PT SUMMARECON AGUNG TBK AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2017
AND FOR THE SIX-MONTH PERIODS THEN ENDED

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PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of June 30, 2017
(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

	Notes	June 30, 2017 (unaudited)	December 31, 2016
ASSETS			
CURRENT ASSET			
Cash and cash equivalents	2d,2r,2u,4	2,112,021,895	2,076,201,416
Trade receivable	2l,2u,5,12		
Related Parties	2f,30	19,930,386	28,391,713
Third Parties		505,796,866	510,695,474
Others receivables	2u	6,740,460	9,223,228
Inventories	2g,2m,2n,6	5,580,172,121	5,531,046,712
Prepaid taxes	2t,17a	177,657,922	202,800,881
Prepaid expenses	2h	33,356,706	34,529,606
Advance payments	8	316,759,016	308,182,774
Other current financial assets	2u,11	122,503	106,644
Total current assets		**8,752,557,875**	**8,701,178,448**
NON-CURRENT ASSETS			
Trade receivables	2l,2u,5,12		
Related Parties	2f,30	7,494,659	10,794,659
Third Parties		63,811,795	28,720,906
Other receivables	2u	347,067	347,067
Due from related parties	2f,2u,30	67,042,572	63,680,481
Undeveloped land	2i,7,12,13	6,288,785,470	6,157,514,444
Advance payments	8	639,110,711	512,064,525
Fixed assets	2j,2n,9,12	433,234,737	451,343,312
Investment properties	2k,2l,2m,2n, 10,12,13	4,512,751,842	4,486,693,698
Deferred tax assets	2t	10,218,110	10,218,110
Other non-current financial assets	2d,2e,2u,11,12	256,461,155	226,775,487
Other non-current assets		173,042,242	160,988,520
Total non-current assets		**12,452,300,360**	**12,109,141,209**
TOTAL ASSETS		**21,204,858,235**	**20,810,319,657**

PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of June 30, 2017
(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

	Notes	June 30, 2017 (unaudited)	December 31, 2016
LIABILITIES & EQUITY			
CURRENT LIABILITIES			
Short-term bank loans	2r,2u,12,31	1,182,960,015	1,040,798,732
Trade payables to third parties	2r,2u,14,31	79,764,683	57,614,375
Other payables	2r,2u,15,31	316,418,575	231,571,989
Due to related parties	2f,2u,30	94,512,731	79,512,731
Accrued expenses	2r,2u,16,31	1,341,285,961	1,515,289,485
Taxes payable	2t,17b	51,157,271	45,773,975
Liability for short-term employee benefits	2q,2u,18	16,786,825	19,125,408
Downpayments received and security deposits	2l,2u,19		
Related parties	2f,30	565,819	206,336
Third parties		959,534,659	553,150,011
Unearned revenues	2l,2p,20	339,020,581	312,817,434
Current maturities of long-term debts - net:	2u,12		
Loans from banks and financing institutions	2r,31	483,063,405	361,511,052
Total current liabilities		**4,865,070,525**	**4,217,371,528**
NON-CURRENT LIABILITIES			
Long-term debts - net of current maturities:	2u,12		
Loans from banks and financing institutions	2r,31	3,656,831,658	3,542,370,341
Bonds payable and sukuk ijarah	2u,2y,13	2,484,942,160	2,481,961,543
Other payables	2u,15,31	23,631,542	4,076,542
Liability for long-term employee benefits	2q,18	123,143,870	113,614,609
Downpayments received and security deposits	2l,2u,19		
Related parties	2f,30	9,473,191	10,362,320
Third parties		1,712,557,144	2,199,026,889
Unearned revenues	2l,2p,20	100,100,325	60,846,896
Deferred tax liabilities	2t	2,291,052	2,291,052
Other non-current financial liabilities	2u	12,842,447	12,842,452
Total non-current liabilities		**8,125,813,389**	**8,427,392,644**
TOTAL LIABILITIES		**12,990,883,914**	**12,644,764,172**

PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of June 30, 2017
(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

	Notes	June 30, 2017 (unaudited)	December 31, 2016
EQUITY			
Equity atrributable to Owners of the Parent Entity			
Capital stock:			
- Authorized - 25.000.000.000 share at par value Rp100 per share (full amount)			
- Issued and fully paid - 14.426.781.680 shares	1b,22	1,442,678,168	1,442,678,168
Additional paid-in capital	1b,2o,2x,23	22,996,315	22,996,315
Differences from transactions with Non-controlling interests	1e,2c	1,557,398	1,557,398
Retained earnings:			
Appropriated	24	93,357,314	93,698,522
Unappropriated		4,648,451,226	4,682,027,841
Total Equity Attributable to:			
Owners Of the Parent Entity		6,215,040,421	6,242,958,244
Non-controlling interests	2c,21	1,998,933,900	1,922,597,241
TOTAL EQUITY		**8,213,974,321**	**8,165,555,485**
TOTAL LIABILITIES AND EQUITY		**21,204,858,235**	**20,810,319,657**

PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPRHENSIVE INCOME
For the Six-Month Periods Ended June 30, 2017 (Unaudited)
(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

	Notes	June 30, 2017 (unaudited)	June 30, 2016 (unaudited)
NET REVENUES	2f,2p,26,30	2,684,621,904	2,317,678,618
COST OF SALES AND DIRECT COSTS	2p,27	(1,529,545,601)	(1,257,126,301)
GROSS PROFIT		**1,155,076,303**	**1,060,552,317**
Selling expenses	2p,28	(171,762,436)	(142,459,164)
General and administrative expenses	2p,28	(443,043,927)	(393,564,938)
Other operating income		2,168,647	2,705,989
Other operating expenses		(1,515,231)	(850,606)
INCOME FROM OPERATIONS		**540,923,356**	**526,383,598**
Finance income		45,092,990	45,131,483
Finance cost	29	(326,276,726)	(307,477,015)
PROFIT BEFORE FINAL TAX AND INCOME TAX EXPENSE		**259,739,620**	**264,038,066**
FINAL TAX EXPENSE	2t	(134,601,054)	(133,182,331)
PROFIT BEFORE INCOME TAX EXPENSE		**125,138,566**	**130,855,735**
INCOME TAX EXPENSE - NET	2t	-	(8,032)
PROFIT FOR THE PERIOD		**125,138,566**	**130,847,703**
OTHER COMPREHENSIVE INCOME (EXPENSE)			
Item that will not be reclassified to profit or loss in subsequent periods: Gain (loss) on employee benefits liability	2q	**(4,585,822)**	**11,184,469**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**120,552,744**	**142,032,172**
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Parent Entity		48,801,907	24,521,320
Non-controlling Interests	2c,21	76,336,659	106,326,383
TOTAL		**125,138,566**	**130,847,703**

PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPRHENSIVE INCOME
For the Six-Month Periods Ended June 30, 2017 (Unaudited)
(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

	Notes	June 30, 2017 (unaudited)	June 30, 2016 (unaudited)
TOTAL COMPREHENSIVE INCOME			
FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Parent Entity		44,216,085	35,705,789
Non-controlling Interests	2c,21	76,336,659	106,326,383
TOTAL		**120,552,744**	**142,032,172**
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT ENTITY (full amount)	2v,22,35	**3**	**2**

PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Six-Month Period Ended June 30, 2017
(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

		Equity Attributable to Owner of the Parent Entity							
					Retained Earnings				
	Notes	Issued and fully paid capital stock	Additional paid-in capital	Differences from transactions with non-controlling Interests	Appropriated - reserved fund	Unappropriated	Total	Non-controlling interests	Total equity
Balance as of January 1, 2016		**1,442,678,168**	**22,996,315**	**1,773,189**	**82,534,109**	**4,462,831,991**	**6,012,813,772**	**1,516,936,142**	**7,529,749,914**
Appropriation for general reserve	**24**	-	-	-	11,164,413	(11,164,413)	-	-	-
Cash dividend	**25**	-	-	-	-	(72,133,908)	(72,133,908)	-	(72,133,908)
Total comprehensive income for the year		-	-	-	-	302,494,171	302,494,171	293,385,043	595,879,214
Capital stock increase paid by Non-controlling interests	**21**	-	-	-	-	-	-	131,260,265	131,260,265
Capital contributon paid by Non-controlling interest in subsidiaries	**21**	-	-	-	-	-	-	1,500,000	1,500,000
Acquisition of Non-controlling interest in subsidiaries		-	-	(215,791)	-	-	(215,791)	(20,484,209)	(20,700,000)
Balance as of December 31, 2016		**1,442,678,168**	**22,996,315**	**1,557,398**	**93,698,522**	**4,682,027,841**	**6,242,958,244**	**1,922,597,241**	**8,165,555,485**

PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Six-Month Period Ended June 30, 2017
(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

		Equity Attributable to Owner of the Parent Entity							
					Retained Earnings				
	Notes	Issued and fully paid capital stock	Additional paid-in capital	Differences from transactions with non-controlling Interests	Appropriated - reserved fund	Unappropriated	Total	Non-controlling interests	Total equity
Balance as of January 1, 2016		**1,442,678,168**	**22,996,315**	**1,773,189**	**82,534,109**	**4,462,831,991**	**6,012,813,772**	**1,516,936,142**	**7,529,749,914**
Appropriation for general reserve					10,864,413	(10,864,413)	-	-	-
Cash dividend						(72,133,908)	(72,133,908)	-	(72,133,908)
Capital stock increase paid by Non-controlling interests	**21**	-	-	-	-	-	-	6,200,000	6,200,000
Total comprehensive income for the period		-	-	-	-	35,705,789	35,705,789	106,326,383	142,032,172
Acquisition of Non-controlling interests in subsidiaries		-	-	(215,791)	-		(215,791)	(20,484,209)	(20,700,000)
Balance as of June 30, 2016		**1,442,678,168**	**22,996,315**	**1,557,398**	**93,398,522**	**4,415,539,459**	**5,976,169,862**	**1,608,978,316**	**7,585,148,178**

PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Six-Month Period Ended June 30, 2017
(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

	Notes	Equity Attributable to Owner of the Parent Entity			Retained Earnings			Non-controlling interests	Total equity
		Issued and fully paid capital stock	Additional paid-in capital	Differences from transactions with non-controlling Interests	Appropriated - reserved fund	Unappropriated	Total		
Balance as of January 1, 2017		**1,442,678,168**	**22,996,315**	**1,557,398**	**93,698,522**	**4,682,027,841**	**6,242,958,244**	**1,922,597,241**	**8,165,555,485**
Appropriation for general reserve		-	-	-	5,658,792	(5,658,792)	-	-	-
Cash dividend	**25**	-	-	-	-	(72,133,908)	(72,133,908)	-	(72,133,908)
Total comprehensive income for the period		-	-	-	-	44,216,085	44,216,085	76,336,659	120,552,744
Balance as of June 30, 2017		**1,442,678,168**	**22,996,315**	**1,557,398**	**99,357,314**	**4,648,451,226**	**6,215,040,421**	**1,998,933,900**	**8,213,974,321**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

	Notes	For the Six-Month Periods Ended June 30 2017 (unaudited)	2016 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		2,636,967,353	2,571,248,520
Receipts of interest income		45,385,451	41,117,292
Cash payments to:			
Suppliers and for other operating expenses		(1,946,982,837)	(1,969,562,965)
Employees		(261,871,193)	(276,730,149)
Payments of:			
Interest expense		(295,888,606)	(299,018,125)
Final tax		(107,912,305)	(143,034,721)
Income taxes		(4,521,340)	(3,994,910)
Net cash provided by (used in) operating activities		**65,176,523**	**(79,975,058)**
CASH FLOW FROM INVESTING ACTIVITIES			
Acqusitions of undeveloped land		(257,065,926)	(207,531,223)
Acquisitions of fixed assets and investment properties		(154,623,176)	(169,291,777)
Payments for amount due from related parties		(3,362,090)	(3,195,976)
Proceeds from sales of fixed assets and investment properties	9,10	876,256	992,810
Net cash used in investing activities		**(414,174,936)**	**(379,026,166)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds of bank loans		1,592,172,713	1,013,780,215
Receipt of due to related parties		15,000,000	99,320,504
Drawdown of resricted time deposits		289,636	3,197,408
Repayment of bank loans and financing institutions	12	(1,222,636,375)	(216,998,575)
Cash dividends paid by the Company		(7,082)	(6,035)
Payment to non-controlling interests		-	(20,700,000)
Receipt of other payables		-	13,276,000
Capital contribution from non-controlling interests in subsidiaries	21	-	6,200,000
Net cash provided by financing activities		**384,818,892**	**898,069,517**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**35,820,479**	**439,068,293**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4	2,076,201,416	1,503,546,080
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4	**2,112,021,895**	**1,942,614,373**

1. GENERAL

a. The Company's Establishment

PT Summarecon Agung Tbk (the "Company") was established within the framework of the Domestic Capital Investment Law based on notarial deed No. 308 dated November 26, 1975 of Ridwan Suselo, S,H, The Company's articles of association was approved by the Ministry of Justice in its Decision Letter No, YA 5/344/6 dated July 12, 1977 and was published in Supplement No. 597 of State Gazette No. 79 dated October 4, 1977 of the Republic of Indonesia, The articles of association has been amended from time to time, the latest amendment of which was notarized under deed No. 29 dated June 10, 2015 of Fathiah Helmi S,H,, concerning the changes of Company's articles of association in compliance with Indonesian Financial Service Authority No. 32/POJK.04/2014 and approving 5 (five) years tenure of Directors and Commisioners, which amendment was acknowledged and recorded by the Ministry of Law and Human Rights of the Republic of Indonesia ("MLHR") in its Decision Letter No.AHU-AH.01.03-0948173 dated July 3, 2015.

According to Article 3 of the Company's articles of association, its scope of activities comprises real estate development including the related supporting facilities, service and trading, Currently, the Company carries business in the sale or rental of real estate, shopping centers, and office facilities along with related facilities and infrastructures.

The Company is domiciled in East Jakarta, and its head office is located in Plaza Summarecon, Jl. Perintis Kemerdekaan No. 42, Jakarta.

The Company started commercial operations in 1976.

PT Semarop Agung is the ultimate parent entity of the Company and its subsidiaries (hereafter collectively referred to as the "Group").

b. The Company's Public Offerings

The Chairman of the Capital Market and Financial Institutions Supervisory Agency ("BAPEPAM-LK"), through his letter No. SI-085/SHM/MK,10/1990 dated March 1, 1990, declared effective at that date, the offering of 6,667,000 Company's shares with a par value of Rp1,000 (full amount) per share to the public at an offering price of Rp6,800 (full amount) per share. The Company listed all its issued shares on the Jakarta Stock Exchange on August 14, 1996.

Based on the minutes of the stockholders' extraordinary general meeting ("EGM") which were notarized under deed No. 1 dated July 1, 1996 of Sutjipto, S.H., the stockholders approved the reduction in the par value of the Company's shares from Rp1,000 (full amount) to Rp500 (full amount) per share, The amendment was acknowledged and recorded by the Ministry of Justice in its Decision Letter No. C2.9225.HT.01.04.TH.96 dated September 27, 1996.

Based on the minutes of the EGM which were notarized under deed No. 100 dated June 21, 2002 of Sutjipto, S.H., the stockholders approved the reduction in the par value of the Company's shares from Rp500 (full amount) to Rp100 (full amount) per share. The amendment was acknowledged and recorded by the MLHR in its Decision Letter No. C-12844 HT.01.04.TH.2002 dated July 12, 2002.

In 2005, the Company issued additional 93,676,000 shares with a par value of Rp100 (full amount) per share which were issued for and fully paid by Valence Asset Limited, British Virgin Islands, at an offering price of Rp775 (full amount) per share, The Company listed all the additional shares issued on the Jakarta Stock Exchange on November 17, 2005, This increase in the issued and fully paid capital stock was made under BAPEPAM-LK Regulation No. IX.D.4., Attachment to the Chairman of BAPEPAM-LK Decision No. Kep-44/PM/1998 dated August 14, 1998 regarding additional shares issuance without pre-emptive rights.

In 2006, the Company distributed 786,881,920 bonus shares with a par value of Rp100 (full amount) per share.

On August 28, 2007, the Company's Registration Statement to offer its First Limited Public Offering of Rights to the Stockholders with the Issuance of Pre emptive Rights, totaling 459,014,453 new shares and a maximum of 229,507,226 Series I Warrants was declared effective. The Company listed all such new shares on the Indonesia Stock Exchange.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

a. **GENERAL (CONTINUED)**

b. The Company's Public Offerings (continued)

In June 2008, the Company distributed 3,217,893,796 bonus shares with a par value of Rp100 (full amount) per share.

A total of 436,340,202 and 1,013,046 Series I Warrants were exercised in June 2010 and December 2009, respectively.

In 2012, the Company issued 340,250,000 new shares with a nominal value of Rp100 (full amount) per share through the issuance of capital stock without pre-emptive rights phase I with minimum exercise price of Rp1,550 (full amount) per share, increasing the Company's issued and fully paid capital stock from 6,873,140,840 shares to 7,213,390,840 shares.

Based on the minutes of the EGM held on June 5, 2013 which were covered by notarial deed No. 21 of Fathiah Helmi, S.H., the stockholders approved the distribution of bonus shares through the capitalization of additional paid-in capital amounting to Rp721,339,084 whereby each outstanding share received 1 bonus share. As a result, the issued and fully paid capital stock increased from Rp721,339,084 to become Rp1,442,678,168. The distribution of the bonus shares was conducted on July 15, 2013.

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

The composition of the Company's Boards of Commissioners and Directors as of June 30, 2017 and December 31, 2016 was as follows:

Board of Commissioners			Board of Directors		
President Commissioners	:	Soetjipto Nagaria	President Director	:	Adrianto Pitoyo Adhi
Commissioners	:	Harto Djojo Nagaria	Director	:	Lexy Arie Tumiwa
Independent Commissioner	:	H. Edi Darnadi	Director	:	Liliawati Rahardjo
Independent Commissioner	:	Esther Melyani Homan	Director	:	Soegianto Nagaria
			Director	:	Herman Nagaria
			Director	:	Yong King Ching
			Director	:	Sharif Benyamin
			Unaffiliated Director	:	Ge Lilies Yamin

The composition of the Company's Audit Committee as of June 30, 2017 was as follows :

Chairman	:	Esther Melyani Homan
Member	:	Leo Andi Mancianno
Member	:	Neneng Martini

The composition of the Company's Audit Committee as of December 31, 2016 was as follows :

Chairman	:	H. Edi Darnadi
Member	:	Leo Andi Mancianno
Member	:	Neneng Martini

Salaries and others allowances for Board of Commissioners and Directors were as follows Rp16,343,972 and Rp16,375,119 for the six-months period ended June 30, 2017 and 2016.

The Group had 2,437 and 2,371 permanent employees as of June 30, 2017 and December 31, 2016.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

1. GENERAL (CONTINUED)

d. Structure of the Company's Subsidiaries

As of June 30, 2017 and December 31, 2016, The Company had direct and indirect ownership in the following Subsidiaries:

				Percentage of Ownership (%)		Total Assets Before Elimination	
Name of Subsidiaries	**Domicile**	**Principal Activity**	**Start of Operations**	**June 30,2017**	**December 31, 2016**	**June 30,2017**	**December 31,2016**
Direct Subsidiaries							
PT Bahagia Makmursejati (BHMS)	Jakarta	Property Development	2003	99.99	99.99	18,426,537	18,189,267
PT Serpong Cipta Kreasi (SPCK)	Tangerang	Property Development	2004	100.00	100.00	5,809,457,307	5,953,177,002
PT Anugerah Damai Abadi (AGDA)	Tangerang	Retail Food and Beverages	2007	100.00	100.00	6,081,883	6,650,766
PT Gading Orchard (GDOR)	Jakarta	Property Development	2008	100.00	100.00	49,051,389	47,224,825
PT Summarecon Property Development (SMPD)	Jakarta	Property Development	2012	100.00	100.00	6,055,681,755	5,547,460,807
PT Summarecon Investment Property (SMIP)	Jakarta	Investment Property	2012	100.00	100.00	4,353,474,584	4,335,387,516
PT Multi Abadi Prima (MTAP)	Jakarta	Gas Station	2013	100.00	100.00	12,437,106	26,378,370
PT Bhakti Karya Sejahtera (BTKS)	Jakarta	Education	2013	100.00	100.00	87,745,555	88,020,097
PT Citra Damai Agung (CTDA)	Jakarta	Property Development	2014	100.00	100.00	39,746,280	39,400,479
PT Bhakti Karya Bangsa (BTKB)	Jakarta	Education	2016	80.00	80.00	15,658,788	7,303,636
PT Sagraha Mitraloka Elok (SGME)	Jakarta	Trading	2017	100.00	100.00	8,232,708	478,484
PT Java Investama Properti (JVIP)	Jakarta	Investment Property	-	100.00	100.00	15,095,285	15,101,611
PT Setia Mitra Intifajar (SMIF)	Jakarta	Property Development	-	100.00	-	2,500,000	-
Indirect Subsidiaries through SMPD							
PT Eskage Tatanan Kota (EKTK)	Jakarta	Town Management	2009	100.00	100.00	5,496,450	6,584,078
PT Bekasi Tatanan Kota (BKTK)	Bekasi	Town Management	2012	100.00	100.00	13,704,124	11,417,766
PT Mahkota Permata Perdana (MKPP)	Bandung	Property Development	2015	100.00	100.00	2,493,406,591	2,226,319,004
PT Maju Lestari Properti (MJLP)	Jakarta	Property Development	-	100.00	100.00	37,235,122	36,957,460
PT Inovasi Jaya Properti (IVJP)	Jakarta	Property Development	-	100.00	100.00	1,029,669,270	1,032,653,348
PT Mahkota Intan Cemerlang (MKIC)	Jakarta	Property Development	-	100.00	100.00	409,476,857	410,910,470
PT Banyumas Eka Mandiri (BYEM)	Jakarta	Property Development	-	100.00	100.00	280,922,438	280,028,472
PT Aruna Cahaya Abadi (ARCA)	Jakarta	Property Development	-	100.00	100.00	71,522,460	71,117,621
PT Selaras Maju Mandiri (SLMM)	Jakarta	Property Development	-	100.00	100.00	901,957,722	856,340,671
PT Orient City (ORCT)	Jakarta	Property Development	-	100.00	100.00	927,625	2,782,553
PT Bumi Perintis Asri (BMPA)	Tangerang	Property Development	-	100.00	100.00	61,902,138	62,511,730

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

1. GENERAL (CONTINUED)

d. Structure of the Company's Subsidiaries (continued)

As of June 30, 2017 and December 31, 2016, The Company had direct and indirect ownership in the following Subsidiaries: (continued)

Name of Subsidiaries	Domicile	Principal Activity	Start of Operations	Percentage of Ownership (%) June 30, 2017	Percentage of Ownership (%) December 31, 2016	Total Assets Before Elimination June 30, 2017	Total Assets Before Elimination December 31, 2016
Indirect Subsidiaries through SMPD (continued)							
PT Duta Sumara Abadi (DTSA)	Jakarta	Property Development	-	51.00	51.00	331,255,560	312,180,872
PT Sinar Mahakam Indah (SNMI)	Samarinda	Property Development	-	83.77	83.77	37,421,219	37,418,975
PT Sinar Semesta Indah (SNSI)	Tangerang	Property Development	-	100.00	100.00	747,824	750,010
PT Wahyu Kurnia Sejahtera (WYKS)	Jakarta	Property Development	-	100.00	100.00	183,481,065	182,546,182
PT Kahuripan Jaya Mandiri (KHJM)	Jakarta	Property Development	-	51.00	51.00	50,082,919	49,662,328
PT Gunung Suwarna Abadi (GNSA)	Jakarta	Property Development	-	51.00	51.00	173,661,364	174,734,839
PT Taruna Maju Berkarya (TRMB)	Jakarta	Property Development	-	100.00	100.00	73,193,220	3,101,203
PT Gunung Srimala Permai (GNSP)	Jakarta	Property Development	-	51.00	51.00	155,636,509	152,291,572
PT Sunda Besar Properti (SDBP)	Bandung	Property Development	-	100.00	100.00	1,133,974	1,119,812
PT Maju Singa Parahyangan (MJSP)	Bandung	Property Development	-	100.00	100.00	1,133,906	1,119,744
PT Surya Mentari Diptamas (SYMD)	Jakarta	Property Development	-	51.00	51.00	2,819,685	2,778,293
PT Surya Menata Elokjaya (SYME)	Jakarta	Property Development	-	100.00	100.00	3,007,491	2,934,730
PT Kencana Jayaproperti Agung (KCJA)	Jakarta	Property Development	-	51.00	51.00	245,288,952	229,599,238
PT Kencana Jayaproperti Mulia (KCJM)	Jakarta	Property Development	-	51.00	51.00	188,625,223	188,563,549
PT Sinergi Mutiara Cemerlang (SGMC)	Makassar	Property Development	-	51.00	51.00	519,542,345	488,375,570
PT Sukmabumi Mahakam Jaya (SBMJ)	Jakarta	Property Development	-	100.00	100.00	993,168	990,465
PT Bintang Mentari Indah (BNMI)	Makassar	Property Development	-	100.00	100.00	227,573,322	213,232,474
Indirect Subsidiaries through SMIP							
PT Lestari Mahadibya (LTMD)	Tangerang	Investment Property	2006	100.00	100.00	1,120,329,956	1,137,721,162
PT Summerville Property Management (SVPM)	Jakarta	Property Management	2007	100.00	100.00	5,159,601	4,651,019
PT Summarecon Hotelindo (SMHO)	Jakarta	Hotel	2010	100.00	100.00	136,741,239	132,343,615
PT Makmur Orient Jaya (MKOJ)	Bekasi	Investment Property	2013	100.00	100.00	875,911,044	891,299,577
PT Kharisma Intan Properti (KRIP)	Tangerang	Investment Property	2013	100.00	100.00	205,125,301	205,116,390
PT Dunia Makmur Properti (DNMP)	Jakarta	Investment Property	2015	100.00	100.00	117,917,855	117,943,045
PT Summarecon Bali Indah (SMBI)	Jakarta	Investment Property	2016	100.00	100.00	1,382,185,991	1,344,744,240

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

1. GENERAL (CONTINUED)

d. Structure of the Company's Subsidiaries (continued)

As of June 30, 2016 and December 31, 2015, The Company had direct and indirect ownership in the following Subsidiaries: (continued)

Name of Subsidiaries	Domicile	Principal Activity	Start of Operations	Percentage of Ownership (%) June 30,2017	Percentage of Ownership (%) December 31, 2016	Total Asset Before Elimination June 30,2017	Total Asset Before Elimination December 31,2016
Indirect Subsidiaries through SMIP (continued)							
PT Permata Jimbaran Agung (PMJA)	Badung	Investment Property	2016	59.09	59.09	889,679,117	851,864,155
PT Pradana Jaya Berniaga (PDJB)	Badung	Investment Property	2016	100.00	100.00	4,959,109	6,253,238
PT Hotelindo Permata Jimbaran (HOPJ)	Badung	Hotel	2017	59.09	59.09	378,018,578	332,267,222
PT Seruni Persada Indah (SRPI)	Jakarta	Investment Property	-	100.00	100.00	1,085,362	1,066,036
PT Bali Indah Development (BLID)	Badung	Investment Property	-	100.00	100.00	168,368,271	179,839,539
PT Bali Indah Property (BLIP)	Badung	Investment Property	-	100.00	100.00	3,765,594	3,769,608
PT Bukit Jimbaran Indah (BKJI)	Badung	Property Development	-	100.00	100.00	623,776	613,522
PT Bukit Permai Properti (BKPP)	Badung	Property Development	-	100.00	100.00	484,256,126	484,276,216
PT Nirwana Jaya Semesta (NWJS)	Jakarta	Hotel	-	100.00	100.00	13,225,386	13,008,479
PT Sadhana Bumi Jayamas (SDBJ)	Jakarta	Investment Property	-	100.00	100.00	81,505,865	81,503,517
PT Sumber Pembangunan Cemerlang (SBPC)	Jakarta	Investment Property	-	-	100.00	-	1,048,159
PT Unota Persadajaya (UNPS)	Jakarta	Investment Property	-	100.00	100.00	146,601,465	146,036,435
PT Java Orient Properti (JVOP)	Yogyakarta	Hotel	-	90.00	90.00	150,997,533	150,900,844
PT Mahakarya Buana Damai (MKBD)	Bandung	Investment Property	-	100.00	100.00	115,246,299	106,251,658
PT Hotelindo Saribuana Damai (HSBD)	Bandung	Hotel	-	100.00	100.00	243,070	250,000
PT Hotelindo Java Properti (HIJP)	Yogyakarta	Hotel	-	100.00	100.00	252,371	250,000
PT Hotelindo Cahaya Gemilang (HICG)	Jakarta	Hotel	-	100.00	100.00	252,500	250,000
PT Maha Karya Reksawarga (MKRW)	Karawang	Investment Property	-	100.00	-	2,500,000	-
Indirect Subsidiaries through SPCK							
PT Serpong Tatanan Kota (STTK)	Tangerang	Town Management	2010	100.00	100.00	51,613,633	49,775,911
PT Bhakti Karya Vita (BTKV)	Tangerang	Hospital	2011	60.00	60.00	64,242,480	65,509,098
PT Jaya Bangun Abadi (JYBA)	Tangerang	Property Development	-	100.00	100.00	90,713,647	90,480,232
PT Permata Cahaya Cemerlang (PMCC)	Tangerang	Property Development	-	100.00	100.00	333,579,428	335,300,627
PT Surya Intan Properti (SYIP)	Tangerang	Property Development	-	100.00	100.00	154,077,951	156,309,112
PT Mahkota Berlian Indah (MKBI)	Tangerang	Property Development	-	100.00	100.00	92,961,562	95,239,265

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

1. GENERAL (CONTINUED)

				Percentage of Ownership (%)		Total Asset Before Elimination	
Name of Subsidiaries	Domicile	Principal Activity	Start of Operations	June 30,2017	December 31, 2016	June 30,2017	December 31,2016
Indirect Subsidiaries through SPCK (continued)							
PT Mahkota Permata Indah (MKPI)	Tangerang	Property Development	-	100.00	100.00	83,548,336	83,713,611

In 2017, the Company established new Subsidiaries, which are PT Setia Mitra Intifajar (SMIF) dan PT Maha Karya Reksawarga (MKRW). While in 2016, the Company established a new Subsidiary, which is PT Bhakti Karya Bangsa (BTKB).

As of June 30, 2017, JVIP, SMIF, MJLP, IVJP, MKIC, BYEM, ARCA, SLMM, ORCT, BMPA, DTSA, SNMI, SNSI, WYKS, KHJM, GNSA, TRMB, GNSP, SDBP, MJSP, SYMD, SYME, KCJA, KCJM, SGMC, SBMJ, BNMI, SRPI, BLID, BLIP, BKJI, BKPP, NWJS, SDBJ, UNPS, JVOP, MKBD, HSBD, HIJP, HICG, MKRW, JYBA, PMCC, SYIP, MKBI dan MKPI have not started commercial operations.

e. Approval and authorization for the issuance of consolidated financial statements

The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Indonesian Financial Accounting Standards, which were completed and authorized for issuance by the Board of Directors of the Company on July 28, 2017, as previously reviewed and recommended for authorization by the Audit Committee of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting and reporting policies adopted by the Group prepared based on accounting principles generally accepted in Indonesia . The significant accounting policies applied consistently in the preparation of consolidated financial statements for the year ended June 30, 2017 and 2016 are as follows :

a. Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with Statements of Financial Accounting Standards ("PSAK") 1 (Revised 2013), "Presentation of Financial Statements" which has been adopted effectively since January 1, 2015, which issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants ("DSAK") and the Regulation No. VIII.G.7 on the Guidelines for Financial Statement Presentation and Disclosures issued by the Financial Services Authority ("OJK", formerly BAPEPAM-LK).

The consolidated financial statements have been prepared on the accrual basis using the historical cost concept of accounting, except for certain accounts which are measured on the basis described in the related accounting policies for those accounts.

The consolidated statement of cash flows presents cash flows classified into operating, investing and financing activities. The cash flows from operating activities are presented using the direct method.

The reporting currency used in the preparation of the consolidated financial statements is the Indonesian rupiah (Rp), which is also the functional currency of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Changes in accounting policies

The Group had adopted amendment of accounting standards which effective from January 1, 2016 that are considered relevant to the consolidated financial statements as follows:

- Amendments to PSAK No. 4: Separate Financial Statements of Equity Method in Separate Financial Statements. The amendments allow the use of the equity method as a method of recording the investment in subsidiaries, joint ventures and associates in the separate financial statements of the entity.

- Amendments to PSAK No. 16: Property, Plant and Equipment on Clarification of the Accepted Method for Depreciation and Amortization. The amendments clarify the principle in PSAK No. 16 and PSAK No. 19 Intangible Asset that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue based method cannot be used to depreciate the property, plant and equipment.

- Amendment to PSAK No. 24: Employee Benefits on Defined Benefit plans: Employee Contributions. PSAK No. 24 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

- Amendments to PSAK No. 66: Joint Arrangement on Accounting for Acquisition of Interests in Joint Operations. The amendments require that all principles on business combinations accounting in PSAK No. 22: Business Combinations and other PSAKs and the disclosures requirements applicable to the acquisition of the initial interest and additional interest in a joint operation, to the extent that do not conflict with the guidance in this PSAK.

- Amendments to PSAK No. 67: Disclosure of Interests in Other Entities on Investment Entities: Application of Consolidation Exceptions.The amendments clarify the consolidation exceptions for investment entities when certain criteria are met.

- PSAK No. 5 (2015 Improvement): Operating Segments. The improvement clarifies that: An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of PSAK No. 5 including a brief description of operating segments that have been aggregated and the economic characteristics, and disclose the reconciliation of segment assets to total assets if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- PSAK No. 7 (2015 Improvement): Related Party Disclosures. The improvement clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. An entity that uses a management entity is required to disclose the expenses incurred for management services.

- PSAK No. 13 (2015 Improvement): Investment Property. The improvement clarifies that PSAK No. 13 and PSAK No. 22 are related. An Entity shall refer to PSAK No. 13 to differentiate between investment property and owner-occupied property. An Entity shall refer to PSAK No. 22 as guidance to determine whether the acquisition of investment property is a business combination.

- PSAK No. 16 (2015 Improvement): Property, Plant and Equipment. The improvement clarifies that in PSAK No. 16 and PSAK No. 19 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. Carrying amounts of the asset is restated by revalued amounts.

- PSAK No. 25 (2015 Improvement): Accounting Policies, Changes in Accounting Estimates and Errors. The improvement provides editorial correction for paragraph 27 of PSAK No. 25.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Changes in accounting policies

The Group had adopted amendment of accounting standards which effective from January 1, 2016 that are considered relevant to the consolidated financial statements as follows: (continued)

- PSAK No. 68 (2015 Improvement): Fair Value Measurement. The improvement clarifies that the portfolio exception in PSAK No. 68 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PSAK No. 55, "Financial Instruments: Recognition and Measurement".

- ISAK No. 31: Interpretation of scope for PSAK No. 13: Investment property. ISAK No. 31 provides interpretation to building characteristic which has been used as a part of investment property definition on PSAK No. 13.

The adoption of the above PSAKs, do not have significant impact to the financial reporting and disclosure in the consolidated financial statements, except for the implementation of ISAK No. 31 which provides a significant impact on the consolidated financial statements (Notes 9 and 10).

c. Principles of consolidation

The consolidated financial statements include the subsidiary accounts owned by the Company with the equity ownership of more than 50%, either directly or indirectly through another subsidiary as disclosed in Note 1d.

All material intercompany accounts and transactions (including unrealized gains or losses) have been eliminated. A Subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date such control ceases.

Specifically, the Group controls an investee if and only if the Group has:
a) Power over investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
b) Eksposure, or rights, of variable returns from its involvement to investee; and
c) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
a) The contractual arrangement with the other vote holders of the investee
b) Rights arising from other contractual arrangements
c) The Group's voting rights and potential voting rights.

Non-controlling interests ("NCI") represent the portion of the profit or loss and net assets of the Subsidiaries not attributable, directly or indirectly, to the Parent Entity, which are presented in the consolidated statement of profit or loss and other comprehensive income and under the equity section of the consolidated statement of financial position, respectively, separately from the corresponding portion attributable to owners of the parent entity.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Losses of a non-wholly owned Subsidiary are attributed to the NCI even if the losses create an NCI deficit balance. In case of loss of control over a Subsidiary, the Company:
- Derecognizes the assets (including goodwill) and liabilities of the Subsidiary;
- Derecognizes the carrying amount of any NCI;
- Derecognizes the cumulative translation differences recorded in equity, if any;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Principles of consolidation (continued)

Losses of a non-wholly owned Subsidiary are attributed to the NCI even if the losses create an NCI deficit balance. In case of loss of control over a Subsidiary, the Company: (continued)

- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the Non-controlling interests ("NCI"), even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

d. Cash equivalents

Time deposits with maturities of three months or less at the time of placement, which are not restricted as to withdrawal or are not pledged as collateral for loans, are classified as "Cash Equivalents". Cash in banks and time deposits which are restricted or pledged are presented as part of "Other Non-current Financial Assets".

e. Restricted funds

Restricted funds represent funds obtained from the bank through the Company's House Financing Credit facility ("KPR") sales method which are restricted for use by the Group until gradual stages of completion of construction are completed depending on agreement with related banks.

f. Transactions with related parties

A related party is a person or entity that is related to the Group.

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

b. An entity is related to the Group if any of the following conditions applies:
   - (i) the entity and the Group are members of the same group;
   - (ii) one entity is an associate or joint venture of the Group (or an associate or joint venture of a member of a group of which the Group is a member);
   - (iii) both entity and the Group are joint ventures of the same third party;
   - (iv) the Group 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 roup or an entity related to the Group;
   - (vi) the entity is controlled or jointly controlled by a person identified in point a;
   - (vii) a person identified in point 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);

The transactions with related parties are made based on terms agreed by the parties. Such terms may not be the same as those for transactions with unrelated parties.

The details of the accounts and the significant transactions entered into with related parties are presented in Note 30.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the weighted average method.

Properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as inventories.

The cost of land under development consists of cost of undeveloped land, direct and indirect development costs related to real estate development activities and borrowing costs. Land under development is transferred to landplots available for sale when the land development is completed. Total project cost is allocated proportionately to the saleable landplots based on their respective areas.

The cost of apartment under construction consists of the cost of developed land, construction costs, borrowing costs and other costs related to the development of the apartment. Costs capitalized to apartment under construction are allocated to each apartment unit using the saleable area method.

The cost of land development, including land which is used for roads and infrastructure or other unsaleable area, is allocated using saleable area.

The cost of buildings and apartments under construction is transferred to houses, shops and apartments (strata title) available for sale when the construction is substantially completed.

For residential property project, its cost is classified as part of inventories upon the commencement of development and construction of infrastructure. For commercial property project, upon the completion of development and construction of infrastructure, its cost remains as part of inventories or is reclassified to the related investment properties account, whichever is more appropriate.

Assessment of the cost estimate is done at the end of each reporting period until the project is substantially completed , if there is a change basis , the Company will revise the cost .

Other inventories, consisting of food, beverages and other inventories, are stated at cost or net realizable value, whichever is lower.

h. Prepaid expenses

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

i. Undeveloped land

Undeveloped land is stated at cost or net realizable value, whichever is lower.

The cost of undeveloped land. consisting of pre-acquisition and acquisition cost of land, is transferred to land under development upon commencement of land development.

j. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any, except for land which is not depreciated.

Such cost includes the cost of replacing part of the fixed assets when that cost is incurred, if the recognition criteria are met.

Likewise. when a major inspection is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are met. All other repairs and maintenance costs that do not meet the recognition criteria are recognized in profit and loss as they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Fixed assets (continued)

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Buildings and infrastructures	2-40
Machinery and heavy equipment	10
Vehicle	5-10
Furniture and office equipment	2-5

Land is stated at cost and is not depreciated.

Specific costs associated with the extension or renewal of land titles are deferred and amortized over the legal term of the landrights or economic life of the land, whichever period is shorter.

Construction in progress is stated at cost and is accounted as part of fixed assets. The accumulated costs are reclassified to the appropriate fixed assets or investment properties account when the construction is completed and the constructed asset is ready for its intended use.

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

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

k. Investment properties

Investment properties are stated at cost, which includes transaction cost, less accumulated depreciation and impairment loss, if any, except for land which is not depreciated. Such cost also includes the cost of replacing part of the investment properties if the recognition criteria are met, and excludes the daily expenses on their usage.

Investment properties consist of land, building and infrastructures, machinery and heavy equipment, hotel facilities and furniture and office equipment held by the Group to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Depreciation is computed using the straight-line method over the estimated useful lives of the investment properties as follows:

	Years
Buildings and infrastructures	3-40
Machinery and heavy equipment	10
Hotel facilities	2-5
Furniture and office equipment	2-5

Based on the Company's management assessment and evaluation, began on January 1, 2015, the Company changes its useful lives of the building from 20 years to 40 years.

Transfers to investment properties should be made when, and only when, there is a change in use. evidenced by the end of owner-occupation, commencement of an operating lease to another party or end of construction or development. Transfers from investment properties should be made when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

The changes in the useful lives estimation is done after considering the effect of the repairs and maintenance performed by the Company.

An investment property should be derecognized on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gain or loss arising from the retirement or disposal of investment property is credited or charged to operations in the year the asset is derecognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. Investment properties (continued)

For a transfer from investment properties to owner-occupied property, the Company uses the cost method at the date of change in use. If an owner-occupied property becomes an investment property, the Company records the investment property in accordance with the fixed assets policies up to the date of change in use.

l. Leases

The Group classifies a lease based on the extent to which risks and rewards incidential to the ownership of a leased asset are vested upon the lessor or the lessee, and on the substance of the transaction rather than the form of the contract, at inception date.

Finance lease
A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an asset.

Operating lease
A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the leased asset. Accordingly, the lease payments received by the Group as lessors are recognized as income using the straight-line method over the lease term.

m. Capitalization of borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the related asset. Other borrowing costs are recognized as expenses in the period in which they are incurred. Borrowing costs may include interest, finance charges in respect of finance leases recognized in accordance with PSAK No. 30 (Revised 2011) and foreign exchange differences arising from foreign currency borrowings to the extent that they are regarded as adjustment to interest costs.

Capitalization of borrowing costs commences when the activities to prepare the qualifying asset for its intended use have started and the expenditures for the qualifying asset and the borrowing costs have been incurred.

Capitalization of borrowing costs ceases when all the activities necessary to prepare the qualifying asset for its intended use are substantially completed.

The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site property acquired specifically for development, but only where activities necessary to prepare the asset for development are in progress.

n. Impairment of non-financial asset value

The Group assesses at each reporting date whether there is an indication that assets may be impaired. If any such indication exists, or when annual impairment testing for assets (i.e., an intangible asset with an indefinite useful life, or an intangible asset not yet available for use) is required, the Group makes an estimate of the recoverable amounts of the respective assets.

An asset's recoverable amount is the higher of the asset's or its CGU's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the asset. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, if any, are recognized in the consolidated statement of profit or loss and other comprehensive income under expense categories that are consistent with the functions of the impaired assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. Impairment of non-financial asset value (continued)

A previously recognized impairment loss for an asset is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Reversal of an impairment loss is recognized in the consolidated statements of profit or loss and other comprehensive income. After such a reversal, the depreciation charge on the said asset is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

o. Stock issuance costs

Costs incurred in connection with the issuance of capital stock are presented as a deduction to additional paid-in-capital.

p. Revenue and expense recognition

Revenues from real estate sales are recognized as follows:

(1) Revenue from sales of houses, shops and other similar property and related land are recognized under the full accrual method if all of the following conditions are met:
   1. A sale is consummated.
   2. The selling price is collectible.
   3. The seller's receivable is not subject to future subordination to other loans which will be obtained by the buyer.
   4. The seller has transferred to the buyer the usual risks and rewards of ownership in a transaction that is in substance a sale and does not have a substantial continuing involvement with the property.

(2) Revenues from sales of landplots that do not require the seller to construct the building are recognized under the full accrual method if all of the following conditions are met:
   1. Total payments by the buyer are at least 20% of the agreed selling price and the amount is not refundable.
   2. The selling price is collectible.
   3. The receivable is not subordinated to other loans that will be obtained by the buyer.
   4. The land development process is complete so that the seller has no further obligations related to the landplots sold.
   5. Only the landplots are sold. without any requirement for the seller's involvement in the construction of the building on the landplots.

(3) Revenues from sales of apartments, the construction of which has not been completed, are recognized using the percentage-of-completion method if all of the following conditions are met:
   1. The construction process has already commenced, i.e., the building foundation has been completed and all of the requirements to commence construction have been fulffiled;
   2. Total payments by the buyer are at least 20% of the agreed selling price and the amount is not refundable;
   3. The amount of revenue and the cost of the property can be reliably estimated.

If any of the above conditions is not met, the payments received from the buyer are recorded as deposits received until all of the criteria are met.

The method used to determine the percentage of completion is the proportion of actual costs incurred to the estimated total development cost of the real estate project.

Rental payments received in advance from tenants of shopping centers are recorded as "Unearned revenues". Such unearned income is recognized as income over the terms of the lease contracts. Deposits received from customers are presented as part of "Downpayments received and security deposits".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p. Revenue and expense recognition (continued)

Rental and membership fees in sports club are recognized as income over the period of rental or membership. Rental and membership fees received in advance are presented as "Unearned Revenues". Revenues from restaurant operations are recognized when the goods are delivered or when the services have been rendered.

Revenue from hotel room occupancy is recognized on the basis of the period of occupancy. Revenue from other hotel services is recognized when the services are rendered or the goods are delivered to the customer.

Revenues from medical services are recognized at the point of sale or upon delivery of services to the patients.

The elements of costs which are capitalized to real estate development projects include the pre-acquisition cost of land, cost of land acquisition and other costs attributable to the development activity of real estate. The costs are allocated to real estate development projects using either the saleable area method or the sales value method.

Costs which are not clearly related to a real estate project, such as general and administrative expenses, are recognized as an expense as they are incurred.

If a certain project is estimated to generate a loss, a provision must be recognized for the amount of the loss.

The revision of estimated costs or revenues, if any, which are generally attributed to real estate development activities must be allocated to ongoing and future projects. Revisions resulting from current period and prior period adjustments are recognized in the current period profit and loss, while revisions related to future periods are allocated to the remaining period of development.

q. Employee benefits

Short-term employee benefits
The Group recognizes short-term employee benefits liability (if any) when services are rendered and the compensation for such services are to be paid within twelve months after such services are rendered.

Post-employment benefits

The Group recognized an unfunded employee benefits liability in accordance with Labor Law No.13/2003 dated March 25, 2003 (the "Law") and PSAK No. 24 (2013), "Employee Benefits". Under the Law, the Group is required to pay separation, appreciation and compensation benefits to its employees if the conditions specified in the Law are met.

The Group also has a defined contribution plan covering substantially all of its eliglible employees. The benefits under the Law have been calculated by comparing the benefits that will be received by an employee at normal pension age from the Pension Plan with the benefits as stipulated under the Law, after deducting the accumulated employee contribution and the related investment results. If the employer-funded portion of the Pension Plan benefit is less than the benefit as required by the Law, the Group will provide for such shortfall.

Pension costs under the Group's defined benefit pension plans are determined by periodic actuarial calculation using the projected-unit-credit method and applying the assumptions on discount rate, expected return on plan assets and annual rate of increase in compensation.

All re-measurements, comprising of actuarial gains and losses, and the return of plan assets (excluding net interest) are recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the interim consolidated statement of financial position to reflect the full value of the plan deficit and surplus. Re-measurements are not reclassified to profit or loss in subsequent periods.

All past service costs are recognized at the earlier of when the amendment/curtailment occurs and when the related restructuring or termination costs are recognized. As a result, unvested past service costs can no longer be deferred and recognized over the future vesting period.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r. Foreign currency transactions and balances

The company's consolidated financial statements are presented in Rupiah, which is also the Parent Company's functional currency. Each subsidiary determine its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transaction in foreign currencies are initialy recorded by the Group at their respective functional currency rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the average of the selling and buying rates of exchange prevailing at the last banking transaction date of the period, as published by Bank Indonesia and any resulting gains or losses are credited or changed to operations of the current period.

As of June 30, 2017 and December 31, 2016, the rates of exchange used were as follows:

Foreign Currencies	June 30, 2017 (Full Amount)	December 31, 2016 (Full Amount)
1 European euro (Euro)	14,875	14,162
1 United States dollar (US$)	13,319	13,436
1 Singapura dollar (Sin$)	9,591	9,299

Transactions in other foreign currencies are considered not significant.

s. Provisions

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

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

t. Income tax

The Group has adopted PSAK 46 (Revised 2014), "Income Tax".

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

By applying the revised PSAK, the Group has decided to present all of the final tax arising from sales of landplots, houses and shops as separate line item.

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

According to Law No. 12 year 1994, the value of the transfer is the highest value among the values under the Deed of Assignment and the Tax Object Sales Value of related land and/or buildings.

Based on Government Regulation (PP) No. 5 dated March 23, 2002, income from shopping center rental is subjected to a final tax of 10%, except for income on rental contracts signed prior to such regulation which is subject to 6%. On November 4, 2008, the President of the Republic of Indonesia and the Minister of Law and Human Rights signed Government Regulation No. 71/2008 (PP No. 71/2008) on "the third changes on PP No. 48/1994 regarding payment of income tax on income from transfer rights on land and/or building". This regulation provides that, effective January 1, 2009, the income of a taxpayer from transactions of transferring rights on land and/or building, is subjected to final tax of 5% from the sales or transfer, which has been replaced by Government Regulation (PP) No. 34/2016 dated August 8, 2016, effective since September 8, 2016, income from the transfer of land or buildings are subjected to final tax amounting to 2.5% of the value of the sale or transfer.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t. Income tax (continued)

Current Tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority.

Current tax expense is determined based on the taxable profit for the year computed using the prevailing tax rates.

Underpayment/overpayment of income tax are presented as part of "Tax Expense - Current" in the consolidated statements of profit or loss and other comprehensive income. The Group also presented interest/penalty, if any, as part of "Tax Expense - Current".

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The tax effects for the year are allocated to current operations, except for the tax effects of transactions which are charged or credited to equity. Management periodically evaluates positions taken by the Company in with respect to situations in which applicable tax regulations are subject interpretation and establishes provisions where appropriate.

u. Financial instruments

i. Financial assets

Initial Recognition

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to maturity investments, or available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

i. Financial assets (continued)

Subsequent Measurement

- Loans and receivables

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of profit or loss and other comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

  As of June 30, 2017, the Group has cash and cash equivalents, trade and other receivables, due from related parties and other current and non-current financial assets in this category.

  The Group has determined that its financial assets are categorized as loans and receivables.

- Available-For-Sale (AFS) financial assets

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

  The Company has investments in shares of stock that have readily determinable fair value and on which the Company's ownership interest is less than 20%.

Derecognition of financial asset

A financial asset, or where applicable, a part of a financial asset or part of a group of similar financial assets, is derecognized when:
(i) the contractual rights to receive cash flows from the financial asset have expired;
(ii) or the Group has transferred its rights to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement, and either (a) the Group has transferred substantially all the risks and rewards of the financial asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

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

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (i) the consideration received, including any new assets obtained less any new liabilities assumed, and (ii) any cumulative gain or loss which had been recognized in equity, should be recognized in the consolidated statements of profit or loss and other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u. Financial instruments (continued)

i. Financial assets (continued)

Derecognition of financial asset (continued)

On derecognition of a financial asset other than in its entirety (e.g., when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in the consolidated statements of profit or loss and other comprehensive income. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Impairment of financial assets

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

The Group considers whether there is objective evidence of impairment individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

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

The impairment loss of a financial asset which is assessed individually is measured as the difference between the carrying value of the financial asset and the present value of estimated future cash flows discounted using the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance for impairment account and the impairment loss is recognized in the consolidated statements of profit or loss and other comprehensive income.

Future cash flows of a group of financial assets that are collectively evaluated for impairment, are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period in which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u. Financial instruments (continued)

i. Financial assets (continued)

- Financial assets carried at amortized cost

  Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Group.

  If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account.

  The recovery should not lead to the carrying amount of the financial asset exceeding its amortized cost that would have been determined had no impairment loss been recognized for the asset at the reversal date. The amount of reversal is recognized in the consolidated statements of profit or loss and other comprehensive income. If a future write-off is later recovered, the recovery is also recognized in the consolidated statements of profit or loss and other comprehensive income.

  If there is objective evidence that an impairment has occurred over equity instruments that do not have quoted market price and are not carried at fair value because fair value cannot be measured reliably, then the amount of any impairment loss is measured as the difference between the carrying value of the financial assets and the present value of estimated future cash flows discounted at the prevailing rate of return on the market for a similar financial asset. Impairment losses are not recoverable in the following years.

ii. Financial liabilities

<u>Initial Recognition</u>

Financial liabilities are classified as financial liabilities at fair value through profit or loss. financial liabilities at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value which, in the case of financial liabilities at amortized cost, is inclusive of directly attributable transaction costs.

As of June 30, 2017, the Group has determined that short-term bank loans, trade payables to third parties, other payables, due to related parties, accrued expenses, liability for short-term employee benefits, downpayment received and downpayment received and security deposits – customer deposits, long-term debts, bonds payable and sukuk ijarah and other non-current financial liabilities are categorized as financial liabilities at amortized cost.

<u>Subsequent Measurement</u>

- Financial liabilities at amortized cost

  After initial recognition, financial liabilities at amortized cost are subsequently measured at amortized cost using the effective interest rate method.

  Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

<u>Derecognition of financial liabilities</u>

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u. Financial instruments (continued)

ii. Financial liabilities (continued)

Effective interest rate method

The effective interest rate method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash flows (including all fees and points received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) throughout the expected life of the financial asset, or a shorter period, where appropriate, to the net carrying amount at initial recognition of the financial asset.

Fair value hierarchy

The Group measures financial instruments, such as derivatives, at fair value at each consolidated statements of financial position date. Also, fair values of financial instruments measured at amortized cost are disclosed in the related note.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	:	Fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	:	Fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly.
Level 3	:	Fair values measured based on valuation techniques for which inputs which have a significant effect on the recorded fair values are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u. Financial instruments (continued)

ii. Financial liabilities (continued)

iii. Offsetting of financial instruments

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

iv. Amortized cost of financial instruments

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

v. Earning per share

Earnings per share amount is calculated by dividing the profit for the year attributable to owners of the Parent Entity by the weighted average number of shares outstanding during the year.

w. Operating Segments

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

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. They are determined before intra-group balances and intra-group transactions are eliminated.

x. Business combination of entities under common control

Transfer of business within entities under common control does not result in a change of the economic substance of ownership of the business being transferred and does not result in gain or loss to the Group or to the individual entity within the Group. Since the transfer of business of entities under common control does not result in a change of the economic substance, the business being exchanged is recorded at book value as a business combination using the pooling of-interests method.

Under the pooling-of-interests method, the components of the financial statements for the period during which the restructuring occurred and for other periods presented, for comparison purposes, are presented in such a manner as if the restructuring had already happened from the beginning of the periods during which the entities were under common control. The difference between the carrying amounts of the business combination transaction and the consideration transferred is recognized as part of the account “Additional Paid-in Capital”.

Sukuk ijarah payable

Sukuk ijarah is recognized when the Group becomes a party involved with the issuance of sukuk ijarah which is presented as a liability. At initial recognition, sukuk ijarah is stated at nominal amount, adjusted for premium or discount and sukuk ijarah issuance costs. After initial recognition, if the amount recorded is different with the nominal amount, the difference is amortized using the straight-line method over the term of the sukuk ijarah.

Sukuk ijarah issuance costs are directly deducted from the issue proceeds in the consolidated statement of financial position as a transaction cost and are amortized using the straight-line method over the term of the sukuk ijarah.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

z. Events after the financial reporting period

Post year-end events that provide additional information about the Group's position at reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. MANAGEMENT'S USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements require 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. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations and assumptions, which have the most significant effect on the amounts recognized in the consolidated financial statements:

- *Revenue recognition*
  When a contract for the sale of a property upon completion of construction is judged to be a construction contract (see revenue recognition policy for sales of property under development) (Notes 2p), revenue is recognized using the percentage-of-completion method as construction progress. The percentage of completion is made by reference to the stage of completion of the project or contract, determined based on the proportion of the contract costs incurred to date to the total estimated costs of the project or contract.

- *Classification of financial assets and liabilities*
  The Group determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK 55. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Group's accounting policies disclosed in Note 2u.

- *Classification of property*
  The Group determines whether an acquired property is classified as investment property or property inventory:
  - Investment property consists of land and buildings (principally offices, commercial warehouse and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

  - Property inventory consists of property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

- *Valuation of property*
  The fair value of land and buildings disclosed under the "Fixed assets" and "Investment properties" accounts are determined by independent real estate valuation experts using recognized valuation techniques. These techniques comprise the cost approach and market and revenue valuation methods. In some cases, the fair value is determined based on recent real estate transactions with similar characteristics and location to those of the Group's assets. Total fair value as of December 31, 2016 is disclosed in Notes 11 and 12 to the consolidated financial statements.

- *Operating lease contracts - the Group as lessor*
  The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of the leased property and, therefore, it accounts for the leases as operating leases.

3. MANAGEMENT'S USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- *Determination of fair value of financial assets and financial liabilities*

  When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair value. The judgment includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

- *Estimating useful lives of fixed assets and investment properties*

  The Group estimates the useful lives of its fixed assets and investment properties based on expected asset utilization as anchored on business plans and strategies that also consider expected future technological developments and market behavior. The estimation of the useful lives of fixed assets and investment properties is based on the Group's collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives are reviewed at least each financial year end and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the assets.

  It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in the factors mentioned above.

  The amounts and timing of recorded expenses for any year are affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the Group's fixed assets and investment properties increases the recorded cost of sales and direct costs and operating expenses and decreases total assets.

- *Estimation of pension cost and other employee benefits*

  The cost of defined benefit plan and the present value of the pension obligation are determined using the projected-unit-credit method. Actuarial valuation includes making various assumptions which consist of, among other things, discount rates, expected rates of return on plan assets. Rates of compensation increases and mortality rates. Actual results that differ from the Group's assumptions are recognized as other comprehensive income. Due to the complexity of the valuation and its underlying assumptions and long-term nature, a defined benefit obligation is highly sensitive to changes in assumptions.

  While the Group believes that its assumptions are reasonable and appropriate, significant differences in the Group's actual experience or significant changes in its assumptions may materially affect the costs of and obligations for pension and other long-term employee benefits. All assumptions are reviewed at each reporting period.

- *Uncertain tax exposure*

  In certain circumstances. the Group may not be able to determine the exact amount of its current or future tax liabilities due to ongoing investigations by, or negotiations with, the taxation authority. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. In determining the amount to be recognized in respect of an uncertain tax liability, the Group applies similar considerations as it would use in determining the amount of a provision to be recognized in accordance with PSAK No. 57, "Provisions, Contingent Liabilities and Contingent Assets". The Group makes an analysis of all tax positions related to income taxes to determine if a tax liability for unrecognized tax benefit should be recognize.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	June 30, 2017	December 31, 2016
Cash on hand		
Rupiah	9,216,144	6,692,011
Foreign currencies	471,940	631,681
Total cash on hand	9,688,084	7,323,692
Bank		
Rupiah		
PT Bank Central Asia Tbk	372,191,944	265,212,491
PT Bank Permata Tbk	157,506,023	526,162,475
PT Bank Mandiri (Persero) Tbk	78,684,952	98,922,557
PT Bank OCBC NISP Tbk	24,438,675	23,553,225
PT Bank CIMB Niaga Tbk	20,178,453	22,795,560
Others (each below Rp20,000,000)	17,522,003	20,768,177
Other Currencies		
PT Bank Permata Tbk	64,782,681	63,867,083
Others (each below Rp10,000,000)	10,350,263	8,857,236
Total bank	745,654,994	1,030,138,804
Time deposits		
Rupiah		
PT Bank Central Asia Tbk	560,868,365	339,377,537
PT Bank Pan Indonesia Tbk	311,000,000	12,500,000
PT Bank Permata Tbk	260,325,746	548,901,122
PT Bank Negara Indonesia (Persero) Tbk	72,000,000	-
PT Bank Mandiri (Persero) Tbk	55,855,618	46,364,794
PT Bank Mayora Tbk	32,500,000	20,000,000
PT Bank Internasional Indonesia Tbk	25,000,000	-
PT Bank UOB Indonesia Tbk	10,000,000	35,000,000
Others (each below Rp20,000,000)	23,395,707	30,854,258
United States dollar		
PT Bank Resona Perdania	3,708,893	3,698,937
PT Bank OCBC NISP Tbk	2,024,488	2,042,272
Total time deposits	1,356,678,817	1,038,738,920
Total cash and cash equivalents	**2,112,021,895**	**2.076.201.416**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

4. CASH AND CASH EQUIVALENTS (CONTINUED)

	June 30, 2017	December 31, 2016
Rupiah	4.05%-7.00%	4.25%-9.50%
United States dollar	0.75%	0.35%-0.75%

As of June 30, 2017, cash on hand is covered by insurance against theft and other risks with PT Asuransi Allianz Utama Indonesia and PT Asuransi ACE, all third parties, with total coverage of Rp42,028,500. The Group's management is of the opinion that the coverage is adequate to cover possible losses arising from such risks.

Interest income from time deposits is presented in the consolidated statements of profit of loss and other comprehensive income as part of "finance income".

All cash in banks and time deposits are placed in third-party banks. As of June 30, 2017 and December 31, 2016, no cash and cash equivalents pledged as collateral of loans.

5. TRADE RECEIVABLES

The details of trade receivables are as follows:

	June 30, 2017	December 31, 2016
Related parties (Note 30)		
Sale of houses, shops and landplots	23,727,885	36,680,361
Rental of retail and commercial investment properties	2,213,182	2,049,311
Sale of apartments	1,483,978	456,700
Sub-total	27,425,045	39,186,372
Third parties		
Sale of houses, shops and landplots	299,774,434	291,884,496
Sale of apartments	182,423,929	195,346,569
Rental of retail and commercial investment properties	49,987,374	27,312,728
Hotel services	9,498,239	3,395,251
Rental of residential and office investment properties	1,897,918	914,264
Monthly membership fees in sports club	437,169	721,836
Others	25,589,598	19,841,236
Sub-total	569,608,661	539,416,380
Total trade receivables	**597,033,706**	**578,602,752**
Less of current maturities	(525,727,252)	(539,087,187)
Long term portion	**71,306,454**	**39,515,565**

All of the Group's trade receivables are denominated in Rupiah.

As of June 30, 2017, trade receivables from thrird parties belonged to specific subsidiaries, amounting to Rp52,415,224 (2016: Rp28,351,960) are pledged as collateral for loans payable to BCA (Note 12).

Based on a review of the status of the individual trade receivables at the end of the year, the Group's management believes that all of the trade receivables are current and fully collectible, therefore no allowance for impairment of trade receivables is necessary.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

6. INVENTORIES

	June 30, 2017	December 31, 2016
Inventories consist of:		
Inventories available for sale:		
Landplots	141,225,112	141,145,880
Houses	75,858,861	110,352,874
Shops	19,140,173	19,140,173
Total inventories available for sale	236,224,146	270,638,927
Inventories under construction:		
Buildings	2,312,496,858	2,366,607,014
Apartments	1,703,027,443	1,550,284,600
Landplots	1,269,241,810	1,285,765,558
Total inventories under construction	5,284,766,111	5,202,657,172
Others	59,181,864	57,750,613
Total inventories	**5,580,172,121**	**5,531,046,712**

The movements in the buildings and apartments inventories under construction account are as follows:

	June 30, 2017	December 31, 2016
Beginning balance	3,916,891,614	3,545,317,375
Production costs	1,048,117,201	2,189,280,743
Transfer to buildings and apartments inventories available for sale	(949,484,514)	(1,817,706,504)
Ending balance	**4,015,524,301**	**3,916,891,614**

The movements in the buildings and apartments inventories available for sale account are as follows:

	June 30, 2017	December 31, 2016
Beginning balance:		
Houses	110,352,874	43,612,358
Shops	19,140,173	27,719,539
Transfer from buildings and apartments inventories under construction	949,484,514	1,817,706,504
Cost of sales (Note 27):		
Apartments	(601,553,106)	(997,862,711)
Houses	(347,075,748)	(737,516,712)
Shops	(35,349,673)	(24,165,931)
Ending balance	**94,999,034**	**129,493,047**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

6. INVENTORIES (CONTINUED)

Real estate development inventories which are already covered by signed sales/purchase agreements but have not yet been recognized as sales are as follows:

	June 30, 2017	December 31, 2016
Inventories available for sale:		
Houses	126,223,397	56,639,220
Landplots	75,858,861	106,802,725
Shops	19,140,173	16,020,765
Total inventories available for sale	**221,222,431**	**179,462,710**
Inventories under construction:		
Buildings	3,012,407,455	2,749,491,692
Landplots	85,647,050	91,822,682
Total	**3,319,276,936**	**3,020,777,084**

The downpayments received related to the above-mentioned inventories as of June 30, 2017 amounting to Rp2,526,911,392 (2016: Rp2,615,327,807) are presented as Deposits Received in the consolidated statement of financial position and as part of “Downpayments Received from Sale” in Note 19.

As of June 30, 2017, inventories in such properties known as Goldfinch, Scarlet, Volta, The Crown, Pascal, Darwin Commercial, The Kensington Commercial, Bluebell, Topaz Commercial, Vernonia, Kavling BCBD, Kavling Bina Nusantara, Graha Bulevar Signature and Royal Orchard 3 are available for sale, and inventories by name Maxwell, Maxwell Commercial, Scientia Residence Phase II, Pelican, Flaminggo, Goldfinch Commercial, Faraday, Faraday Commercial, Edison, Alloggio Commercial, Aristoteles Commercial, Volta Commercial, Emerald Cove 2, Midtown Apartment, Alloggio, Rainbow Springs Condovillas, The Kensington Royal Suite, Blok KR, Graha PA Commercial, Cluster Sederhana, Ruby Commercial, The SpringLake Apartment, The SpringLake View Apartment dan The Primrose Condovilla, Burgundy dan Townhouse Pandawa are under construction.

As of June 30, 2017 and December 31, 2016, inventories amounted to Rp644,295,052 and Rp716,948,280 used as collateral for loans payable.

As of June 30, 2017, borrowing costs which were capitalized to inventories amounted to Rp63,657,600 (2016: Rp36,122,278).

As of June 30, 2017 and December 31, 2016, the reclassification of fixed asset with net book value of Rp2,111,335 and RpNil to inventories was due to the change in management’s intention on the use of the related assets (Note 9).

As of June 30, 2017 and December 31, 2016, the reclassification of investment properties with net book value of RpNil and Rp7,433,820, respectively, from inventories was due to the change in management’s intention on the use of the related assets (Note 10).

As of June 30, 2017 and December 31, 2016, the reclassification of investment properties with net book value amounting to RpNil and Rp574,789, respectively, to inventories was due to the change in management’s intention on the use of the related assets (Note 10).

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

6. INVENTORIES (CONTINUED)

As of June 30, 2017, houses, shops and apartment inventories are covered by insurance against fire and other risks with PT Asuransi AXA Indonesia, PT Zurich Insurance Indonesia, PT Asuransi Alianz Utama Indonesia and PT Asuransi Central Asia, all third parties, with total coverage of US$34,289,440 and Rp3,330,702,390. The Group's management is of the opinion that the above coverage is adequate to cover possible losses arising from such risks.

As of June 30, 2017, revenue from property development presented as part of net revenues in the consolidated statements of profit or loss and other comprehensive income amounted to Rp1,752,671,302 (2016: Rp1,453,659,012) (Note 26).

The Group's management believes that inventories are realizable at the above amounts and no provision for losses is necessary.

7. UNDEVELOPED LAND

The details of undeveloped land are as follows:

	June 30, 2017		December 31, 2016	
Location	**Area (m^2)**	**Amount**	**Area (m^2)**	**Amount**
Summarecon Bogor	4,152,950	779,699,704	4,149,496	762,575,489
Summarecon Bekasi	3,971,793	944,694,643	3,887,067	928,175,467
Summarecon Makassar	3,488,475	777,732,047	3,347,364	741,673,806
Summarecon Bandung	3,351,679	1,642,075,282	3,339,658	1,600,057,450
Summarecon Serpong	3,036,848	1,022,900,400	2,976,420	1,016,305,263
Summarecon Karawang	338,990	394,305,721	323,721	386,212,986
Others	2,148,431	727,377,673	2,093,341	722,513,983
Total undeveloped land	**20,489,166**	**6,288,785,470**	**20,117,067**	**6,157,514,444**

The status of ownership of undeveloped land is as follows:

	June 30, 2017	December 31, 2016
Status	**Area (m^2)**	**Area (m^2)**
Land certificates already issued	11,108,220	10,623,739
Released rights	9,327,009	9,112,564
In the process of releasing rights	53,937	380,764
Total	**20,489,166**	**20,117,067**

Management believes that there will be no issue in obtaining the land certificates and the extension of the land rights since all the land were legally acquired and supported by sufficient evidence of ownership.

As of June 30, 2016, undeveloped land with total area 442,822 m^2 with carrying value amounted Rp41,470,708 are used as collateral for loans from banks, undeveloped land with total area 219,300 m^2 with carrying value amounted Rp20,623,766 are used as collateral for "Obligasi Berkelanjutan I Phase III (Note 13).

No borrowing costs have been capitalized to undeveloped land as of June 30, 2017 and 2016.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

8. ADVANCE PAYMENTS

This account consists of payments for:

	June 30, 2017	December 31, 2016
Current advance payments:		
Purchase of construction materials	189,747,370	184,422,034
Sales commission	60,734,464	80,396,033
Others	66,277,182	43,364,707
Total current advance payments	316,759,016	308,182,774
Non-current advance payments:		
Purchase of:		
Land	613,163,220	486,388,304
Fixed assets and investment properties	18,706,815	17,455,529
Investment	7,166,822	7,166,822
Others	73,854	1,053,870
Total non-current advance payments	639,110,711	512,064,525
Total advance payments	**955,869,727**	**820,247,299**

9. FIXED ASSETS

	June 30, 2017				
	Balance as of January 1, 2017	Additions	Deductions	Reclass	Balance as of June 30, 2017
Mutation 2017					
Cost					
Land	20,698,962	-	-	-	20,698,962
Building and infrastructure	308,992,180	1,819,211	-	2,688,140	313,499,531
Machinery and heavy equipment	73,057,463	941,213	-	-	73,998,676
Vehicles	107,936,828	11,700,215	5,503,969	-	114,133,074
Furniture and office equipment	435,566,280	16,544,596	103,703	(897,387)	451,109,786
Sub total	946,251,713	31,005,235	5,607,672	1,790,753	973,440,029
Construction in progress	9,576,102	7,641,695	1,467,304	(4,849,343)	10,901,150
Total cost	**955,827,815**	**38,646,930**	**7,074,976**	**(3,058,590)**	**984,341,179**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

9. FIXED ASSETS (CONTINUED)

	June 30, 2017				
	Balance as of January 1, 2017	**Additions**	**Deductions**	**Reclass**	**Balance as of June 30, 2017**
Accumulated depreciation					
Direct ownership					
Building and infrastructure	126,468,382	7,426,572	-	-	133,894,954
Machinery and heavy equipment	25,178,696	4,029,235	-	-	29,207,931
Vehicles	76,933,224	6,823,115	5,147,279	-	78,609,060
Furniture and office equipment	275,904,201	33,568,247	77,951	-	309,394,497
Total accumulated depreciation	504,484,503	51,847,169	5,225,230		551,106,442
Net book value	**451,343,312**				**433,234,737**

	December 31, 2016				
	Balance as of January 1, 2016	**Additions**	**Deductions**	**Reclass**	**Balance as of December 31, 2016**
Mutation 2016					
Cost					
Land	20,698,962	-	-	-	20,698,962
Building and infrastructure	267,862,183	9,256,841	67,191	31,940,347	308,992,180
Machinery and heavy equipment	37,195,524	23,232,623	128,700	12,758,016	73,057,463
Vehicles	104,193,166	6,003,249	2,633,894	374,307	107,936,828
Furniture and office equipment	369,217,202	27,037,789	1,620,176	40,931,465	435,566,280
Sub total	799,167,037	65,530,502	4,449,961	86,004,135	946,251,713
Under finance lease - Vehicle	350,398	-	-	(350,398)	-
Construction in progress	30,295,324	11,780,715	117,500	(32,382,437)	9,576,102
Total cost	**829,812,759**	**77,311,217**	**4,567,461**	**53,271,300**	**955,827,815**
Accumulated depreciation					
Direct ownership					
Building and infrastructure	111,871,961	14,281,573	8,209	323,057	126,468,382
Machinery and heavy equipment	20,399,242	4,779,454	-	-	25,178,696
Vehicles	64,659,957	14,261,904	2,140,961	152,324	76,933,224
Furniture and office equipment	212,257,223	62,290,064	604,129	1,961,043	275,904,201
Sub-total	409,188,383	95,612,995	2,753,299	2,436,424	504,484,503

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

9. FIXED ASSETS (CONTINUED)

	December 31, 2016				
	Balance as of January 1, 2016	**Additions**	**Deductions**	**Reclass**	**Balance as of December 31, 2016**
Mutation 2016 (continued)					
Accumulated depreciation (continued)					
Under finance lease - Vehicle	152,324	-	-	(152,324)	-
Total accumulated depreciation	409,340,707	95,612,995	2,753,299	2,284,100	504,484,503
Net book value	**420,472,052**				**451,343,312**

Depreciation was charged to the following:

	June 30, 2017	**June 30, 2016**
General an administrative expenses (Note 28)	47,324,216	41,853,324
Cost of sales and direct costs	4,522,953	5,353,342
Total	**51,847,169**	**47,206,666**

The details of sales of fixed assets are as follows:

	June 30, 2017	**June 30, 2016**
Cost	5,582,682	1,560,397
Accumulated depreciation	(5,213,165)	(1,028,921)
Net book value	369,517	531,476
Selling price	876,256	929,174
Gain on sales of fixed assets - net	**506,739**	**397,698**

As of June 30, 2017, the Company disposed certain of its fixed assets with net book value of Rp1,480,229 (2016: Rp431,751).

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

9. FIXED ASSETS (CONTINUED)

The details of construction in progress are as follows:

	June 30, 2017		December 31, 2016	
	Total	**Percentage of commpletion (%)**	**Total**	**Percentage of commpletion (%)**
Bandung Multipurpose Building	2,322,932	86.00	1,764,132	75.00
Karawang Main Monument	-	-	2,716,632	44.00
Others	8,578,218		5,095,338	-
Total construction in progress	**10,901,150**		**9,576,102**	

Below are the estimated completion dates for the construction in progress as of June 30, 2017:

	Estimated Completion Dates
Bandung Multipurpose Building	July 2017

The percentages of completion of the construction in progress are based on the actual expenditures incurred compared to the total budgeted project cost.

As of June 30, 2017 and December 31, 2016, the reclassification from construction in progress to fixed assets amounting to Rp2,700,876 and Rp32,382,437, respectively.

As of June 30, 2017 and December 31, 2016, the reclassifications of fixed assets with net book value amounting to Rp1,119,225 and Rp97,706, respectively, to investment properties was due to the change in management's intention on the use of the related assets (Note 10).

As of June 30, 2017 and December 31, 2016, the reclassification of fixed assets with net book value amounting to Rp172,000 and Rp49,121,751, respectively, from investment properties was due to the change in management's intention on the use of the related assets (Note 10).

As of June 30, 2017 and December 31, 2016, the reclassification from fixed assets with net book value amounting to Rp2,111,335 and RpNil to inventories was due to the change in management's intention on the use of the related assets. (Note 6).

As of June 30, 2017, fixed assets, except land, are covered by insurance against fire, flood and other risks (all-risks) under blanket policies with several companies, including PT Asuransi Allianz Utama Indonesia, PT AIG Insurance Indonesia, PT Asuransi Central Asia, PT KSK Insurance Indonesia and PT Asuransi Asoka Mas, all third parties, for US$25,972,559 and Rp199,172,398.

As of June 30, 2017, fixed assets with net book value Rp54,263,218 (2016: Rp48,700,460) are used as collateral for the loans from banks and financing institutions (Note 12).

The fair value of the fixed assets as of June 30, 2017 amounting to Rp798,490,000 was determined by independent appraisers KJPP Hendra Gunawan and Partners in its report dated May 23, 2014.

Based on the Group's assessments, there were no events or changes in circumstances which indicated an impairment in the value of fixed assets as of June 30, 2017.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

10. INVESTMENT PROPERTIES

The details of investment properties are as follows:

	June 30, 2017				
	Balance as of January 1, 2017	**Additions**	**Deductions**	**Reclass**	**Balance as of June 30, 2017**
Mutation 2017					
Cost					
Land	886,540,037	24,706,698	-	-	911,246,735
Building and infrastructures	3,687,517,126	11,049,847	-	10,202,926	3,708,769,899
Machinery and heavy equipment	684,451,554	7,535,871	-	1,082,093	693,069,518
Hotel facilities	227,774,245	33,131	-	-	227,807,376
Sub-total	5,486,282,962	43,325,547	-	11,285,019	5,540,893,528
Construction in progress	52,917,061	81,779,820	-	(10,381,331)	124,315,550
Total cost	5,539,200,023	125,105,367	-	903,688	5,665,209,078
Accumulated depreciation					
Building and infrastructures	662,724,831	58,577,324	-	-	721,302,155
Machinery and heavy equipment	313,801,699	32,413,962	-	-	346,215,661
Hotel facilities	75,979,795	8,959,625	-	-	84,939,420
Total accumulated depreciation	1,052,506,325	99,950,911	-	-	1,152,457,236
Net book value	**4,486,693,698**				**4,512,751,842**

	December 31, 2016				
	Balance as of January 1, 2016	**Additions**	**Deductions**	**Reclass**	**Balance as of December 31, 2016**
Mutation 2016					
Cost					
Land	863,395,551	23,019,486	-	125,000	886,540,037
Building and infrastructures	3,330,952,646	54,316,727	1,561,334	303,809,087	3,687,517,126
Machinery and heavy equipment	540,119,435	9,941,702	159,260	134,549,677	684,451,554
Hotel facilities	111,362,678	102,553	-	116,309,014	227,774,245
Furniture and office equipment	11,262,696	-	-	(11,262,696)	-
Sub-total	4,857,093,006	87,380,468	1,720,594	543,530,082	5,486,282,962
Construction in progress	336,649,545	307,099,252	-	(590,831,736)	52,917,061
Total cost	5,193,742,551	394,479,720	1,720,594	(47,301,654)	5,539,200,023

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

10. INVESTMENT PROPERTIES (CONTINUED)

	December 31, 2016				
	Balance as of January 1, 2016	**Additions**	**Deductions**	**Reclass**	**Balance as of December 31, 2016**
Accumulated depreciation					
Building and infrastructures	559,917,123	101,688,028	-	1,119,680	662,724,831
Machinery and heavy equipment	261,229,054	52,731,905	159,260	-	313,801,699
Hotel facilities	57,161,032	18,814,515	-	4,248	75,979,795
Furniture and office equipment	3,683,536	-	-	(3,683,536)	-
Total accumulated depreciation	881,990,745	173,234,448	159,260	(2,559,608)	1,052,506,325
Net book value	**4,311,751,806**				**4,486,693,698**

Depreciation was charged to the following:

	June 30, 2017	**June 30, 2016**
Cost of sales and direct costs	98,383,656	85,811,748
General and administrative expenses (Note 28)	1,567,255	1,203,247
Total	**99,950,911**	**87,014,995**

The details of sales of investment properties are as follows:

	June 30, 2017	**June 30, 2016**
Cost	-	73,397
Accumulated depreciation	-	(73,397)
Net book value	-	-
Selling price	-	63,636
Gain on sales of investment properties - net	**-**	**63,636**

As of June 30, 2017, the Company disposed certain of its investment properties with net book value of RpNil (2016: Rp1,561,334).

As of June 30, 2017 and December 31, 2016, the reclassifications from construction in progress to the appropriate completed investment properties amounting to Rp10,165,794 and Rp590,145,300, respectively.

As of June 30, 2017 and December 31, 2016, the reclassification of investment properties with net book value amounting to Rp1,119,225 dan Rp97,706, respectively, from fixed assets was due to the change in management's intention on the use of the related assets (Note 9).

As of June 30, 2017 and December 31, 2016, the reclassifications of investment properties with net book value amounting to Rp172,000 dan Rp49,121,751, respectively, to fixed assets was due to the change in management's intention on the use of the related assets (Note 9).

As of June 30, 2017 and December 31, 2016, the reclassifications of investment properties with net book value amounting to RpNil and Rp7,433,820, respectively, from inventories was due to the change in management's intention on the use of the related assets (Note 6).

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

10. INVESTMENT PROPERTIES (CONTINUED)

As of June 30, 2017 and December 31, 2016, the reclassifications of investment properties with net book value amounting to RpNil and Rp574,788, respectively, to inventories was due to the change in management's intention on the use of the related assets (Note 6).

The details of construction in progress are as follows:

	June 30, 2017		December 31, 2016	
Project	**Total**	**Percentage of completion (%)**	**Total**	**Percentage of completion (%)**
Movenpick Resort & Spa, Jimbaran, Bali	59,718,370		22,148,135	92.00
Wedding Hall	26,141,191		6,216,861	63.00
Others	38,455,989		24,552,065	-
Total construction in progress	**124,315,550**		**52,917,061**	

Below are the estimated completion dates of the projects under construction in progress as of June 30, 2017:

	Estimated Completion Dates
Wedding Hall	July 2017

The percentages of completion of the construction in progress are based on the actual expenditures incurred compared to the total budgeted project cost.

As of June 30, 2017, borrowing cost capitalized to investment properties amounted to RpNil (2016: Rp18,098,384).

As of June 30, 2017, investment properties, except land, are covered by insurance against fire, flood, and other risks (all risk) under blanket policies with several companies, including PT Asuransi Allianz Utama Indonesia, PT Asuransi AXA Indonesia, PT Zurich Insurance Indonesia, PT Asuransi Central Asia, PT Asuransi Indrapura, PT ACE Jaya Proteksi, PT Asuransi Rama Satria Wibawa, PT Asuransi Asoka Mas, PT Asuransi Ekspor Indonesia and PT Asuransi Astra Buana, all third parties, with sum insured amounted US$498,982,358 and Rp745,811,956.

As of June 30, 2017, the Group also covered its investment properties by insurance against terrorism and sabotage for US$280,368,997 and Rp796,100,000. In addition, the Group also obtained insurance against business interruption amounting to US$35,100,000 and Rp1,264,850,000. the Group's management is of the opinion that the above coverages are adequate to cover possible losses arising from such risks.

As of June 30, 2017, investment properties with net book value of Rp2,545,760,567 (2016: Rp2,657,751,587) are pledged as collateral for the loans from banks and financing institutions, bonds payable and sukuk ijarah (Notes 12 and 13).

The fair value of the investment properties as of June 30, 2017 amounted to Rp16,569,221,125, which was determined by independent appraisers KJPP Hendra Gunawan and Partners in its report dated May 23, 2014.

Rental income from investment properties recognized in the consolidated statement of comprehensive income as of June 30, 2017 amounted to Rp652,942,771 (2016: Rp632,696,947) (Note 26).

Based on the Group's assessments, there were no events or changes in circumstances which indicated an impairment in the value of investment properties as of June 30, 2017.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

11. OTHER FINANCIAL ASSETS

This account consists of:	**June 30, 2017**	**December 31, 2016**
Current financial asset		
Security deposit	122,503	106,644
Other non-current financial assets		
Restricted time deposits:		
PT Bank OCBC NISP Tbk	62,835,342	52,729,870
PT Bank International Indonesia Tbk	19,323,371	20,361,940
PT Bank Permata Tbk	17,155,574	15,925,300
PT Bank CIMB Niaga Tbk	14,972,731	10,248,533
Others (each below Rp10,000,000)	25,794,831	26,367,164
Restricted cash in banks:		
PT Bank Central Asia Tbk	110,076,115	92,412,966
Others (each below Rp10,000,000)	4,519,026	6,948,034
Investment - available for sale	212,500	212,500
Security deposit	1,571,665	1,569,180
Total other non-current financial assets	256,461,155	226,775,487
Total other financial assets	**256,583,658**	**226,882,131**

The restricted time deposit in PT Bank Central Asia Tbk (BCA) and PT Bank Mandiri (Persero) Tbk (Mandiri) are used as collateral for loans and the interest payments on the loans obtained by the Company, LTMD, MKOJ and SMHO from these banks (Note 12).

As of June 30, 2017, the restricted time deposits in PT Bank OCBC NISP Tbk (OCBC), PT Bank Internasional Indonesia Tbk (BII), PT Bank Permata Tbk (Permata) , PT Bank CIMB Niaga Tbk (CIMB), PT Bank Central Asia Tbk (BCA), PT Bank Danamon Indonesia Tbk (Danamon), PT Bank Mandiri (Persero) Tbk (Mandiri), PT Bank UOB Indonesia Tbk (UOB), PT Bank Rakyat Indonesia Tbk (BRI), and PT Bank Pan Indonesia Tbk (Panin) are used as collateral for the corporate guarantees provided by the Company and SPCK to those banks on the housing loans obtained by the customers of the Company and KSO Summarecon Serpong.

For the six-month periods ended June 30, 2017, the restricted time deposits earned interest at annual interest rate of 4.05%-7.00% (2016: 5.27%-5.92%).

Investments - available for sale consist of the following investments of the Company in other entities with ownership interests below 20%, as follows:

		Carrying value as of	
Entities	**Percentage of Ownership (%)**	**June 30, 2017**	**December 31, 2016**
PT Graha REI Property	2.89	100,000	100,000
PT Daksawira Perdana	6.25	62,500	62,500
PT Jakartabaru Cosmopolitan	1.00	50,000	50,000
Total		**212,500**	**212,500**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

12. SHORT-TERM BANK LOANS AND LONG-TERM DEBTS

a. The short-term bank loans are due to the following third parties

	June 30, 2017	December 31, 2016
Rupiah		
PT Bank OCBC NISP Tbk	300,000,000	180,000,000
PT Bank Sumitomo Mitsui Indonesia	250,000,000	250,000,000
PT Bank Mandiri (Persero) Tbk	200,000,000	200,000,000
PT Bank Resona Perdania	161,576,000	185,576,000
PT Bank Mayora Tbk	150,000,000	100,000,000
PT Bank Central Asia Tbk	43,699,534	80,838,667
PT Bank Muamalat Indonesia Tbk	35,000,000	-
PT Bank Bumi Arta Tbk	2,727,481	4,076,065
Unites States dollar		
PT Bank Resona Perdania (US$3,000,000 as of June 30, 2017 and December 31, 2016)	39,957,000	40,308,000
Total	**1,182,960,015**	**1,040,798,732**

b. The long-term loans from banks and financing institutions are due to third parties and consist of the following:

	June 30, 2017	December 31, 2016
Rupiah		
PT Bank Central Asia Tbk	2,340,192,175	2,201,290,576
PT Bank Mandiri (Persero) Tbk	1,658,500,000	1,570,363,000
PT Bank Bumi Arta Tbk	31,038,492	33,257,435
PT BCA Finance	12,186,470	5,966,424
United States dollar		
PT Bank Central Asia Tbk	107,655,434	102,708,909
Total loans from Banks and financing institution	**4,149,572,571**	**3,913,586,344**
Less of unamortized debt commission fees	(9,677,508)	(9,704,951)
Net	4,139,895,063	3,903,881,393
Less of current maturities	(483,063,405)	(361,511,052)
Long-term portion	**3,656,831,658**	**3,542,370,341**

As of June 30, 2017 and December 31, 2016, the details of future installments of the long-term loans from banks and financing institutions are as follows:

	June 30, 2017	December 31, 2016
Year Due		
2017	-	361,511,052
2018	483,063,405	603,842,090
2019	767,625,046	870,462,122
2020	1,381,055,911	1,187,421,878
2021	993,779,157	635,399,429

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

12. SHORT-TERM BANK LOANS AND LONG-TERM DEBTS (CONTINUED)

As of June 30, 2017 and December 31, 2016, the details of future installments of the long-term loans from banks and financing institutions are as follows:

	June 30, 2017	December 31, 2016
Year Due (continued)		
2022	350,647,639	172,964,086
2023	163,723,905	72,280,736
Total installments	**4,139,895,063**	**3,903,881,393**

PT Bank Sumitomo Mitsui Indonesia (Sumitomo)

The Company obtained Credit Revolving facility from Sumitomo with a maximum amount of Rp250,000,000, with credit period for a year starting from August 12, 2016 until August 31, 2017 and bore interest at annual rate of 8.4%. The outstanding loan balance as of June 30, 2017 amounting to Rp250,000,000 (2016: Rp250,000,000). In 2017, the Company made principal payment amounting to Rp500,000,000.

PT Bank Mandiri (Persero) Tbk (Mandiri)

The Company obtained several facilities from Mandiri as follows:

- Working capital credit facility with a maximum amount of Rp200,000,000, obtained on June 22, 2016. The loan is used to support the Company operational requirements in relation to the development of the residential and commercial area of Summarecon Bekasi, which is collateralized by MKOJ's investment property (Note 10) and is due on June 21, 2017. For the six-months period ended June 30, 2017, this loan bore interest at the annual rate of 9.85% (2016: 9.85%). The outstanding loan balance as of June 30, 2017 is Rp200,000,000 (2016: Rp200,000,000). In 2017, the Company has not made any principal payment.

- Special Purpose Credit Facility (PTK II) with a maximum amount of Rp600,000,000, obtained in 2013, and will be paid in quarterly installments starting from December 2015 to March 2020. This loan is collateralized by undeveloped land owned by JYBA and investment properties owned by LTMD (Notes 7 and 10). Both guarantees are cross collateral and cross default with other credit facilities. For the six-months period ended June 30, 2017, the loan bore interest at the annual rate of 9.85%. The outstanding loan balance as of June 30, 2017 amounted to Rp517,500,000 (2015: Rp542,500,000). In 2017, the Company has made principal payment amounting to Rp25,000,000.

- Special Purpose Credit Facility (PTK III), with a maximum amount of Rp750,000,000, obtained in 2015, is used for capital expenditures financing in Summarecon Bekasi area. The loan will be paid in quarterly installments starting from April 2018 to April 2021 and bear interest at the annual rate ranging from 9.85% up to 10.25%. The loan is collateralized by MKOJ's investment properties (Note 10). The guarantees are cross collateral and cross default with other credit facilities. The outstanding loan balance as of June 30, 2017 amounted to Rp750,000,000 (2016: Rp601,863,000). In 2017 and 2016, the Company has not made any principal payment.

MKOJ obtained several facilities from Mandiri as follows:

- Investment credit facility from Mandiri with a maximum amount of Rp530,000,000, obtained in 2012, that has been fully drawn in 2013 and will be paid in quarterly installments starting on the second quarter of 2014 up to the second quarter of 2020. The loan is collateralized by MKOJ's investment properties (Note 10), escrow accounts (Note 11) and corporate guarantees from MKOJ's shareholders. In 2017 and 2016, the loan bore interest at annual rate of 10.00%. As of June 30, 2017, the outstanding loan balance amounted to Rp391,000,000 (2016: Rp426,000,000). In 2017, the MKOJ has made principal payment amounting to Rp35,000,000 (2016: Rp54,000,000).

12. SHORT-TERM BANK LOANS AND LONG-TERM DEBTS (CONTINUED)

PT Bank Resona Perdania (Resona)

SPCK obtained working capital credit facility with a maximum amount of Rp30,000,000, obtained in August 2010 with credit period of one year, which was fully drawn in 2013. Furthermore, based on the amendment to the credit agreement dated August 29, 2014, this facility has been extended to August 19, 2017. The outstanding loan balance as of June 30, 2017 is Rp5,000,000 (2016: Rp29.000.000). In 2017, SPCK has made principal payments amounting to Rp24,000,000.

The Company obtained revolving credit facility from Resona with a maximum amount of US$3,000,000. The loan was due on December 17, 2014 and was collateralized by investment properties (Note 10). Furthermore, based on the amendment to the credit agreement dated November 11, 2014, this facility was increased from US$3,000,000 to become US$15,000,000 whereas the additional portion of loan is withdrawn in form of Rupiah or United States dollar and extended to December 17, 2017. The outstanding loan balance as of June 30, 2017 is US$3,000,000, or equivalent to Rp39,957,000 and Rp156,576,000 (2016: US$3,000,000, or equivalent to Rp40,308,000 and Rp156,576,000). In 2017 The Company has not made any principal payments.

PT Bank Mayora Tbk (Mayora)

The Company obtained Installment Loan facility from Mayora with maximum amount of Rp150.000.000, with credit period of 1 year which will due on October 19, 2017 and bore interest at annual rate ranging from 10.25% up to 10.50%. The outstanding balance as of June 30, 2017 is Rp150,000,000 (2016: Rp100,000,000). In 2017, the Company has made any principal payment amounting to Rp250,000,000.

PT Bank Central Asia Tbk (BCA)

The Company obtained several facilities from BCA as follows:

- Overdraft facility with a maximum amount of Rp80,000,000 with credit period of one year. Furthermore, this facility as been extended up to October 23, 2017. The loan is collateralized by trade receivables, investment properties, escrow accounts and restricted time deposits (Notes 5, 10 and 11). In 2017, the loan bore interest at annual rate of 9.25%. The outstanding loan balance as of June 30, 2017 amounted to Rp32,156,334 (2016: Rp54,691,588). In 2017, the Company made principal payments totaling Rp22,535,254 (2016: 38,889,093).

- The Company also obtained investment credit facility with a maximum amount of Rp550,000,000 with credit period of 6 years, to February 28, 2022 and bears interest at annual rate ranging from 9.25% to 9.75%. The loan is collateralized with land and The Kensington Apartment building. The outstanding loan balance as of June 30, 2017 is Rp515,808,000 (2016: Rp355,648,000). In 2017, the Company has not made any principal payment.

SPCK obtained several facilities from BCA as follows:

- Overdraft facility with a maximum amount of Rp80,000,000 which will due on March 21, 2018. The loan is collateralized by undeveloped land (Note 7). The outstanding loan balance as of June 30, 2017 amounted to Rp11,543,200 (2016: Rp26,147,079). In 2017, SPCK made principal payments totaling Rp26,147,079 (2016: Rp53,725,124).

- Investment Credit Facility 1 with a maximum amount of Rp100,000,000, obtained in January 2016, used for financing The Spring Club, and will be due on September 13, 2021 (This facility has been transferred from several facilities with a maximum amount to Rp750,000,000). The loan is payable quarterly installments starting from June 13, 2016 up to September 13, 2021, and bear interest at the annual rate of 10.25%. The loan is collateralized by undeveloped land which belongs to SPCK (Note 7). The outstanding loan balance as of June 30, 2017 is Rp85,000,000 (2016: Rp95,000,000). In 2017, the Company has made principal payments amounted to Rp10,000,000.

- Investment Credit Facility II with a maximum amount of Rp200,000,000, obtained in April 2015. The loan is payable quarterly installments starting from September 2017 up to June 2021 and is collateralized by undeveloped land which belongs to JYBA, JBC and SPCK (Note 7). The outstanding loan balance as of June 30, 2017 is Rp200,000,000 (2016: Rp183,100,000). In 2017, the Company has not made any principal payment.

12. SHORT-TERM BANK LOANS AND LONG-TERM DEBTS (CONTINUED)

PT Bank Central Asia Tbk (BCA) (continued)

- Investment credit Facility III with a maximum amount Rp400.000.000, obtained on January 2016. The loan will be paid in quarterly installments starting in June 2018 up to March 2022. The loan is intended for working capital and to finance apartment, house, and infrastructure construction in Summarecon Serpong. The loan is collaterized by undeveloped land (Note 7) and bore annual interest rate at 9.25%. The loan outstanding balance as of June 30, 2017 is Rp305,850,000 (2016: Rp305,850,000). In 2017, SPCK has not made any principal payments.

- Time Loan Revolving Facility with a maximum amount of Rp100.000.000, obtained on January 2016 and is used for working capital in SPCK. The loan will be due on March 21, 2018, collateralized by undeveloped land (Note 7), and bore annual interest rate at 9.25%. The loan outstanding balance as of June 30, 2017 is RpNil.

LTMD obtained several facilities from BCA as follows:

- Investment credit facility II with maximum amount of Rp350,000,000, which had been fully drawn in 2011 and 2012 and payable quarterly from June 2013 to March 2021. The loan is used for construction of Summarecon Mal Serpong phase II, collateralized by trade receivables, investment property, and escrow accounts (Notes 5, 10 and 11) and bore interest at the annual rate of 9.25%. The outstanding loan balance as of June 30, 2017 is Rp231,000,000 (2016: Rp253,750,000). In 2017, LTMD made principal payments totaling Rp22,750,000 (2016: Rp34,125,000).

PMJA and HOPJ obtained several facilities from BCA as follows:

- Investment credit facility (rupiah) with a maximum amount of Rp300,000,000, wherein the portions of PMJA and HOPJ amounted to Rp100,000,000 and Rp200,000,000, respectively, which have been partially drawn in 2013 and are payable in quarterly installments starting on the third quarter of 2017 up to the third quarter of 2023. Furthermore, based on BCA letter dated April 4, 2016, BCA agreed on changes in the allocation portion of loan, wherein the portion of PMJA and HOPJ amounted to Rp220,000,000 and Rp307,000,000, respectively. The outstanding loan balance as of June 30, 2017 is Rp438,784,175 (2016: Rp379,192,576). In 2017, no principal payments were made by PMJA and HOPJ.

- Investment credit facility (US$) with a maximum amount of US$30,000,000, wherein the portions of PMJA and HOPJ amounted to US$10,000,000 and US$20,000,000, respectively, which have been partially drawn in 2013 and are payable in quarterly installments starting on the third quarter of 2017 up to the third quarter of 2023. Furthermore, based on BCA letter dated April 4, 2016, BCA agreed on changes in the allocation portion of loan, wherein the portion of PMJA and HOPJ amounted to US$5.000.000 and US$4.800.000. The outstanding loan balance as of June 30, 2017 is US$8,014,640 or equivalent to Rp107,655,434 (2016: US$7,644,307, or equivalent to Rp102,708,909). In 2017, no principal payments were made by PMJA and HOPJ.

The loan is used for the construction of Movenpick Resort & Spa, Jimbaran, Bali, collateralized by fixed assets and investment property owned by PMJA (Notes 9 and 10) and all shares of PMJA and HOPJ. For the six-month periods ended June 30, 2017, the loan bore interest at annual rates of 9.25% for the Investment Credit Facility (rupiah) and at the annual rate of 5.50%for the Investment Credit (US$).

The Company and certain subsidiaries (the “Companies”) obtained several facilities from BCA with a total maximum amount of Rp650,000,000, (previously Rp750,000,000) as follows:

- **Company**: Investment Credit Facility 1 with a maximum amount of Rp75,000,000, used for project construction of Hotel Pop! Kelapa Gading;
- **MKOJ**: Investment Credit Facility 2 with a maximum amount of Rp165,000,000, used for project construction of Harris Hotel Bekasi;
- **DNMP**: Investment Credit Facility 3 with a maximum amount of Rp70,000,000, used for project construction of Plaza Summarecon Bekasi;
- **SMHO**: Investment Credit Facility 4 with a maximum amount of Rp65,000,000, used for purchase of operational equipment of Hotel Pop! Kelapa Gading and Hotel Harris Summarecon Bekasi;
- **LTMD**: Investment Credit Facility 5 with a maximum amount of Rp225,000,000, used for project construction of Summarecon Digital Center;
- **KRIP**: Investment Credit Facility 7 with a maximum amount of Rp50,000,000, used for project construction of Scientia Business Park.

12. SHORT-TERM BANK LOANS AND LONG-TERM DEBTS (CONTINUED)

PT Bank Central Asia Tbk (BCA) (continued)

Credit facility installments will be paid quarterly starting from December 13, 2016 up to September 13, 2021, and the loans bear interest at the annual rate of 9.25% (2016: 9.25%). The loans from BCA are collateralized by lease receivables, restricted time deposits and investment properties owned by the Companies (Notes 5, 10 and 11). The outstanding loan balance as of June 30, 2017 amounted to Rp563,750,000 (2016: Rp628,750,000). In 2017, the Company and certain subsidiaries made principal payments totaling to Rp65,000,000.

MKPP obtained several facilities from BCA as follows:

- Overdraft facility with a maximum amount of Rp100,000,000 with credit period of one year, due on June 14, 2018. This loan is collateralized by undeveloped land (Note 7) and bore interest at annual rate of 9.25%. The outstanding loan balance as of June 30, 2017 is RpNil.

- Investment credit Facility with a maximum amount of Rp500,000,000, obtained in April 2016, used for financing residential and infrastructur area of Summarecon Bandung, and due on June 14, 2019 and bore interest at the annual rate 9.25%. This loan is collateralized by undeveloped land owned MKPP (Note 7). The outstanding loan balance as of June 30, 2016 is RpNil.

PT Bank OCBC NISP Tbk (OCBC)

The Company obtained credit facilities as follows:

- Demand loan credit facility with a maximum amount of Rp100,000.000, which is subsequently increased to Rp300,000,000;
- Foreign exchange transaction facility with a maximum amount of US$5,000,000.

The credit facilities will due on May 30, 2018. The loan is collateralized by land and building owned by the Company (Notes 9 and 10). The loan bore interests at annual rates ranging from 10.25% up to 10.5%. The outstanding loan balance as of June 30, 2017 is Rp300,000,000 (2016: Rp180,000,000). In 2017, the Company has made principal payment amounted to Rp233,000,000 (2016: Rp241,000,000).

PT Bank Bumi Arta Tbk (BBA)

BTKV obtained several credit facilities as follows:

- Overdraft facility with a maximum amount of Rp10,000,000. The overdraft facility has been regularly extended every year, where the last extention is up to May 12, 2017. The outstanding loan balance as of June 30, 2017 is Rp2,727,481 (2016: Rp4,076,065). In 2017, BTKV has made principal payments amounted to Rp4,076,065 (2016: Rp5,386,249).

- Investment credit facility with a maximum amount of Rp42,000,000 which was fully drawn as of December 31, 2012. The loan is payable in quarterly installments up to June 21, 2022. The outstanding loan balance as of June 30, 2017 Rp31,038,493 (2016: Rp33,257,435). In 2017, BTKV made principal payments amounted to Rp2,218,943 (2016: Rp4,049,502).

The loans are collateralized by fixed assets (Note 9) and 5.000 shares BTKV. For the six-month period ended June 30, 2017, the loans bore interest at the annual rate of 11.75% (2016: 11.75%).

No covenants were required by BBA in relation to the credit facilities.

PT Bank Muamalat Indonesia Tbk (Muamalat)

The Company obtained credit facility from Muamalat with maximum amount of Rp130.000.000, with credit period of 1 year which will due on May 23, 2018 and bore interest at annual rate of 9.75%. The outstanding balance as of June 30, 2017 is Rp35,000,000. In 2017, the Company has not made any principal payment.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

12. SHORT-TERM BANK LOANS AND LONG-TERM DEBTS (CONTINUED)

PT BCA Finance

The loans from PT BCA Finance represent drawdowns from various consumer financing credit facilities obtained by the Group, which were used to finance the acquisitions of vehicles. The loans are payable in monthly installments at different dates, the latest up to October 24, 2019 and are collateralized by the vehicles purchased (Note 9). The outstanding loans balance as of June 30, 2017 amounted to Rp12,186,470 (2016: Rp5,966,424). In 2017, the Group has made principal payments totaling Rp2,909.034 (2016: 7,692,415).

For the six-month periods ended June 30, 2016, the loans bore interest at annual rates ranging from 4.49% to 15.62% (4.49% sampai dengan 15.62%).

There are no covenants imposed by PT BCA Finance in relation to these loans.

The general covenants required by the above banks, except for BBA and BCA Finance are as follows:

a. Maintain certain financial ratios as follows:
   (1) EBITDA to interest expense ratio of not less than 1:1 up to 1:1.5
   (2) Interest-bearing debt to equity ratio not more than 2:1 up to 3:1
   (3) Maintain positive equity and profit.

b. Obtain written approval from the related banks prior to performing the following activities, among others:
   (1) Obtain new loans/credits from other parties, which bear interest, except in the course of business transaction and still within the financial ratio requirement above;
   (2) Enter into merger or acquisition;
   (3) Change the shareholders' composition;
   (4) Sell or transfer in any form or dispose partially or entirely the Company's assets;
   (5) Encourage other parties to propose to the court to declare bankruptcy or ask for postponement in obligation payment;
   (6) Act as guarantor for or collateralize other parties obligation;
   (7) Amend its legal status, articles of association, the composition of the Boards of Directors and Commissioners and ultimate shareholder;
   (8) Decrease their respective authorized capital stock or paid-in capital.

As of June 30, 2017 and December 31, 2016, each of the debtors (the Company and certain Subsidiaries) are in compliance with all the debt covenants related to the above short-term bank loans and long-term debts.

13. BONDS PAYABLE AND SUKUK IJARAH

The details of bonds issued are as follows:

	June 30, 2017	December 31, 2016
Face Value		
Obligasi Berkelanjutan I Tahap I	450,000,000	450,000,000
Obligasi Berkelanjutan I Tahap II	800,000,000	800,000,000
Obligasi Berkelanjutan I Tahap III	150,000,000	150,000,000
Obligasi Berkelanjutan II Tahap I	500,000,000	500,000,000
Sukuk Ijarah Berkelanjutan I Tahap I	150,000,000	150,000,000
Sukuk Ijarah Berkelanjutan I Tahap II	300,000,000	300,000,000
Sukuk Ijarah Berkelanjutan I Tahap III	150,000,000	150,000,000
Total face value	**2,500,000,000**	**2,500,000,000**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

13. BONDS PAYABLE AND SUKUK IJARAH (CONTINUED)

The details of bonds issued are as follows:

	June 30, 2017	December 31, 2016
Less deferred issuance costs (net of current amortization of Rp2,980,617 as of June 30, 2017 and Rp5,588,609 as of December 31, 2016)	(15,057,840)	(18,038,457)
Neto	**2,484,942,160**	**2,481,961,543**
Less current maturities	-	-
Long-term portion	**2,484,942,160**	**2,481,961,543**

The details of the above deferred issuance costs and the related accumulated amortization are as follows:

	June 30, 2017	December 31, 2016
Obligasi Berkelanjutan I Tahap I	7,336,106	7,336,106
Obligasi Berkelanjutan I Tahap II	6,160,646	6,160,646
Obligasi Berkelanjutan I Tahap III	1,124,325	1,124,325
Obligasi Berkelanjutan II Tahap I	8,919,096	8,919,096
Sukuk Ijarah Berkelanjutan I Tahap I	2,504,429	2,504,429
Sukuk Ijarah Berkelanjutan I Tahap II	2,325,993	2,325,993
Sukuk Ijarah Berkelanjutan I Tahap III	1,124,325	1,124,325
Total	**29,494,920**	**29,494,920**
Less accumulated amortization of deferred issuance costs (inclusive of current amortization of Rp2,980,617 as of June 30, 2017 and Rp5,588,609 as of December 31, 2016)	(14,437,080)	(11,456,463)
Neto	**15,057,840**	**18,038,457**

Obligasi Berkelanjutan I Tahap I ("OB I Tahap I")

On December 11, 2013, the Company issued OB I Tahap I with nominal value of Rp450,000,000 with fixed annual interest of 10.85%. Interest is payable quarterly in arrears, which started on March 11, 2014 and continues up to December 11, 2018. The OB I Tahap I is due on December 11, 2018.

The OB I Tahap I has been listed in the Indonesia Stock Exchange since December 11, 2013.

The OB I Tahap I is secured by the Company's investment property (Note 10).

PT Pemeringkat Efek Indonesia (Pefindo), a securities rating agency in Indonesia, gave a rating of $_{id}$A+ (single A plus) for the OB I Tahap I in 2017.

Obligasi Berkelanjutan I Tahap II ("OB I Tahap II")

On October 10, 2014, the Company issued OB I Tahap II with nominal value of Rp800,000,000 with fixed annual interest of 11.50%. Interest is payable quarterly in arrears, which will start on January 10, 2015 and continues up to October 10, 2019. The OB I Tahap II is due on October 10, 2019.

The OB I Tahap II has been listed in the Indonesia Stock Exchange since October 10, 2014.

The OB I Tahap II is secured by the Company's investment property (Note 10).

PT Pemeringkat Efek Indonesia (Pefindo), a securities rating agency in Indonesia, gave a rating of $_{id}$A+ *(*single A plus*)* for the OB I Tahap II in 2017.

13. BONDS PAYABLE AND SUKUK IJARAH (CONTINUED)

Obligasi Berkelanjutan I Tahap III ("OB I Tahap III")

On April 22, 2015, the Company issued OB I Tahap III with nominal value of Rp150,000,000 with fixed annual interest of 10.50%. Interest is payable quarterly in arrears, which will start on July 22, 2015 and continues up to April 22, 2018. The OB I Tahap III is due on April 22, 2018.

The OB I Tahap III has been listed in the Indonesia Stock Exchange since April 22, 2015.

The OB I Tahap III is secured by the Company's undeveloped land (Note 7).

PT Pemeringkat Efek Indonesia (Pefindo), a securities rating agency in Indonesia, gave a rating of $_{id}$A+ (single A plus) for the OB I Tahap III in 2017.

Obligasi Berkelanjutan II Tahap I ("OB II Tahap I")

On December 16, 2015, the Company issued OB II Tahap I with nominal value of Rp500,000,000 with fixed annual interest rate of 11.25%. Interest is payable quarterly in arrears, which will start on March 16, 2016 and continues up to December 16, 2020. The OB II Tahap I is due on December 16, 2020.

The OB II Tahap I has been listed in the Indonesia Stock Exchange since December 17, 2015.

The OB II Tahap I is secured by the Company's investment property (Note 10).

PT Pemeringkat Efek Indonesia (Pefindo), a securities rating agency in Indonesia, gave a rating of $_{id}$A+ (single A plus) for the OB II Tahap I in 2017.

Sukuk Ijarah Berkelanjutan I Tahap I ("SIB I Tahap I")

On December 11, 2013, the Company issued SIB I Tahap I with nominal value of Rp150,000,000, with obligation to pay benefit installment of ijarah amounting to Rp16,275,000 annually for 5 years. Payment of the benefit installment of ijarah is made quarterly in arrears. The SIB I Tahap I is due on December 11, 2018.

The SIB I Tahap I has been listed in the Indonesia Stock Exchange since December 11, 2013.

The SIB I Tahap I is guaranteed by the Company's investment property (Note 10).

PT Pemeringkat Efek Indonesia (Pefindo), a securities rating agency in Indonesia, gave a rating of $_{id}$A+$_{(sy)}$ (single A plus syariah) for the SIB I Tahap I in 2017.

Sukuk Ijarah Berkelanjutan I Tahap II ("SIB I Tahap II")

On October 10, 2014, the Company issued SIB I Tahap II with a nominal value of Rp300,000,000, with obligation to pay benefit installment of ijarah amounting to Rp34,500,000 annually, payable over 5 years which started on October 10, 2014 and continues up to October 10, 2019. Payments of the benefit installment of ijarah are made quarterly in arrears. The SIB I Tahap II is due on October 10, 2019.

The SIB I Tahap II has been listed on the Indonesia Stock Exchange since October 10, 2014.

The SIB I Tahap II is guaranteed by the Company's investment property (Note 10).

PT Pemeringkat Efek Indonesia (Pefindo), a securities rating agency in Indonesia, gave a rating of $_{id}$A+$_{(sy)}$ (single A plus syariah) for the SIB I Tahap II in 2017.

13. BONDS PAYABLE AND SUKUK IJARAH (CONTINUED)

Sukuk Ijarah Berkelanjutan I Tahap III ("SIB I Tahap III")

On April 22, 2015, the Company issued SIB I Tahap III with a nominal value of Rp150,000,000 with obligation to the benefit installment of ijarah amounting to Rp15,750,000 annually, payable over 3 years which started on July 22, 2015 and continues up to April 22, 2018. Payments of the benefit installment of ijarah are made quarterly in arrears. The SIB I Tahap III is due on April 22, 2018.

The SIB I Tahap III has been listed on the Indonesia Stock Exchange since April 22, 2015.

The SIB I Tahap III is guaranteed by the Company's investment property (Note 10).

PT Pemeringkat Efek Indonesia (Pefindo), a securities rating agency in Indonesia, gave a rating of $_{id}A+_{(sy)}$ (single A plus syariah) for the SIB I Tahap III in 2017.

Based on the minutes of meetings of the bond holders and sukuk ijarah holders ("holders"), the holders agreed that :
- 70% of the funds generated from the issuance of OB I Tahap I and SIB I Tahap I will be used for the property development of the Group and about 30% will be used for working capital;
- 90% of funds generated from the issuance of the OB I Tahap II and SIB I Tahap II, will be used for business expansion in property across areas and about 10% will be used for working capital;
- 100% of funds generated from the issuance of the OB I Tahap III and SIB I Tahap III will be used for business expansion in property across areas;
- 70% of the funds generated from the issuance of OB II Tahap I will be used for property development of the Group and about 30% will be used for working capital.

Based on Perjanjian Perwaliamanatan Obligasi (OB Tahap I,II & III and SIB Tahap I, II & III and OB II Tahap I) between the Company and PT Bank CIMB Niaga Tbk as a trustee, the Company is required to comply with the following covenants, among others:

a. Maintain certain financial ratios:
   (1) Interest-bearing debt to equity ratio of not more than 3:1;
   (2) EBITDA to interest expense ratio of not less than 1:1;
   (3) Collateral value, which should be appraised every year by an appraiser registered with BAPEPAM-LK, to the bonds payable of not less than 1:1.

   The Company complied with all the above financial ratio requirements.

b. The Company is not allowed to conduct the following activities, without the prior consent of the trustee:
   (1) Pay or make or distribute other payment in the company's book as long as the company defaults on its obligation to make payment to the bondholders under the terms of the trustee agreements and debt instruments, except for payments made for the Company's daily operational activities;
   (2) Lend to any party, except:
      a. Existing loan before signing Perjanjian Perwaliamanatan;
      b. Loan transactions which is done based on business practices along with the Company's main business activities;
      c. New loan to employees, cooperative's employees, and/or the foundation for the Company's employee welfare programs as well as development of small enterprise and cooperatives in accordance with the government program;
   (3) Undertake a merger, consolidation and amalgamation with other Company or party or allowing Subsidiaries to undertake merger, consolidation and amalgamation with other Company or other party,unless if it has the same business field and has no negative impact on the Company and/or Subsidiaries, and does not affect the Company's capability in paying the principal of and interest on the bonds;
   (4) Transform key areas of the Company as defined in the Articles of Association;
   (5) Decrease the Company's authorized, issued and fully paid capital unless if the decrease is done based on the request/ order of Republic of Indonesia government and/or authorized party;
   (6) Impose guarantee with second class mortgage and so on;
   (7) Obtain delay of debt payment obligations of the commercial court within the jurisdiction of the company.

As of June 30, 2017 and December 31, 2016, the Company have complied with the covenants stated in the agreements on the bonds and sukuk ijarah.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

14. TRADE PAYABLES TO THIRD PARTIES

Trade payables to third parties consist of purchases of goods and services from the following:

	June 30, 2017	December 31, 2016
Suppliers	73,001,416	50,720,497
Office construction contractors	2,838,265	2,839,573
House construction contractors	1,482,183	1,539,165
Infrastructure construction contractors	1,473,277	1,073,525
Apartments construction contractors	674,580	680,056
Others	294,962	761,559
Total trade payables to third parties	**79,764,683**	**57,614,375**

The details of trade payables to third parties based on their original currencies (Note 31) are as follows:

	June 30, 2017	December 31, 2016
Rupiah	68,058,693	45,815,268
United States dollar (US$860,258 in 2017 and 2016)	11,457,782	11,558,432
Singapore dollar (Sin$25,882 in 2017 and 2016)	248,208	240,675
Total trade payables to third parties	**79,764,683**	**57,614,375**

There are no Company's assets collateralized in relation to trade payables to third parties as of June 30, 2017.

15. OTHER PAYABLES

Other payables are liabilities consist of:

	June 30, 2017	December 31, 2016
Third parties:		
Deposit payable	93,778,630	77,871,237
Dividend	74,045,293	1,918,467
Purchase of fixed assets and investment properties	61,930,655	76,332,181
Contractor	23,726,827	28,122,832
Shareholders of the Company's subsidiaries	19,555,000	-
Others (each below Rp10,000,000)	67,013,712	51,403,814
Total other payables	**340,050,117**	**235,648,531**
Less current maturities	(316,418,575)	(231,571,989)
Long-term portion	**23,631,542**	**4,076,542**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

16. ACCRUED EXPENSES

This account consists of accruals for:

	June 30, 2017	December 31, 2016
Development of project, infrastructure, social and public facilities	1,099,129,864	1,354,282,652
Interest expense	77,032,469	54,175,121
Promotion	49,383,819	9,860,879
Repairs and maintenance	28,317,139	29,167,880
Electricity, water and telephone	21,884,650	20,651,801
Others (each below Rp10,000,000)	65,538,020	47,151,152
Total accrued expenses	**1,341,285,961**	**1,515,289,485**

As of June 30, 2017 and December 31, 2016, accruals of infrastructures, social and public facilities were provided for new projects of the Group which are involved in property development. The accruals were computed based on cost per square meter (sqm) to be spent on the area to be developed as infrastructures, social and public facilities.

17. TAXATION

	June 30, 2017	December 31, 2016
a. Prepaid taxes consists of:		
Final tax expense	132,696,784	158,718,804
Value added tax	27,931,468	29,882,443
Claim tax for refund	17,029,670	13,699,634
Income tax - art. 21	-	500,000
Total prepaid taxes	**177,657,922**	**202,800,881**
b. Taxes payable consists of:		
Income tax		
Article 21	6,893,387	3,076,789
Article 23	4,928,081	3,288,996
Article 25	10,504	10,504
Article 26	182,815	826,171
Article 29	-	1,083,261
Final income tax	33,137,496	32,470,766
Development tax	6,004,988	5,017,488
Total taxes payable	**51,157,271**	**45,773,975**

18. EMPLOYEE BENEFITS LIABILITIES

The Company and Subsidiaries provide benefits to their qualified employees based on the provisions of Labor Law No. 13/2003 dated March 25, 2003. The benefits are funded.

The Group defined contribution pension plan for all eligible employees. The Company's contribution to the pension fund is calculated at 1% of their pensionable salaries , while the employees' monthly dues equal to 2.5 % of their pensionable salaries. The Group enroll eligible employees at Manulife Retirement Program (MPP) an additional pension program. The pension plan is organized by Pension Fund Manulife Indonesia, the establishment of which was approved by the Minister of Finance on June 17, 2002.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

18. EMPLOYEE BENEFITS LIABILITIES (CONTINUED)

Starting in February 2006 , the Company has temporarily stopped contributions to DPLK and MPP for sufficient funds to pay withdrawals in large quantities. Subsequently, in June 2014 , the Company also enroll eligible employees in the Pension Plan for Severance Compensation organized by Dana Pensiun Fund Central Asia Raya (DPLK CAR).

19. DOWNPAYMENT RECEIVED AND SECURITY DEPOSITS

This account consists of:

	June 30, 2017	December 31, 2016
Downpayments received from the sale of:		
Related parties		
Shops	2,068,321	1.138.200
Apartments	1,129,768	2.597.010
Third parties		
Houses	1,552,018,697	1.495.629.747
Apartments	637,656,828	933.706.691
Shops	162,667,682	156.803.531
Landplots	81,400,859	17.648.500
Office	76,797,524	-
Others	13,171,713	7.804.128
Total downpayments received	2,526,911,392	2.615.327.807
Customer deposits for:		
Related parties		
Rent	6,641,643	6.641.643
Telephone	96,000	96.000
Sinking fund	18,877	11.403
Others	84,400	84.400
Third parties		
Rent	117,197,602	110.245.480
Sinking fund	5,841,927	6.619.970
Membership	3,369,349	3.127.916
Telephone	2,451,386	2.430.819
Others	19,518,236	18.160.118
Total customer deposits	155,219,421	147.417.749
Total deposits received	**2,682,130,813**	**2.762.745.556**
Less current maturities	(960,100,478)	(553.356.347)
Long-term portion	**1,722,030,335**	**2.209.389.209**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

20. UNEARNED REVENUES

This account consists of unearned rental revenues of:

	June 30, 2017	December 31, 2016
Third parties		
Mal and retail	375,326,134	327,087,431
Commercial and others	58,950,990	42,707,277
Residential	3,772,747	2,766,657
Office	1,071,035	1,102,965
Total unearned revenues	**439,120,906**	**373,664,330**
Less current maturities	(339,020,581)	(312,817,434)
Long-term portion	**100,100,325**	**60,846,896**

21. NON-CONTROLLING INTERESTS

The details of Non-controlling interests in the consolidated Subsidiaries are as follows:

	June 30, 2017	December 31, 2016
SPCK and Subsidiaries	1,161,018,631	1,054,235,129
SMPD and Subsidiaries	767,073,369	769,598,075
SMIP and Subsidiaries	69,539,651	97,308,255
BTKB	1,302,248	1,455,779
BHMS	3	3
Total equity attributable to Non-controlling interests	**1,998,933,902**	**1,922,597,241**

As of December 31, 2016, there were deposits for stock subscription amounting Rp94,484,898, and Rp36,775,367 from Non-controlling interests of SMPD and subsidiaries, SMIP and subsidiaries, respectively. And there was paid-in capital from Non-controlling interest of BTKB amounted to Rp1,500,000.

Total comprehensive loss for the year attributable to Non-controlling interests for the six-month periods ended June 30, 2017 amounted to Rp76,336,659 (2016: Rp106,326,383).

22. SHARE CAPITAL

The details of the Company's share ownership as of June 30, 2017 and December 31, 2016 are as follows:

	Number of shares issued and fully paid	Percentage of ownership (%)	Amount
Commissioner			
Harto Djojo Nagaria	20.000.000	0.14	2,000,000
Ownership of 5% or more			
PT Semarop Agung	3.668.788.504	25.43	366,878,850
PT Sinarmegah Jayasentosa	951.576.224	6.60	95,157,622

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

22. SHARE CAPITAL (CONTINUED)

The details of the Company's share ownership as of June 30, 2017 and December 31, 2016 are as follows: (continued)

	Number of shares issued and fully paid	Percentage of ownership (%)	Amount
Ownership of 5% or more (continued)			
BNYMSANV RE AMS RE Stichting D APG ST RE E ES Pool-2039846201	810.000.000	5.61	81.000.000
Others (each below 5% ownership)	8.976.416.952	62.22	897.641.696
Total	**14.426.781.680**	**100.00**	**1.442.678.168**

23. ADDITIONAL PAI-IN CAPITAL

As of June 30, 2017 and December 31, 2016, this account arose from following:

	June 30, 2017	December 31, 2016
Share premium	721,671,346	721,671,346
Other paid-in capital	17,103,214	17,103,214
Differences in value from transaction of entities under common control	5,560,839	5,560,839
Bonus share	(721,339,084)	(721,339,084)
Total	**22,996,315**	**22,996,315**

Share premium represents the excess of the amounts received and/or the carrying value of converted warrants over the par value of the shares issued after offsetting all stock/warrant issuance costs.

Other paid-in capital represents the excess of the carrying value of shares distributed as dividends over the par value of the shares issued.

Differences in value from transactions of entities under common control represent the differences between the acquisition cost and the book value of a subsidiary which was acquired indirectly by other subsidiaries from Soetjipto Nagaria (controlling party) using the pooling-of-interests method in 2012.

24. APPROPRIATED RETAINED EARNINGS - GENERAL RESERVE

In accordance with Article No. 70 of the Indonesian Corporation Law No. 40 of 2007, the Company must allocate a certain portion of its annual net income for the establishment of a reserve at an amount equal to 20% of its issued capital stock.

Based on the minutes of stockholders' annual general meetings held on June 15, 2017, the Company stockholders approved the appropriation of general reserve amounting to Rp5,658,792.

As of June 30, 2017, the balances of the general reserve are less than 20% of the issued and fully paid capital stock. The additional reserve will be made after obtaining the approval from the stockholders in their next annual meeting.

25. CASH DIVIDENDS

In the stockholders' annual general meetings held on June 15, 2017, the Company's stockholders approved the cash dividend distribution amounting to Rp5 (satuan penuh) full amount) per share or equivalent to Rp72,133,908.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

25. CASH DIVIDENDS (CONTINUED)

As of June 30, 2016, the dividend payable balance amounted to Rp74,045,293 (2016: Rp1,918,467), which is presented as part of "Other Payables" under current liabilities in the consolidated statement of financial position (Note 15).

26. NET REVENUES

The details of net revenues are as follows:

	For the six-month periods ended June 30	
	2017	**2016**
Property Development		
Related parties		
Apartments	5,044,493	5,010,631
Third parties		
Houses	628,390,638	686,378,475
Shops	82,348,581	12,614,322
Landplots	115,242,810	-
Apartments	921,644,780	749,655,584
Sub-total	1,752,671,302	1,453,659,012
Investment Properties		
Related parties		
Mal and retail	23,760,757	12,151,829
Commercial and others	588,864	-
Office	298,985	499,472
Third parties		
Mal and retail	596,534,981	587,512,576
Commercial and others	16,163,549	15,358,971
Office	11,747,987	12,556,178
Residential	3,847,648	4,617,921
Sub-total	652,942,771	632,696,947
Others		
Related parties		
Estate and property management	50,938	25,316
Others	430,385	-
Third parties		
Hotel	118,695,545	83,882,378
Estate and property management	63,939,485	58,569,052
Healthcare	52,544,177	49,703,351

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

26. NET REVENUES (CONTINUED)

The details of net revenues are as follows: (continued)

	For the six-month periods ended June 30	
	2017	**2016**
Others (continued)		
Third parties (continued)		
Leisure	30,972,939	31,062,508
Others	12,374,362	8,080,054
Sub-total	279,007,831	231,322,659
Net revenues	**2,684,621,904**	**2,317,678,618**

The percentage of revenues from sales to related parties to net revenues accounted for 1.12% as of June 30, 2017 (2016: 0.76%). As of June 30, 2017 and 2016, no revenues exceeding 10% of annual net revenues were earned from any single customer.

27. COST OF SALES AND DIRECT COSTS

The details of cost of sales and direct costs are as follows:

	For the six-month periods ended June 30	
	2017	**2016**
Property Development		
Houses	347,075,747	320,628,806
Shops	35,349,673	7,897,481
Landplots	4,059,308	-
Apartments	601,553,106	430,155,473
Sub-total	988,037,834	758,681,760
Investment Properties		
Mal and retail	323,949,443	315,403,919
Commercial and others	9,311,208	8,682,705
Office	9,304,913	8,873,972
Residential	2,025,139	2,283,619
Sub-total	344,590,703	335,244,215
Leisure and Hospitality		
Hotel	82,829,773	51,935,753
Estate and property management	50,211,098	50,835,925
Healthcare	32,861,909	31,630,997
Leisure	21,393,120	22,271,444
Others	9,621,164	6,526,207
Sub-total	196,917,064	163,200,326
Total cost of sales and direct costs	**1,529,545,601**	**1,257,126,301**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

27. COST OF SALES AND DIRECT COSTS (CONTINUED)

For periods ended June 30, 2017 and 2016, no purchases exceeding 10% of net revenues were made from any single supplier.

28. OPERATING EXPENSES

The details of operating expenses are as follows:

	For the six-month periods ended June 30	
	2017	**2016**
Selling expenses		
Promotion and advertising	80,091,792	70,792,166
Sales commissions	78,206,026	59,556,757
Salaries and employee benefits	7,064,990	5,965,526
Others (each below Rp5,000,000)	6,399,628	6,144,715
Total selling expenses	171,762,436	142,459,164
General and administrative expenses		
Salaries and employee benefits	283,471,155	248,410,591
Depreciation (Notes 9 and 10)	48,891,471	43,056,571
Electricity, water and telephone	10,894,364	9,485,207
Entertainment, representation and donations	10,006,579	5,558,575
Professional fees	8,985,646	12,258,887
Corporate events	5,597,209	13,574,723
Others(each below Rp10,000,000)	75,197,503	61,220,384
Total general and administrative expenses	443,043,927	393,564,938
Total operating expenses	**614,806,363**	**536,024,102**

29. FINANCE COSTS

The details of finance costs are as follows:

	For the six-month periods ended June 30	
	2017	**2016**
Interest expense:		
Loans from banks	173,398,645	157,533,928
Bonds payable	141,001,126	140,906,759
Other payables	3,993,163	1,119,799
Loans from financing institutions	353,021	352,988
Bank administration	3,298,492	2,288,908
Others (each below Rp1,000,000)	4,232,279	5,274,633
Total finance costs	**326,276,726**	**307,477,015**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The Group, in its regular conduct of business, has engaged in transactions with related parties. The balances of the accounts and transactions are as follows:

	Balance as of		Percentage from consolidated total assets/ liabilities	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Piutang Usaha				
Entity under common control				
PT Star Maju Sentosa	2,213,182	2,049,311	0.0104	0.0098
PT Sulisman Graha	23,689,379	36,584,099	0.1117	0.1239
Key management personnel				
Harto Djojo Nagaria	1,154,661	118,055	0.0054	0.0006
Lexy Arie Tumiwa	318,496	405,689	0.0015	0.0019
Sharif Benyamin	38,505	-	0.0002	-
Other related parties				
PT Centrapacific Nusajaya	10,822	29,218	0.0001	0.0001
Total trade receivables	**27,425,045**	**39,186,372**	**0.1293**	**0.1363**
Due from related parties				
Non-current				
Joint venture				
PT Jakartabaru Cosmopolitan	65,812,664	63,119,824	0.3102	0.3033
Entity under common control				
PT Star Maju Sentosa	1,229,908	560,657	0,0058	0,0027
Total due from related parties, non-current	**67,042,572**	**63,680,481**	**0.3160**	**0.3060**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

The Group, in its regular conduct of business, has engaged in transactions with related parties. The balances of the accounts and transactions are as follows: (continued)

	Balance as of		Percentage from consolidated total assets/ liabilities	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Downpayments received and security deposits, current				
Key management personnel				
Liliawati Rahardjo	310,120	-	0.0024	-
Herman Nagaria	75,921	1,105	0.0006	0.0000
Soegianto Nagaria	3,266	1,995	0.0000	0.0000
Adrianto P. Adhi	2,047	1,045	0.0000	0.0000
Lexy Arie Tumiwa	1,881	1,045	0.0000	0.0000
Ge Lilies Yamin	1,252	31,505	0.0000	0.0002
Harto Djojo Nagaria	1,158	1,000	0.0000	0.0000
Other related parties				
PT Maktosa Jaya Indah	3,618	3,100	0.0000	0.0000
Theresia Mareta	2,063	1,049	0.0000	0.0000
Entity under common control				
PT Star Maju Sentosa	164,492	164,492	0.0011	0.0013
Total downpayments received and security deposits current	**565,818**	**206,336**	**0.0041**	**0.0015**
Downpayments received and security deposits, non current				
Entity under common control				
PT Star Maju Sentosa	6,657,551	6,657,551	0.0512	0.0527
Key management personnel				
Harto Djojo Nagaria	2,068,321	1,894,160	0.0159	0.0150
Ge Lilies Yamin	715,513	959,988	0.0055	0.0076
Liliawati Rahardjo	-	516,050	-	0.0041
Herman Nagaria	-	137,873	-	0.0011
Other related parties				
PT Maktosa Jaya Indah	21,002	129,881	0.0002	0.0010
PT Centrapacific Nusajaya	10,805	66,817	0.0001	0.0005
Total downpayments received and security deposits non current	**9,473,192**	**10,362,320**	**0.0729**	**0.0820**
Total downpayments received and security deposits	**10,039,010**	**10,568,656**	**0.0770**	**0.0835**

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

The Group, in its regular conduct of business, has engaged in transactions with related parties. The balances of the accounts and transactions are as follows: (continued)

	Balance as of		Percentage from consolidated total assets/ liabilities	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Due to related parties				
Due to related parties current:				
Entity under common control				
PT Sulisman Graha	94,512,731	79,512,731	0.7268	0.6288
Net revenues				
Key management personnel				
Harto Djojo Nagaria	3,598,811	1,892,313	0.1341	0.0817
Liliawati Rahardjo	585,138	519,055	0.0218	0.0224
Ge Lilies Yamin	277,581	1,143,439	0.0103	0.0493
Herman Nagaria	241,047	277,100	0.0090	0.0120
Lexy Arie Tumiwa	42,963	419,158	0.0016	0.0181
Soegianto Nagaria	9,127	380,002	0.0003	0.0164
Adrianto P. Adhi	6,119	2,500	0.0002	0.0001
Entity under common control				
PT Star Maju Sentosa	24,059,743	12,651,301	0.8962	0.5459
Yayasan Syiar Bangsa	588,864	-	0.0219	-
Yayasan Inti Prima Bangsa	430,385	-	0.0160	-
Other related parties				
PT Maktosa Jaya Indah	195,496	6,160	0,0073	0,0003
PT Centrapacific Nusajaya	132,483	393,336	0,0049	0,0170
Theresia Mareta	6,665	2,884	0,0002	0,0001
Total pendapatan neto	**30,174,422**	**17,687,248**	**1.1238**	**0.7633**

The amounts due from and due to related parties resulting from non-trade transactions are non-interest bearing and have no fixed repayment dates. This transaction is based on the terms agreed by both parties . Such requirements may not be the same as other transactions conducted by parties who are not related.

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

The nature of related party relationships and of the transactions with the related parties is as follows:

Related parties	Relationship	transactions
PT Star Maju Sentosa	Under common control	Space rental
Harto Djojo Nagaria	Commissioner	Sale of apartment, deposit and income of estate management
Lexy Arie Tumiwa	Director	Sale of apartment, deposit and income of estate management
Sharif Benyamin	Director	Sale of landplot
PT Sulisman Graha	Under common control	Sale of landplot
PT Centrapacific Nusajaya	Other	Sale of apartment
PT Jakartabaru Cosmopolitan	Joint venture	Payable on profit sharing
Liliawati Rahardjo	Director	Sale of apartment
Herman Nagaria	Director	Sale of apartment, deposit and income of estate management
Soegianto Nagaria	Director	Sale of apartment, deposit and income of estate management
Adrianto P. Adhi	President Director of the Company	Deposit and income of estate management
Ge Lilies Yamin	Unaffiliated Director	Sale of apartment, deposit and income of estate management
PT Maktosa Jaya Indah	Stockholder	Sale of apartment
Theresia Mareta	Close family member of Director	Income of estate management

31. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

As of June 30, 2017 and December 31, 2016, the Group has monetary assets and liabilities denominated in foreign currencies.

	June 30, 2017			December 31, 2016		
	Foreign Currency		Rupiah Equivalent	Foreign Currency		Rupiah Equivalent
Assets						
Cash and cash equivalents						
U.S dollar	US$	5,885,607	78,390,406	US$	5,665,596	76,122,945
European Euro	Euro	182,186	2,709,963	Euro	193,635	2,742,172
Australian dollar	AUD	11,883	119,438	AUD	11,883	115,554
Others		-	118,457		-	116,539
Total assets in foreign currencies			81,338,264			79,097,210

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

31. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES (CONTINUED)

	June 30, 2017			December 31, 2016		
		Foreign Currency	Rupiah Equivalent		Foreign Currency	Rupiah Equivalent
Liabilities						
Short term bank loan						
U.S dollar	US$	3,000,000	39,957,000	US$	3,000,000	40,308,000
Long term bank loan						
U.S dollar	US$	8,014,640	106,746,990	US$	7,664,307	102,708,909
Trade payables						
U.S dollar	US$	860,258	11,457,782	US$	860,258	11,558,432
Singapore dollar	Sin$	25,882	248,208	Sin$	25,882	240,675
Other payables						
U.S dollar	US$	-	-	US$	3,885,000	52,198,860
Accrued expenses						
U.S dollar	US$	8,585	114,344	US$	32,029	430,346
Total liabilities in foreign currencies			158,524,324			207,445,222
Liabilities in foreign currencies, net			**(77,186,060)**			**(128,348,012)**

32. OPERATING SEGMENT

	For the six-month periods ended June 30, 2017				
	Property Development	Investment Property	Leisure & Hospitality	Others	Consolidation
Net revenues	1,752,671,302	652,942,771	149,668,484	129,339,347	2,684,621,904
Gross profit	764,633,468	308,352,068	45,445,591	36,645,176	1,155,076,303
Income (loss) from operations	331,342,938	202,396,761	7,942,606	(758,949)	540,923,356
Finance income					45,092,990
Finance costs					(326,276,726)
Profit before final tax and income tax expense					**259,739,620**
Final tax expense					(134,601,054)
Profit before income tax					**125,138,566**
Income tax expense					-
Profit for the year					**125,138,566**
Other information					
Segment assets	15,830,897,478	4,709,185,212	363,823,021	300,952,524	21,204,858,235
Segment liabilities	10,188,312,533	2,478,660,028	208,938,041	114,973,312	12,990,883,914
Acquisition of fixed assets and investment properties	21,586,690	113,868,047	24,430,327	3,867,233	163,752,297
Depreciation	20,102,745	102,947,208	19,821,865	8,926,262	151,798,080

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

32. OPERATING SEGMENT (CONTINUED)

	For the six-month periods ended June 30, 2016				
	Property Development	**Investment Property**	**Leisure & Hospitality**	**Others**	**Consolidation**
Net revenues	1,453,659,012	632,696,947	114,944,886	116,377,773	2,317,678,618
Gross profit	694,977,492	297,452,491	40,737,690	27,384,644	1,060,552,317
Income (loss) from operations	330,371,888	209,105,985	(4,174,044)	(8,780,231)	526,383,598
Finance income					45,131,483
Finance costs					(307,477,015)
Profit before final tax and income tax expense					**264,038,066**
Final tax expense					(133,182,331)
Profit before income tax					**130,855,735**
Income tax expense					(8,032)
Profit for the year					**130,847,703**
Other information					
Segment assets	14,704,018,172	3,818,327,244	953,393,269	275,475,420	19,751,214,105
Segment liabilities	9,567,266,805	1,866,791,684	629,643,151	102,364,288	12,166,065,928
Acquisition of fixed assets and investment properties	24,025,527	40,646,303	102,872,052	4,852,929	172,396,811
Depreciation	19,601,236	83,322,847	20,725,691	10,571,913	134,221,661

33. SIGNIFICANT AGREEMENTS AND COMMITMENTS

a. In 2016, PT Inovasi Jaya Properti (IVJP) and PT Bintang Mentari Indah (BNMI) obtained credit facility from PT Sulisman Graha (SLG), related party, amounting to Rp65,000,000 and Rp16,000,000 respectively. This credit facility will due in 1 year and can be extended under the agreement between IVJP and BNMI with SLG. This credit facility bore interest at 9.25% p.a. During the year of 2017, there is no principle repayment due.

b. On July 28, 2016, PT Bhakti Karya Bangsa (BTKB) entered into an operational agreement with Yayasan Inti Prima Bangsa (YPIB), whereby BTKB agreed to collaborate with YPIB in reforming the quality of education and management system in YPIB, also to elevate Sekolah Tinggi Manajemen Informatika dan Komputer Inovasi Sains Teknologi dan Bisnis (STMIK ISTB) to a university with an international level of competency standard. As compensation, YPIB will have to pay management fee with terms and conditions according to the agreement, starting from August 1, 2016.

c. On December 18, 2014, PT Multi Abadi Prima (MTAP) entered into a gas station operational agreement with PT Pertamina Retail (PER), whereby MTAP will lease out to PER the rights to operate the Bekasi and Kelapa Gading gas stations. As compensation, PER will receive fees of Rp220,000,000 for Bekasi gas stations and Rp60,000,000 for Kelapa Gading gas stations, from MTAP which will be paid quarterly in advance. This agreement is valid for a period of 5 years, effective on January 1, 2015.

33. SIGNIFICANT AGREEMENTS AND COMMITMENTS (CONTINUED)

d. In March 2014, PT Nirwana Jaya Semesta (NWJS) entered into the following agreements with PT AAPC Indonesia (AAPC):

   1. Hotel Technical Assistance Agreement, wherein AAPC agreed to provide technical assistance and consultation for the construction of Novotel Hotel located in Slipi, Jakarta. NWJS agreed to pay a fee as agreed based on agreement for the service rendered by AAPC. This agreement is valid until the opening and commencement of operations of the Hotel.

   2. Hotel Management Agreement, wherein AAPC is engaged as the operator of Novotel Hotel, Jakarta. As compensation, AAPC is entitled to receive fees, which are computed at the rate in accordance with the terms of the agreement.

e. In November 2014, PT Summarecon Hotelindo (SMHO) entered into the following agreements with Pop! International Hotels Corporation (PIHC) and PT Tauzia International Management (Tauzia) as follow:

   1. Tradename and Trademark License Agreements, wherein SMHO is authorized to use the name “Pop Hotels” and its hotel will be named “Pop! Hotel Kelapa Gading”. SMHO agreed to pay royalty as compensation, in accordance with the terms of the agreement, at the rate of 2.5% of total revenue. This agreement is valid for 10 years starting from the commercial operations of the hotel.

   2. Hotel Management Agreement, wherein Tauzia is engaged as the operator of Pop! Hotel Kelapa Gading. Tauzia is entitled to receive fees which are computed at the rate in accordance with the terms of the agreement.

f. In November 2014, PT Summarecon Hotelindo (SMHO) entered into the following agreements with Harris International Hotel Corporation (HIHC) and PT Tauzia International Management (Tauzia):

   1. Tradename and Trademark License Agreements, wherein SMHO is authorized to use the name “Harris” and its hotel will be named “Harris Hotel Bekasi”. SMHO agreed to pay royalty as compensation in accordance with the terms of the agreement at the rate of 1.75% of total revenue of Harris Hotel Bekasi. This agreement is valid for 10 years starting from the commercial operations of the hotel.

   2. Hotel Management Agreement, wherein Tauzia is engaged as the operator of Harris Hotel Bekasi. Tauzia is entitled to receive fees which are computed at the rate in accordance with the terms of the agreement.

g. In December 2011, PT Hotelindo Permata Jimbaran (HOPJ) entered into the following agreements with Movenpick Hotels and Resort Management AG (MH&R) as follows:

   1. Hotel Technical Assistance Agreement with MH&R, wherein MH&R agreed to provide technical assistance and consultation for the construction of HOPJ’s resort project located in Jimbaran, Bali. HOPJ agreed to pay a fee of US$175,000 for the service rendered by MH&R. This agreement is valid until the opening and commencement of operations of the Hotel.

   2. Marketing and Hotel Services Agreement with MH&R, wherein MH&R agreed to provide hotel management services including human resource development, marketing and reservations. MH&R is entitled to receive contribution and marketing fees as compensation, which are computed at the rate of 1.25% of total gross profit and at the rate of 2% of total room sales, respectively. This agreement is valid for 15 years starting from the commercial operations of the hotel.

   3. Tradename and Trademark License Agreements with MH&R, wherein HOPJ is authorized to use the name “Movenpick” and the hotel will be named “Movenpick Resort & Spa Jimbaran, Bali”. HPJ agreed to pay royalty as compensation in accordance with the terms of the agreement at rates up to a maximum of 1% of total revenues. This agreement is valid for 15 years, commencing from the start of the commercial operations of the hotel, as defined in the agreement.

33. SIGNIFICANT AGREEMENTS AND COMMITMENTS (CONTINUED)

g. 4. Hotel Management Consulting Agreement with MH&R, wherein MH&R is engaged as the operator of Movenpick Resort & Spa Jimbaran, Bali. MH&R is entitled to receive consultation fees as compensation, which are computed at rates up to a maximum of 9% of gross operating profit as defined in the agreement. This agreement is valid for 15 years.

h. On June 1, 2012, PT Mahkota Intan Cemerlang (MKIC) entered into an agreement with Jendot Sudiyanto (SDY) in relation to the acquisition of land properties with total area of ± 2,000,000m2 (consisted of Land I and Land II), located in Samarinda, which will be developed into a residential and commercial area along with the supporting facilities. Both parties agreed that once SNMI acquired Land I from SDY, MKIC will transfer 33% of its shares in SNMI to SDY. Based on notarial deed No.123 dated November 28, 2012 of Dewi Himijati Tandika, S.H., SDY acquired 33% ownership of SNMI (Note 1e). As of December 31, 2014, Land I is already acquired by SNMI and the acquisition of land II is still in process of transfer from the previous owners to SDY.

In order to guarantee the completion of land title deeds issuance for Land I and II, SDY paid Rp5,000,000 to SNMI as deposit, which has been recorded as a part of “Other Non-current Financial Liabilities” in the consolidated statement of financial position as of June 30, 2017.

34. LITIGATIONS

Certain subsidiaries in the Group are involved in several lawsuits as follows:

a. PT Jakartabaru Cosmopolitan (JBC) (Defendant I) and SPCK (Defendant II) vs Leliana Hananto (Plaintiff) and other Defendants in relation to the installation of net at Gading Raya Padang Golf & Club, Tangerang. The appeal was filed on August 21, 2013, with decision No. 447/PDT.G/2013/PN.TNG. On June 18, 2014, Tangerang High Court decided to refuse the Plaintiff’s claim. On May 20, 2014, the Plaintiff filed an appeal to Banten High Court, which was registered under Reg. No. 79/PDT/2014/PT.BTN and on September 22, 2014, Banten High Court has made the decision of ruling Tangerang High Court’s decision to be legally binding.

Based on Banten High Court’s decision, on October 30, 2014, the Plaintiff filed an appeal to the Supreme Court, which was registered under Reg. No. 813K/PDT/2015. On July 9, 2015, Supreme Court issued a judgement ruling to decline Banten High Court’s decision No. 79/PDT/2014/PT.BTN dated September 22, 2014 and affirmed Tangerang High Court’s decision No. 447/PDT.G/2013/PN.TNG dated May 14, 2014.

Based on Supreme Court’s decision, on December 5, 2016, the Defendants appealed for Judicial Review to Supreme Court. As of the date of approval and authorization for issuance of these consolidated financial statements, the aforementioned case is still under review by the Supreme Court.

b. The Company (Plaintiff) vs Robert Sudjasmin (Defendant I) and other Defendants and Co-defendants in relation to the correction of typing error in the minutes of auction numbers in dictum of North Jakarta District Court Decision No.17/Pdt.G/1991/PN.JKT.UT jo. Jakarta High Court Decision No.158/PDT/1993/PT.DKI jo. Supreme Court Decision No. 538 K/Pdt/1994 jo. No. 466 PK/Pdt/2002. The claim was filed on August 20, 2013 and on September 1, 2014, the North Jakarta District Court accepted the Plaintiff’s appeal. Based on that decision, on September 11, 2014, Defendant I filed an appeal to Jakarta High Court. On November 26, 2015, Jakarta High Court has bound the decision of North Jakarta District Court. Based on Jakarta High Court’s decision, on January 19, 2016, Defendant I has filed cassation to the Supreme Court. As of the date of approval and authorization for issuance of these consolidated financial statements, the aforementioned cassation is still under review by the Supreme Court..

c. KCJA (Intervenor I) and other Defendants vs Jantje Manesah Agung (Plaintiff) in relation to land dispute over 85,940m^2 of land located in Bogor. On October 29, 2015, this claim was filed to North Jakarta District Court No.474/PDT.G/2015/PN.JKT.UTR. On April 7, 2016, KCJA has requested to intervere in this case. As of the date of approval and authorization for issuance of these consolidated financial statements, the aforementioned case is still under review by the North Jakarta District Court.

34. LITIGATIONS (CONTINUED)

d. CTDA (Defendant II), the Company (Defendant VI) and other Defendants vs H. Entjun Subari Alias Encum Alias Encun Bin H. Buyar Bin Ali (Plaintiff I) and other Plaintiffs in relation to land dispute over 39,040m^2 of land located in East Jakarta. On January 14, 2016, the mentioned claim was filed to East Jakarta District Court No.28/Pdt.G/2016/PN.Jkt.Tim. On August 02, 2016, East Jakarta District Court issued a judgement to refuse Plaintiff's claim. As of the date regulated by laws, the Plaintiff has not filed an appeal.

e. CTDA (Defendant II), the Company (Defendant VI) and other Defendants vs Dani Bin Djukih Alias Djuki Alias Djukin Bin Saudin Alias Milan (Plaintiff I) and 18 other Plaintiffs in relation to land dispute over 24,480m^2 of land located in East Jakarta. On January 14, 2016, the mentioned claim was filed to East Jakarta District Court No.29/Pdt.G/2016/PN.Jkt.Tim. On September 6, 2016, East Jakarta District Court issued a judgement to refuse Plaintiff's claim. As of the date regulated by laws, the Plaintiff has not filed an appeal.

f. JVOP (Defendant IV), Dandan Jaya Kartika (Defendant II) and other Defendants vs Arief Budiono (Plaintiff) in relation to land dispute over 5,979m^2 of land located in Yogyakarta. On November 17, 2015, the Yogyakarta District Court has decided to refuse Plaintiff's claim. On November 30, 2015, the Plaintiff has filed an appeal, but on March 11, 2016, the Plaintiff has revoked the appeal, thus, the Yogyakarta District Court's decision has been legally binding.

g. MKPP (Defendant I) and other Defendants vs Heir Mrs. Tjiah Nursiah (Deceased Plaintiff) in relation to land dispute over 15,650m2 of land located in Bandung. On February 11, 2016, Bandung District Court has decided to refuse the Plaintiff's claim. As of the date regulated by laws, the Plaintiff has not filed an appeal, thus, the Bandung District Court's decision has been legally binding.

h. PT Surya Intan Properti (SYIP) (Plaintiff) vs Adjit Dhamadi and Setiya Darma (The Defendants, now the "Convicted") in relation to an embezzlement crime committed continually related to the land acquisition in Tangerang. On December 18, 2014, the Tangerang District Court has made a decision, affirming the Convicted proven guilty and sentenced to imprisonment for 3 years and 6 months. On December 22, 2014, the convicted Setiya Darma filed an appeal to the Banten High Court. On January 23, 2015, the Banten High Court has upheld the decision of the Tangerang District Court.

   Based on the Banten High Court's decision, on March 18, 2015, the convicted Setiya Darma filed cassation to the Supreme Court. On June 30, 2015, the Supreme Court decided to refuse the Convicted's cassation, thus, the Tangerang District Court's decision has been legally binding. On December 6, 2016, based on the embezzlement crime related to money laundering, the Tangerang District Court has ruled a decision, affirming the Convicted proven guilty and sentenced to imprisonment for 14 (fourteen) years. Based on mentioned decision, the Convicted has not filed an appeal, thus, the Tangerang District Court's decision has been legally binding.

i. KCJA (2nd Defendant Intervened) vs Jantje Manesah Agung (Plaintiff) in relation to land dispute over 82,082m^2 of land located in Bogor. On December 23, 2016, this claim was filed to State Administrative Court Registrar's Office of Bandung. On February 3, 2017, KCJA has requested to intervere in the case. On June 6, 2017, State Administrative Court Registrar's Office of Bandung has decided to grant the request of Plaintiff's claim in its entirely and declare that the Decree issued by Bogor Land Office (Defendant) legally null and void.

   Upon the verdict, On June 14, 2017, the Defendant (in this case Bogor Land Office) and 2nd Defendants Intervened has filed an appeal. As of the date of approval and authorization for issuance of these consolidated financial statements, the case is still under review by the Jakarta High Administrative Court.

j. MKPP (Defendant) and other Defendants vs Hj. Sukaesih Binti Suarma Alias Ny. Tjartjih Binti Suarma (Plaintiff) in relation to land dispute over 8,050m^2 of land located in Bandung. This claim was filed to Bandung District Court on April 7, 2017. As of the date of approval and authorization for issuance of these consolidated financial statements, the case is still under review by the Bandung District Court.

The Company's management believes that the above litigations will not have a material effect and will not influence the going concern status of the Company and that these can be settled in accordance with existing laws

(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

35. EARNINGS PER SHARE

	For the six-month period ended June 30	
	2017	**2016**
Profit for the year attributable to the owners of the Parent Entity	48,801,907	24,521,320
Weighted average number of shares for calculation of earnings per share	14,426,781,680	14,426,781,680
Total	**14,426,781,680**	**14,426,781,680**
Earnings per share attributable to owners of the Parent Entity	**3**	**2**