferred tax assets

34. ADDITIONAL INFORMATION FOR CASH FLOWS

Significant activities that do not affect to the cash flows:

	June 30, 2014	June 30, 2013
Reclassification of other non-current assets to fixed assets	336,603	89,648
Reclassification of prepaid rent to rental advances and deposits	268,081	-
Reclassification of rental advances and deposits to prepaid rent	-	87,639

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Risk Management

The main financial risks faced by the Company are credit risk, liquidity risk, currency risk, interest rate risk, and price risk. Through the risk management approach, the Company tries to minimize the potential negative impact of the above risks.

(i) Credit Risk

The credit risk is a risk whereby one party with a financial instrument will cause the other party to incur a financial loss due to the failure to fullfil an obligation.

The Company's financial instruments that have the potential credit risk consist of cash and cash equivalents in banks, receivables, certain investments and certain other financial assets. The maximum exposure of the credit risk is equal to the carrying values of these accounts. The maximum exposures of credit risk on reporting date are as follows:

	June 30, 2014	December 31, 2013
Cash and cash equivalents	2,618,069	4,301,461
Trade receivables	298,260	349,050
Due from related parties non-trade	50,482	51,099
Other current financial assets	954,832	1,024,910
Other non-current financial assets	303,044	210,444
Other long-term investments	1,005	1,005
Total	**4,225,692**	**5,937,969**

For the credit risk associated with banks, only banks with good predicate are selected. For the financial institutions, management has made certain criteria, among others, to engage experienced and trusted investment managers. In addition, the Company has a policy not to limit the exposure to only one particular institution, hence the Company has cash and cash equivalents in banks, receivables and investments in various financial institutions.

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies, unless otherwise stated)

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

Financial Risk Management *(continued)*

(ii) Liquidity Risk

Liquidity risk is a risk whereby an entity will encounter difficulty to settle its financial obligations through the settlement in cash and other financial assets.

Below is the summary of maturity dates of the Company's financial liabilities:

	Carrying Value	Actual Cash flows	<= 1 Year	> 1 year
June 30, 2014				
Trade payables	2,803,914	2,803,914	2,803,914	-
Taxes payable and accrued expenses	907,857	907,857	907,857	-
Other short-term financial liabilities	422,858	422,858	422,858	-
Due to related parties non-trade	1,220	1,220	1,220	-
Banks and other financial institution loans	284,834	284,834	232,967	51,867
Bonds payable	2,710,290	2,752,870	-	2,752,870
Other liabilities	621,267	621,267	20,456	600,811
December 31, 2013				
Trade payables	2,677,231	2,677,231	2,677,231	-
Taxes payable and accrued expenses	1,022,276	1,022,276	1,022,276	-
Other short-term financial liabilities	483,267	483,267	483,267	-
Due to related parties non-trade	307	307	-	307
Banks and other financial institution loans	255,583	255,583	187,203	68,380
Bonds payable	2,446,665	2,489,800	52,000	2,437,800
Sukuk payable	135,898	136,000	136,000	-
Other liabilities	545,342	545,342	9,715	535,627

The Company manages the liquidity risk by maintaining sufficient cash and securities to ensure that the Company is able to meet its commitments in its normal operations. In addition, the Company also monitors the projections and actual cash flows on a continuous basis and monitors the maturity date of financial assets and liabilities.

(iii) Currency Risk

Currency risk is a risk of fluctuated value in financial instruments due to the change in foreign currency exchange rates.

The Company conducts certain transactions using foreign currencies, among others, capital expenditures, transactions conducted by foreign subsidiaries, and the Company's loans, hence, the Company must convert Rupiah into foreign currencies, primarily USD to meet its liabilities in foreign currencies at their maturity dates. The fluctuation of Rupiah against USD may have an effect on the Company's financial condition.

As at June 30, 2014, if USD strengthened against Rupiah by 5% on the reporting date, and other variables were assumed to be constant, hence, the effects to the consolidated profit of the Company would be Rp(66,932) for the six-month period ended June 30, 2014. The decrement of net profit due to strengthening of USD by 5% against Rupiah mainly contributed by the loss on translation of loans and payables in USD currency, which was offset by the gain on translation of receivables and cash and cash equivalents in USD currency.

The Company manages currency risk by monitoring continuously the fluctuation in foreign currency exchange rates so that it can initiate and manage appropriate actions such as the use of hedging transactions, if necessary, to reduce the foreign currency risk.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

Financial Risk Management *(continued)*

(iv) Interest Rate Risk

Interest rate risk is a risk of fluctuated value in financial instruments due to the change in market interest rates.

The Company has an interest rate risk mainly because the loans bear floating interest rates. The Company monitors the impact of interest rate movements to minimize the negative impact to the Company.

For the six-month period ended June 30, 2014, if the market interest rate increased/decreased by 50 basis point and the interest rate in USD increased/decreased by 10 basis point and the other variables were assumed to be constant, the consolidated net profit for the period would increase/decrease by Rp4,423, as the impact of an increment/decrement in interest income from cash and cash equivalents with floating interest rate after being compensated by an increment/decrement in interest expense from the loans with floating interest rate.

Information regarding the interest rate on time deposits and loans of the Company are described in Notes 3, 5, 14 and 20.

(v) Price Risk

Price risk is a risk of fluctuated value in financial instruments due to the change in market prices, whether the change is caused by specific factors of an individual instrument or factors that affect all instruments traded in the market.

As of June 30, 2014, the Company has a price risk mainly due to the Company's investments on financial assets which are classified as available-for-sale and trading. The Company manages the price risk by performing internal monitoring by the management on a continuous basis.

Fair Value of Financial Instruments

The Company applies the following hierarchies to record the fair value of financial instruments of the Company:

- Level 1: quotation price in the active market for identical assets or liabilities;
- Level 2: input other than quotation price that is included in level 1 and can be observed directly or indirectly for assets or liabilities; and
- Level 3: input for assets or liabilities that cannot be observed.

Financial assets of the Company that are recorded using fair value represent trading and available-for-sale investments, and apply the hierarchy level 1, except for the Company’s derivative assets that recorded as part of “Other non-current financial assets” and measured by hierarchy level 2.

All the carrying values of financial assets and liabilities of the Company close to their fair values due to short-term period or with floating interest rate, except for USD bonds payable with fair value of USD247,480 and Rp202,402 as at June 30, 2014 and December 31, 2013, respectively, and Rupiah bonds payable with fair value of Rp189,435 as at December 31, 2013. The fair value of bonds is based on the latest transaction of bonds and sukuk on the reporting date.

(Expressed in millions of Indonesian Rupiah and thousands of foreign currencies,
unless otherwise stated)

36. CAPITAL MANAGEMENT

The Company's primary objective in the capital management is to optimize the balances of debts and equity of the Company in order to maintain its going concern and business development in the future and maximize the shareholder value. The Company manages its capital structure and makes necessary adjustments with consideration of the change in economic conditions and the Company's strategic objectives.

To maintain and adjust the capital structure, the Company may adjust the dividend payment to shareholders, issue new shares, obtain new loan or repay the loan.

37. EVENTS AFTER THE REPORTING PERIOD

- On July 16, 2014, PT MT signed agreement with Mitsui & Co, Ltd and its subsidiary, Mitsui Knowledge Industry Co, Ltd to invest in PT GTN, PT MT's subsidiary, amounting to Rp115,486 for ownership of respectively 10% and 25%, or in 22,765,385 number of shares and 56,913,461 number of shares respectively, from issued and fully paid capital in PT GTN after the effective issuance of new shares.

  PT MT will remain the majority shareholder in PT GTN with shares ownership of 147,975,000 or representing 65% of issued and fully paid capital in PT GTN after the effective issuance of new shares.

- In July 2014, RDS TJ and RDS SZ, subsidiaries of PT KAS, obtained renewal of the working capital facilities from HSBC with maximum amount equivalent to USD11,200 and USD4,900 to be available up to June 16, 2015. In addition, the working capital credit facility of RDS CZ with maximum amount equivalent to USD2,900 was transferred to Robbinz Department Stores (Shenyang) Co., Ltd., other subsidiary of PT KAS (Note 14). In addition, Robbinz Department Stores (Chengdu) Limited and Yangzhou Robbinz Department Stores Limited obtained working capital credit facilities with maximum amount equivalent to USD2,700 and USD4,300, respectively.

38. ACCOUNTS RECLASSIFICATION

For the consistency with the presentation of the consolidated financial statements for the six-month period ended June 30, 2014, the Company reclassified the accounts as follows:

	Before reclassification	Reclassification	After reclassification
Consolidated Statements of Financial Position - December 31, 2013			
Additional paid-in capital	123,485	(350,994)	(227,509)
Difference in changes on equity of subsidiaries/ associates transactions	113,907	350,994	464,901
Consolidated Statements of Comprehensive Income - June 30, 2013			
Net sales	6,626,415	808	6,627,223
Cost of goods and services cost	(5,341,000)	(22,616)	(5,363,616)
Operating expenses	(1,260,661)	13,647	(1,247,014)
Other income	1,685,345	60,788	1,746,133
Other expenses	(7,463)	(17,992)	(25,455)
Income tax expense	(49,482)	(34,635)	(84,117)

39. NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE IN 2014

The Board of Accounting Standards of The Indonesian Institute of Accountants issued several new and revision accounting standards which will be effectively adopt starting on January 1, 2015. Early adoption of these standards is not permitted.

The standards are:

- PSAK 65 “Consolidated financial statements”
- PSK 66 “Joint arrangements”
- PSAK 67 “Disclosure of interests in other entities”
- PSAK 68 “Fair value measurement”
- PSAK 1 (revised 2013) “Presentation of financial statements”
- PSAK 4 (revised 2013) “Separate financial statements”
- PSAK 15 (revised 2013) “Investment in associates and joint ventures”
- PSAK 24 (revised 2013) “Employee benefits”
- PSAK 46 (Revised 2014) “ Income Taxes”
- PSAK 48 (Revised 2014) “Impairment of Assets”
- PSAK 50 (Revised 2014) “Financial instruments- Presentation”
- PSAK 55 (Revised 2014) “Financial instruments - Recognition and measurement”
- PSAK 60 (Revised 2014) “Financial instruments - Disclosures”
- ISAK 26: Reassessment of Embedded Derivatives

As at the authorization date of this consolidated of financial statements, the Company is still evaluating the potential impact of these new and revised PSAK.