PT SUMMARECON AGUNG TBK AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2016
AND FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2016

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PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of June 30, 2016
(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

	Notes	June 30, 2016 (unaudited)	December 31, 2015
ASSET			
CURRENT ASSET			
Cash and cash equivalents	2d,2r,2u,4,34	1,942,614,373	1,503,546,080
Trade receivables	2l,2u,5,14,34		
Related Parties	2f,32	2,663,354	3,786,531
Third Parties		240,275,184	142,134,750
Others receivables	2u,6,34	12,167,846	6,114,753
Inventories	2g,2m,2n,7	5,113,235,977	4,924,806,927
Prepaid taxes	2t,19a	216,888,437	250,754,658
Prepaid expenses	2h,8	70,578,253	35,131,972
Advance payments	10	373,676,786	423,302,020
Other current financial assets	2u,13,34	102,488	103,829
Total current assets		**7,972,202,698**	**7,289,681,520**
NON-CURRENT ASSETS			
Other receivables	2u,6	347,067	347,067
Due from related parties	2f,2u,32,34	58,945,256	55,749,280
Undeveloped land	2i,9,14,15	6,122,325,614	5,737,443,704
Advance payments	10	480,153,467	660,130,972
Fixed assets	2j,2n,11,14,15	408,190,515	420,472,052
Investment properties	2k,2l,2m,2n, 12,14,15	4,359,156,554	4,311,751,806
Deferred tax assets	2t	15,929,958	15,929,958
Other non-current financial assets	2d,2u,13,14,34	158,446,852	99,005,586
Other non-current assets		175,516,124	167,750,077
Total non-current assets		**11,779,011,407**	**11,468,580,502**
TOTAL ASSET		**19,751,214,105**	**18,758,262,022**

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

PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of June 30, 2016
(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

	Notes	June 30, 2016 (unaudited)	December 31, 2015
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term bank loans	2r,2u,14,33,34	846,948,552	808,553,471
Trade payables to third parties	2r,2u,16,33,34	59,935,496	63,006,515
Other payables	2r,2u,17,33,34	259,467,871	264,562,084
Accrued expenses	2r,2u,18,33,34	1,379,680,557	1,697,306,503
Taxes payable	2t,19b	46,778,629	39,643,616
Downpayments received and security deposits	2l,2u,21,34		
Related parties	2f,32	221,149	119,690
Third parties		1,083,316,387	1,077,496,769
Unearned revenues	2l,2p,22		
Related parties	2f,32	-	2,065
Third parties		314,959,800	277,629,533
Current maturities of long-term debts:	2u,14,34		
Loans from banks and financing institutions	2r,33	286,722,421	174,880,393
Liability for short-term employee benefits	2q,2u,20,34	7,531,608	6,485,405
Total current liabilities		**4,285,562,470**	**4,409,686,044**
NON-CURRENT LIABILITIES			
Long-term debts - net of current maturities:	2u,14,34		
Loans from banks and financing institutions	2r,33	3,371,946,642	2,738,013,302
Bonds payable and sukuk ijarah	2u,15,34	2,479,107,100	2,476,372,934
Other payables	2u,17,34	14,465,867	14,471,483
Due to related parties	2f,2u,32,34	102,086,100	2,765,597
Liability for long-term employee benefits	2q,20	94,874,636	119,190,420
Downpayments received and security deposits	2l,2u,21,34		
Related parties	2f,32	9,436,922	8,280,618
Third parties		1,758,348,955	1,380,234,364
Unearned revenues	2l,2p,22	36,244,423	62,004,533

PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of June 30, 2016
(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

	Notes	June 30, 2016 (unaudited)	December 31, 2015
LIABILITIES AND EQUITY (continued)			
NON-CURRENT LIABILITIES (continued)			
Deferred tax liabilities	2t	1,150,363	1,150,363
Other non-current financial liabilities	2u,34	12,842,450	16,342,450
Total non-current liabilities		**7,880,503,458**	**6,818,826,064**
TOTAL LIABILITIES		**12,166,065,928**	**11,228,512,108**
EQUITY			
Equity atrributable to Owners of the Parent Entity			
Capital stock:			
- Authorized - 25.000.000.000 share at par value of Rp100 (full amount) per share			
- Issued and fully paid - 14.426.781.680 shares	1b,24	1,442,678,168	1,442,678,168
Additional paid-in capital	1b,2o,2x,25	22,996,315	22,996,315
Differences from transactions with Non-controlling interests	1e,2b	1,557,396	1,773,189
Retained earnings			
Appropriated - general reserve	26	93,398,522	82,534,109
Unappropriated		4,415,539,459	4,462,831,991
Total Equity Attributable to Owners Of the Parent Entity		5,976,169,860	6,012,813,772
Non-controlling interests	2b,23	1,608,978,317	1,516,936,142
TOTAL EQUITY		**7.585.148.177**	**7,529,749,914**
TOTAL LIABILITIES AND EQUITY		**19.751.214.105**	**18,758,262,022**

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

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, 2016 (Unaudited)
(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

	Notes	June 30, 2016 (unaudited)	June 30, 2015
NET REVENUES	2f,2p,28,32	2,317,538,618	2,596,663,995
COST OF SALES AND DIRECT COSTS	2p,29	(1,257,126,301)	(1,203,248,359)
GROSS PROFIT		**1,060,412,317**	**1,393,415,636**
Selling expenses	2p,30	(142,459,164)	(121,775,343)
General and administrative expenses	2p,30	(393,564,938)	(442,568,103)
Other operating income		2,845,989	5,647,020
Other operating expenses		(850,606)	(1,313,706)
INCOME FROM OPERATIONS		**526,383,598**	**833,405,504**
Finance income		45,131,483	44,785,239
Finance costs	31	(307,477,015)	(210,325,995)
INCOME BEFORE FINAL TAX AND INCOME TAX EXPENSE		**264,038,066**	**667,864,748**
FINAL TAX EXPENSE	2t	(133,182,331)	(141,786,594)
INCOME BEFORE INCOME TAX EXPENSE		**130,855,735**	**526,078,154**
INCOME TAX EXPENSE – NET	2t	(8,032)	(948,377)
PROFIT FOR THE PERIOD/YEAR		**130,847,703**	**525,129,777**
OTHER COMPREHENSIVE INCOME (EXPENSE)			
Item that will not be reclassified to profit or loss in subsequent periods: Gain (loss) on employee benefits liability		**11,184,469**	**16,888,195**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR		**142,032,172**	**542,017,972**
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Parent Entity		24,521,320	529,253,180
Non-controlling Interests	2b,23	106,326,383	(4,123,403)
TOTAL		**130,847,703**	**525,129,777**

The accompanying notes to the consolidated financial statements form
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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, 2016 (Unaudited)
(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

	Notes	June 30, 2016 (unaudited)	June 30, 2015
NET COMPREHENSIVE INCOME (LOSS)			
FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Parent Entity		35,705,789	546,141,375
Non-controlling Interests	2b,23	106,326,383	(4,123,403)
TOTAL		**142,032,172**	**542,017,972**
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT ENTITY (full amount)	2v,24,39	**2**	**37**

PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Six-Month Period Ended June 30, 2016
(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 December 31, 2014 (as previously stated)		**1,442,678,168**	**22,996,315**	**1,511,269**	**68,658,940**	**3,887,695,926**	**5,423,540,618**	**992,915,338**	**6,416,455,956**
Appropriation for general reserve	**26**	-	-	-	13,875,169	(13,875,169)	-	-	-
Deposits for future stock subscription	**23**	-	-	-	-	-	-	3,000,000	3,000,000
Cash dividend	**27**	-	-	-	-	(288,535,633)	(288,535,633)	-	(288,535,633)
Total comprehensive income for the year		-	-	-	-	877,546,867	877,546,867	208,894,414	1,086,441,281
Non-controlling interests arising from acquisition of subsidiaries		-	-	-	-	-	-	155,425,043	155,425,043
Capital stock increase paid by Non-controlling interests	**23**	-	-	-	-	-	-	153,785,043	153,785,043
Sale of ownership in subsidiaries to noncontrolling interests		-	-	261,920	-	-	261,920	2,874,980	3,136,900
Changes in Non-controlling interests		-	-	-	-	-	-	41,324	41,324
Balance as of December 31, 2015		**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**

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

PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Six-Month Period Ended June 30, 2016
(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, 2015		**1,442,678,168**	**22,996,315**	**1,511,269**	**68,658,940**	**3,887,695,926**	**5,423,540,618**	**992,915,338**	**6,416,455,956**
Appropriation for general reserve	**26**	-	-	-	13,875,169	(13,875,169)	-	-	-
Deposits for future stock subscription		-	-	-	-	-	-	4,000,000	4,000,000
Cash dividend	**27**	-	-	-	-	(288,535,633)	(288,535,633)	-	(288,535,633)
Total comprehensive income for the year		-	-	-	-	546,141,375	546,141,375	(4,123,403)	542,017,972
Non-controlling interests arising from acquisition of subsidiaries		-	-	-	-	-	-	155,425,043	155,425,043
Capital stock increase paid by Non-controlling interests	**23**	-	-	-	-	-	-	29,370,000	29,370,000
Sale of ownership in subsidiaries to noncontrolling interests		-	-	265	-	-	265	329,735	330,000
Changes in Non-controlling interests								(2,958,544)	(2,958,544)
Balance as of June 30, 2015		**1,442,678,168**	**22,996,315**	**1,511,534**	**82,534,109**	**4,131,426,499**	**5,681,146,625**	**1,174,958,169**	**6,856,104,794**

PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Six-Month Period Ended June 30, 2016
(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	**26**				10,864,413	(10,864,413)			-
Cash dividend	**27**					(72,133,908)	(72,133,908)		(72,133,908
Capital stock increase paid by Non-controlling interests	**23**	-	-	-	-	-	-	6,200,000	6,200,000
Total comprehensive income for the year		-	-	-	-	35,705,789	35,705,789	106,326,383	142,032,172
Acquisition of Non-controlling interests in subsidiaries		-	-	(215,793)	-		(215,793)	(20,484,208)	(20,700,001)
Balance as of June 30, 2016		**1,442,678,168**	**22,996,315**	**1,557,396**	**93,398,522**	**4,415,539,459**	**5,976,169,860**	**1,608,978,317**	**7,585,148,177**

The accompanying notes to the consolidated financial statements form
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PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW
For the Six-Month Periods Ended June 30, 2016
(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

	Notes	For the Six-Month Periods Ended June 30 2016 (unaudited)	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		2,571,248,520	2,083,135,428
Receipts of interest income		41,117,292	44,584,781
Cash payments to:			
Suppliers and for other operating expenses		(1,969,562,965)	(1,190,914,592)
Employees		(276,730,149)	(308,667,689)
Payments of:			
Interest expense		(299,018,125)	(218,600,583)
Income taxes		(3,994,910)	(4,662,272)
Final tax		(143,034,721)	(117,345,580)
Net cash provided by (used in) operating activities		**(79,975,058)**	**287,529,493**
CASH FLOW FROM INVESTING ACTIVITIES			
Acqusitions of undeveloped land		(207,531,223)	(1,174,354,934)
Acquisitions of fixed assets and investment properties		(169,291,777)	(253,885,112)
Collection of (payments for) amount due from related parties		(3,195,976)	51,229,608
Proceeds from sales of fixed assets and investment properties	11,12	992,810	1,170,724
Acquisitions of subsidiaries, less cash acquired from subsidiaries		-	(48,224,536)
Net cash used in investing activities		**(379,026,166)**	**(1,424,064,250)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds of bank loans		1,013,780,215	631,782,995
Receipt of (payment for) due to related parties		99,320,504	32,721,141
Receipt of other payables		13,276,000	-
Capital contribution from non-controlling interests in subsidiaries	23	6,200,000	33,370,000
Drawdown of (placement for) resricted time deposits		3,197,408	(1,378,334)
Repayment of bank loans and financing institutions	14	(216,998,575)	(371,563,585)
Payment to non-controlling interests		(20,700,000)	-
Cash dividends paid by the Company		(6,035)	(4,045)
Proceeds from bonds and sukuk ijarah issuance		-	297,751,350

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PT SUMMARECON AGUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW
For the Six-Month Periods Ended June 30, 2016
(Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

	Notes	For the Six-Month Periods Ended June 30 2016 (unaudited)	2015
CASH FLOW FROM FINANCING ACTIVITIES (continued)			
Proceeds from sale of ownership in subsidiaries to non-controlling interests		-	330,000
Net cash provided by financing activities		**898,069,517**	**623,009,522**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**439,068,293**	**(513,525,235)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4	1,503,546,080	1,770,781,044
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	**1,942,614,373**	**1,257,255,809**

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

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 December 31, 2015 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	Unaffiliated Director	:	Ge Lilies Yamin
			Director	:	Soegianto Nagaria
			Director	:	Herman Nagaria
			Director	:	Yong King Ching
			Director	:	Sharif Benyamin

The composition of the Company's Audit Committee as of June 30, 2016 and December 31, 2015 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 Rp16,375,119 and Rp6,483,836 for the six-months period ended June 30, 2016 and 2015.

The Group had 2,323 and 2,318 permanent employees (unaudited) as of June 30, 2016 and December 31, 2015.

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

1. GENERAL (CONTINUED)

d. Structure of the Company's Subsidiaries

As of June 30, 2016 and December 31, 2015, 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 30,2016	December 31, 2015	June 30,2016	December 31,2015
Direct Subsidiaries							
PT Bahagia Makmursejati (BHMS)	Jakarta	Property Development	2003	99.99	99.99	17,764,996	17,695,584
PT Serpong Cipta Kreasi (SPCK)	Tangerang	Property Development	2004	100.00	100.00	5,744,156,494	5,222,076,076
PT Anugerah Damai Abadi (AGDA)	Tangerang	Retail Food and Beverages	2007	100.00	100.00	5,521,714	6,297,409
PT Gading Orchard (GDOR)	Jakarta	Property Development	2008	100.00	100.00	121,174,965	120,596,541
PT Summarecon Property Development (SMPD)	Jakarta	Property Development	2012	100.00	100.00	5,174,502,534	4,718,459,919
PT Summarecon Investment Property (SMIP)	Jakarta	Investment Property	2012	100.00	100.00	4,063,959,674	3,980,391,574
PT Multi Abadi Prima (MTAP)	Jakarta	Gas Station	2013	100.00	100.00	28,167,100	28,565,897
PT Bhakti Karya Sejahtera (BTKS)	Jakarta	Education	2013	100.00	100.00	89,857,939	92,288,952
PT Citra Damai Agung (CTDA)	Jakarta	Property Development	2014	100.00	100.00	41,474,470	40,216,263
PT Java Investama Properti (JVIP)	Jakarta	Investment Property	-	100.00	100.00	15,103,838	15,103,793
Indirect Subsidiaries through SMPD							
PT Eskage Tatanan Kota (EKTK)	Jakarta	Town Management	2009	100.00	100.00	7,320,684	8,371,842
PT Bekasi Tatanan Kota (BKTK)	Bekasi	Town Management	2012	100.00	100.00	9,861,911	11,839,233
PT Mahkota Permata Perdana (MKPP)	Bandung	Property Development	2015	100.00	100.00	2,006,145,994	1,683,783,800
PT Maju Lestari Properti (MJLP)	Jakarta	Property Development	-	100.00	100.00	36,669,012	36,317,369
PT Inovasi Jaya Properti (IVJP)	Jakarta	Property Development	-	100.00	100.00	972,105,078	900,372,373
PT Mahkota Intan Cemerlang (MKIC)	Jakarta	Property Development	-	100.00	100.00	403,082,600	402,258,417
PT Banyumas Eka Mandiri (BYEM)	Jakarta	Property Development	-	100.00	100.00	277,743,549	277,852,825
PT Aruna Cahaya Abadi (ARCA)	Jakarta	Property Development	-	100.00	100.00	70,311,730	69,432,259
PT Selaras Maju Mandiri (SLMM)	Jakarta	Property Development	-	100.00	100.00	819,551,639	766,574,048
PT Orient City (ORCT)	Jakarta	Property Development	-	100.00	100.00	2,706,536	3,199,235
PT Bumi Perintis Asri (BMPA)	Tangerang	Property Development	-	100.00	100.00	60,244,012	58,717,865
PT Duta Sumara Abadi (DTSA)	Jakarta	Property Development	-	51.00	51.00	300,468,893	295,317,465
PT Sinar Mahakam Indah (SNMI)	Samarinda	Property Development	-	83.77	83.77	37,303,678	37,210,604

(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)

				Percentage of Ownership (%)		Total Assets Before Elimination	
Name of Subsidiaries	Domicile	Principal Activity	Start of Operations	June 30,2016	December 31, 2015	June 30,2016	December 31,2015
Indirect Subsidiaries through SMPD (continued)							
PT Sinar Semesta Indah (SNSI)	Tangerang	Property Development	-	100.00	100.00	749,760	756,095
PT Wahyu Kurnia Sejahtera (WYKS)	Jakarta	Property Development	-	100.00	100.00	180,251,800	180,260,729
PT Kahuripan Jaya Mandiri (KHJM)	Jakarta	Property Development	-	51.00	51.00	48,982,565	48,137,943
PT Gunung Suwarna Abadi (GNSA)	Jakarta	Property Development	-	51.00	51.00	217,738,481	148,844,593
PT Taruna Maju Berkarya (TRMB)	Jakarta	Property Development	-	100.00	100.00	3,019,490	2,924,221
PT Gunung Srimala Permai (GNSP)	Jakarta	Property Development	-	51.00	51.00	71,561,154	64,392,710
PT Sunda Besar Properti (SDBP)	Bandung	Property Development	-	100.00	100.00	1,104,431	1,083,061
PT Maju Singa Parahyangan (MJSP)	Bandung	Property Development	-	100.00	100.00	1,104,363	1,082,994
PT Surya Mentari Diptamas (SYMD)	Jakarta	Property Development	-	51.00	51.00	2,704,273	2,622,161
PT Surya Menata Elokjaya (SYME)	Jakarta	Property Development	-	100.00	100.00	2,859,340	2,787,328
PT Kencana Jayaproperti Agung (KCJA)	Jakarta	Property Development	-	51.00	51.00	208,007,278	213,393,406
PT Kencana Jayaproperti Mulia (KCJM)	Jakarta	Property Development	-	51.00	51.00	188,184,639	188,378,548
PT Sinergi Mutiara Cemerlang (SGMC)	Makassar	Property Development	-	51.00	51.00	474,748,876	452,377,348
PT Sukmabumi Mahakam Jaya (SBMJ)	Jakarta	Property Development	-	100.00	100.00	992,308	992,679
PT Bintang Mentari Indah (BNMI)	Makassar	Property Development	-	100.00	100.00	190,229,951	158,737,969
Indirect Subsidiaries through SMIP							
PT Lestari Mahadibya (LTMD)	Tangerang	Investment Property	2006	100.00	100.00	1,136,543,132	1,170,342,981
PT Summerville Property Management (SVPM)	Jakarta	Property Management	2007	100.00	100.00	4,109,442	4,039,522
PT Summarecon Hotelindo (SMHO)	Jakarta	Hotel	2010	100.00	100.00	136,481,696	140,116,350
PT Makmur Orient Jaya (MKOJ)	Bekasi	Investment Property	2013	100.00	100.00	887,337,220	908,751,662
PT Kharisma Intan Properti (KRIP)	Tangerang	Investment Property	2013	100.00	100.00	207,777,227	209,529,494
PT Dunia Makmur Properti (DNMP)	Jakarta	Investment Property	2015	100.00	100.00	119,734,610	123,266,103
PT Summarecon Bali Indah (SMBI)	Jakarta	Investment Property	-	100.00	100.00	1,100,497,685	989,392,642
PT Permata Jimbaran Agung (PMJA)	Bali	Hotel	-	58.65	58.65	606,644,803	487,507,138
PT Seruni Persada Indah (SRPI)	Jakarta	Investment	-	100.00	100.00	1,055,541	1,035,136

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

Property

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)

				Percentage of Ownership (%)		Total Asset Before Elimination	
Name of Subsidiaries	Domicile	Principal Activity	Start of Operations	June 30,2016	December 31, 2015	June 30,2016	December 31,2015
Indirect Subsidiaries through SMIP (continued)							
PT Bali Indah Development (BLID)	Bali	Investment Property	-	100.00	100.00	183,559,344	185,780,903
PT Bali Indah Property (BLIP)	Bali	Investment Property	-	100.00	100.00	3,778,048	3,792,032
PT Bukit Jimbaran Indah (BKJI)	Bali	Property Development	-	100.00	100.00	605,925	613,267
PT Bukit Permai Properti (BKPP)	Bali	Property Development	-	100.00	100.00	483,912,673	483,661,929
PT Hotelindo Permata Jimbaran (HOPJ)	Bali	Hotel	-	58.65	58.65	164,879,904	106,706,633
PT Nirwana Jaya Semesta (NWJS)	Jakarta	Hotel	-	100.00	100.00	12,604,685	12,211,420
PT Sadhana Bumi Jayamas (SDBJ)	Jakarta	Investment Property	-	100.00	100.00	81,432,092	81,655,279
PT Sumber Pembangunan Cemerlang (SBPC)	Jakarta	Investment Property	-	100.00	100.00	1,036,963	1,032,788
PT Unota Persadajaya (UNPS)	Jakarta	Investment Property	-	55.00	55.00	146,439,086	145,438,142
PT Java Orient Properti (JVOP)	Yogyakarta	Hotel	-	90.00	67.00	150,660,969	113,419,542
PT Mahakarya Buana Damai (MKBD)	Bandung	Investment Property	-	100.00	100.00	74,716,718	73,538,486
PT Pradana Jaya Berniaga (PDJB)	Bali	Investment Property	-	100.00	100.00	5,332,189	2,060,080
Indirect Subsidiaries through SPCK							
PT Serpong Tatanan Kota (STTK)	Tangerang	Town Management	2010	100.00	100.00	46,083,129	36,026,256
PT Bhakti Karya Vita (BTKV)	Tangerang	Hospital	2011	60.00	60.00	71,976,937	73,367,566
PT Jaya Bangun Abadi (JYBA)	Tangerang	Property Development	-	100.00	100.00	90,734,784	90,624,545
PT Permata Cahaya Cemerlang (PMCC)	Tangerang	Property Development	-	100.00	100.00	339,566,104	340,695,347
PT Surya Intan Properti (SYIP)	Tangerang	Property Development	-	100.00	100.00	155,799,126	154,880,519
PT Mahkota Berlian Indah (MKBI)	Tangerang	Property Development	-	100.00	100.00	95,553,740	97,084,998
PT Mahkota Permata Indah (MKPI)	Tangerang	Property Development	-	100.00	100.00	83,531,280	83,241,175

In 2016, the Company established new Subsidiaries PT Bhakti Karya Bangsa (BKKB).

As of June 30, 2016, JVIP, 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, SMBI, PMJA, SRPI, BLID, BLIP, BKJI, BKPP, HOPJ, NWJS, SDBJ, SBPC, UNPS, JVOP, MKBD, PDJB, JYBA, PMCC, SYIP, MKBI and MKPI have not started commercial operations

1. GENERAL (CONTINUED)

e. Changes in Capital Structure of the Subsidiaries

PT Bahagia Makmursejati (BHMS)
In December 2015, BHMS shareholders decreased its issued and fully paid capital stock from Rp16,340,000 to become Rp6,340,000 with a par value Rp1,000 (full amount) per share. The Company subscribed for all the decrease of 10,000,000 shares for Rp10,000,000. The decrease in issued and fully paid capital stock was notarized under deed No. 49 dated December 15, 2015 of Dewi Himijati Tandika,S.H. which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-0003922.AH.01.02. Year 2016 dated February 29, 2016.

PT Gading Orchard (GDOR)
In December 2015, GDOR shareholders decreased its issued and fully paid capital stock from Rp123,695,270 to become Rp103,695,155 with a par value of Rp1,000 (full amount) per share. The Company subscribed for all the decrease of 20,000,115 shares for Rp20,000,115. The decrease in issued and fully paid capital stock was notarized under deed No. 50 dated December 15, 2015 of Dewi Himijati Tandika,S.H. which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-0003921.AH.01.02. Year 2016 dated February 29, 2016.

PT Summarecon Property Development (SMPD)
In December 2015, SMPD increased its issued and fully paid capital stock from Rp3,238,115,247 to become Rp3,819,386,900 with a par value of Rp1,000 (full amount) per share. The Company subscribed for all the increase of 581,271,653 shares for Rp581,271,653. The increase in issued and fully paid capital stock was notarized under deed No. 88 dated December 18, 2015 of Dewi Himijati Tandika,S.H. which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0003356 Year 2016 dated January 15, 2016.

PT Summarecon Investment Property (SMIP)
In December 2015, SMIP decreased its issued and fully paid capital stock from Rp1,701,681,639 to become Rp2,185,387,340 with a par value of Rp1,000 (full amount) per share. The Company subscribed for all the increase of 212,380,000 shares for Rp483,705,701. The increase in issued and fully paid capital stock was notarized under deed No. 89 dated December 18, 2015 of Dewi Himijati Tandika,S.H. which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03.0003358. Year 2016 dated January 15, 2016.

PT Multi Abadi Prima (MTAP)
In December 2015, MTAP decreased its issued and fully paid capital stock from Rp27,721,000 to become Rp17,721,000 with a par value of Rp1,000 (full amount) per share. The Company subscribed for all the decrease of 10,000,000 shares for Rp10,000,000. The decrease in issued and fully paid capital stock was notarized under deed No. 52 dated December 15, 2015 of Dewi Himijati Tandika,S.H. which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-0003917.AH.01.02. Year 2016 dated February 29, 2016.

PT Bhakti Karya Sejahtera (BTKS)
In December 2015, BTKS increased its authorized capital stock from Rp100,000,000 to become Rp200,000,000 and increased issued and fully paid capital stock from Rp74,833,000 to become Rp97,250,000 with a par value of Rp1,000 (full amount) per share. The Company subscribed for all the increase of 22,417,000 shares for Rp22,417,000. The increase in issued and fully paid capital stock was notarized under deed No. 90 dated December 18, 2015 of Dewi Himijati Tandika,S.H. which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0003371. Year 2016 and No. AHU-0000838.AH.01.02. Year 2016 dated January 15, 2016.

PT Citra Damai Agung (CTDA)
In December 2015, CTDA decreased its issued and fully paid capital stock from Rp110,000,000 to become Rp30,000,000 with a par value of Rp1,000 (full amount) per share. The Company subscribed for all the decrease of 80,000,000 shares for Rp80,000,000. The decrease in issued and fully paid capital stock was notarized under deed No. 51 dated December 15, 2015 of Dewi Himijati Tandika,S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-0003918.AH.01.02. Year 2016 dated February 29, 2016.

1. GENERAL (CONTINUED)

e. Changes in Capital Structure of the Subsidiaries (continued)

PT Java Investama Properti (JVIP)
On March 23, 2015, SRPI sold all of its ownership to JVIP as much as 999,999 shares for Rp1,000 (full amount) which representing 99.9999% ownership to Company. The difference between selling price and net book value as much as Rp1,794 booked as "Difference from Transactions with Non-controlling Interest" as a part of Equity in the consolidated statement of financial position. It was notarized under deed No. 79 of Dra. Rr. Hariyanti Poerbiantari, S.H., M.Kn. which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0020392. Year 2015 dated March 31, 2015.

PT Eskage Tatanan Kota (EKTK)
In December 2015, EKTK increased its issued and fully paid capital stock from Rp22,375,970 to become Rp24,583,970 with a par value of Rp1,000 (full amount) per share. SMPD subscribed for all the increase of 2,208,000 shares for Rp2,208,000. The increase in issued and fully paid capital stock was notarized under deed No. 80 dated December 17, 2015 of Dewi Himijati Tandika,S.H. which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0003240. Year 2016 dated January 15, 2016.

PT Bekasi Tatanan Kota (BKTK)
In December 2015, BKTK increased its issued and fully paid capital stock from Rp12,311,000 to become Rp16,542,000 with a par value of Rp1,000 (full amount) per share. SMPD subscribed for all the increase of 4,231,000 shares for Rp4,231,000. The increase in issued and fully paid capital stock was notarized under deed No. 79 dated December 17, 2015 of Dewi Himijati Tandika,S.H. which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0003236. Year 2016 dated January 15, 2016.

PT Mahkota Permata Perdana (MKPP)
In December 2015, MKPP increased its issued and fully paid capital stock from Rp1,528,584,000 to become Rp1,591,031,250 with a par value of Rp1,000 (full amount) per share. SMPD subscribed for all the increase of 62,447,250 shares for Rp62,447,250. The increase in issued and fully paid capital stock was notarized under deed No. 76 dated December 17, 2015 of Dewi Himijati Tandika,S.H. which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0003222. Year 2016 dated January 15, 2016.

PT Mahkota Intan Cemerlang (MKIC)
In December 2015, MKIC increased its issued and fully paid capital stock from Rp337,417,999 to become Rp369,703,999 with a par value of Rp1,000 (full amount) per share. SMPD subscribed for all the increase of 32,286,000 shares for Rp32,286,000. The increase in issued and fully paid capital stock was notarized under deed No. 61 dated December 16, 2015 of Dewi Himijati Tandika,S.H. which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0003167. Year 2016 dated January 15, 2016.

PT Inovasi Jaya Properti (IVJP)
In June 2016, IVJP increased its issued and fully paid capital stock from Rp554,609,460 to become Rp565,109,460 with a par value Rp1,000 (full amount) per share. SMPD subsribed for all the increase of 10,500,000 shares for Rp10,500,000. The increase in issued and fully paid capital stock was notarized under deed No. 14 dated June 3, 2016 of Dewi Himijati Tandika, S.H. which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0057324. Year 2016 dated June 15, 2016.

PT Banyumas Eka Mandiri (BYEM)
In December 2015, BYEM increased its issued and fully paid capital stock from Rp198,765,000 to become Rp256,828,000 with a par value of Rp1,000 (full amount) per share. MKIC subsribed for all the increase of 58,828,000 shares for Rp58,828,000. The increase in issued and fully paid capital stock was notarized under deed No. 53 dated December 15, 2015 of Dewi Himijati Tandika,S.H. which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0002566. Year 2016 dated January 13, 2016.

1. GENERAL (CONTINUED)

e. Changes in Capital Structure of the Subsidiaries (continued)

PT Selaras Maju Mandiri (SLMM)
In December 2015, SLMM increased its issued and fully paid capital stock from Rp278,867,248 to become Rp526,924,980 with a par value of Rp1,000 (full amount) per share. SMPD subscribed for all the increase of 248,057,732 shares for Rp248,057,732. The increase in issued and fully paid capital stock was notarized under deed No. 82 dated December 17, 2015 of Dewi Himijati Tandika,S.H. which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0003266. Year 2016 dated January 15, 2016.

PT Orient City (ORCT)
In December 2015, ORCT increased its issued and fully paid capital stock from Rp3,290,000 to become Rp4,186,000 with a par value of Rp1,000 (full amount) per share. SMPD subscribed for all the increase of 896,000 shares for Rp896,000. The increase in issued and fully paid capital stock was notarized under deed No. 75 dated December 17, 2015 of Dewi Himijati Tandika,S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0003220. Year 2016 dated January 15, 2016.

PT Duta Sumara Abadi (DTSA)
On January 8, 2015, DTSA increased its issued and fully paid capital stock from Rp243,000,000 to become Rp285,000,000 with a par value of Rp1,000 (full amount) per share. SMPD subscribed for all the increase of 21,420,000 shares for Rp21,420,000, which represents 51% ownership. DPM subscribed for all the increase of 20,580,000 shares for Rp20,580,000, which represents 49% ownership. The increase in issued and fully paid capital stock was notarized under deed No. 10 dated January 8, 2015 of Dewi Himijati Tandika,S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-0007249.AH.01.03. Year 2015 dated February 3, 2015.

In December 2015, DTSA increased its issued and fully paid capital stock from Rp285,000,000 to become Rp298,000,000 with a par value of Rp1,000 (full amount) per share. SMPD subscribed for the increase of 6,630,000 shares for Rp6,630,000, which represents 51% ownership. DPM subscribed for the increase of 6,370,000 shares for Rp6,370,000, which represents 49% ownership. The increase in issued and fully paid capital stock was notarized under deed No. 65 dated December 16, 2015 of Dewi Himijati Tandika,S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0003200. Year 2016 dated January 15, 2016.

PT Sinar Mahakam Indah (SNMI)
In October 2015, SNMI increased its issued and fully paid capital stock from Rp15,695,000 to become Rp31,919,500 with a par value of Rp1,000 (full amount) per share. SMPD subscribed for the increase of 6,630,000 shares for Rp6,630,000, which represents 51% ownership. MKIC subscribed for the increase of 16,224,500 shares for Rp16,224,500, which increase MKIC ownership in SNMI from 70.00% to become 83.77%. The increase in issued and fully paid capital stock was notarized under deed No. 22 dated October 9, 2015 of Dewi Himijati Tandika,S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03.0973495. Year 2015 dated October 21, 2015.

PT Kahuripan Jaya Mandiri (KHJM)
On January 8, 2015, KHJM increased its issued and fully paid capital stock from Rp42,762,000 to become Rp45,762,000 with a par value of Rp1,000 (full amount) per share. ARCA subscribed for all the increase of 1,530,000 shares for Rp1,530,000, which represents 51% ownership. PT Prospect Motor (PRM) subscribed for the increase of 1,470,000 shares for Rp1,470,000, which represents 49% ownership. The increase in issued and fully paid capital stock was notarized under deed No. 5 dated January 8, 2015 of Dewi Himijati Tandika,S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-0007134.AH.01.03. Year 2015 dated February 3, 2015.

PT Gunung Suwarna Abadi (GNSA)
On January 8 2015, GNSA increased its issued and fully paid capital stock from Rp138,738,000 to become Rp143,738,000 with a par value of Rp1,000 (full amount) per share. IVJP subscribed for the increase of 2,550,000 shares for Rp2,550,000, which represents 51% ownership. PT Prospect Motor (PRM) subscribed for the increase of 2,450,000 shares for Rp2,450,000, which represents 49% ownership.

1. GENERAL (CONTINUED)

e. Changes in Capital Structure of the Subsidiaries (continued)

PT Gunung Suwarna Abadi (GNSA) (continued)

The increase in issued and fully paid capital stock was notarized under deed No. 6 dated January 8, 2015 of Dewi Himijati Tandika,S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-0007191.AH.01.03. Year 2015 dated February 3, 2015.

In December 2015, GNSA increased its issued and fully paid capital stock from Rp143,738,000 to become Rp148.738.000 with a par value of Rp1,000 (full amount) per share. IVJP subscribed for the increase of 2,550,000 shares for Rp2,550,000, which represents 51% ownership. PT Prospect Motor (PRM) subscribed for the increase of 2,450,000 shares for Rp2,450,000, which represents 49% ownership. The increase in issued and fully paid capital stock was notarized under deed No. 58 dated December 16, 2015 of Dewi Himijati Tandika,S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0003127. Year 2016 dated January 15, 2016.

PT Gunung Srimala Permai (GNSP)

On January 8, 2015, GNSP increased its authorized capital stock from Rp20,000,000 to become Rp159,800,000 and increased its issued and fully paid capital stock from Rp5,000,000 to become Rp39,950,000 with a par value of Rp1,000 (full amount) per share. IVJP subscribed for the increase of 17,824,500 series A shares for Rp17,824,500, which represents 51% ownership. PT Prospect Motor (PRM), third party, subscribed for the increase of 8,388,000 series A shares and 8,737,500 series B shares for Rp17,125,500, which represents 49% ownership. The increase in capital stock was notarized under deed No. 7 dated January 8, 2015 of Dewi Himijati Tandika,S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0007529. Year 2015 dated February 4, 2015.

In December 2015, GNSP increased its issued and fully paid capital stock from Rp39,950,000 to become Rp64,950,000 with a par value of Rp1,000 (full amount) per share. SLMM subscribed for the increase of 12,750,000 shares for Rp12,750,000, which represents 51% ownership. PT Prospect Motor (PRM), third party, subscribed for the increase of 12,250,000 shares for Rp12,250,000, which represents 49% ownership. The increase in issued and fully paid capital stock was notarized under deed No. 59 dated December 16, 2015 of Dewi Himijati Tandika,S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0003144. Year 2016 dated January 15, 2016.

PT Kencana Jayaproperti Agung (KCJA)

On January 8, 2015, KCJA increased its issued and fully paid capital stock from Rp93,272,666 to become Rp129,272,666 with a par value of Rp1,000 (full amount) per share. IVJP subscribed for the increase of 18,360,000 shares for Rp18,360,000, which represents 51% ownership, PT Budiman Kencana Lestari (BKL) subscribed for the increase of 9,000,000 shares for Rp9,000,000, which represents 25% ownership, and Colliman subscribed for the increase of 8,640,000 shares for Rp8,640,000, which represents 24% ownership. The increase in issued and fully paid capital stock was notarized under deed No. 6 dated July 2, 2015 of Dewi Himijati Tandika,S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0952163. dated July 27, 2015.

In December 2015, KCJA increased its issued and fully paid capital stock from Rp129,272,666 to become Rp232,272,666 with a par value of Rp1,000 (full amount) per share. IVJP subscribed for the increase of 52,530 shares for Rp52,530,000, which represents 51% ownership. BKL subscribed for the increase of 24,720 shares for Rp24,720,000, which represents 25% ownership. Colliman subscribed for the increase of 25,750 shares for Rp25,750,000, which represents 24% ownership. The increase in issued and fully paid capital stock was notarized under deed No.12 dated February 3, 2016 of Dewi Himijati Tandika, S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-0002504.AH.01.02. Year 2016 dated February 9, 2016.

PT Sinergi Mutiara Cemerlang (SGMC)

On February 17, 2015, SLMM has acquired 51% ownership in Elite Field Investment Limited (EFI) in SGMC for Rp310,759,802, which was notarized under deed No. 52 of Dewi Himijati Tandika, S.H.,

1. GENERAL (CONTINUED)

e. Changes in Capital Structure of the Subsidiaries (continued)

PT Sinergi Mutiara Cemerlang (SGMC) (continued)
In December 2015, SGMC increased its issued and fully paid capital stock from Rp318,000,000 to become Rp425,755,000 with a par value of Rp1,000 (full amount) per share. SLMM subscribed for the increase of 54,955 shares for Rp54,955,000, which represents 51% ownership. PT Mutiara Properti Cemerlang (MPC), a third party, subscribed for the increase of 52,800 shares for Rp52,800,000, which represents 49% ownership. The increase in issued and fully paid capital stock was notarized under deed No. 56 dated December 16, 2015 of Dewi Himijati Tandika,S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-01.03.0003389 dated January 15, 2016.

PT Sukmabumi Mahakam Jaya (SBMJ)
In 2015, SBMJ was established with authorized capital stock of Rp4,000,000, of which Rp1,000,000 has been issued and fully paid by the stockholders. SMPD acquired 999,999 shares for Rp999,999, with a par value of Rp1,000 (full amount) per share, representing 99.9999% ownership, while the remaining one share for Rp1 representing 0.00001% ownership was subscribed for by BHMS. The establishment of SBMJ was notarized under deed No. 67 dated April 22, 2015 of Dra. Rr. Hariyanti Poerbiantari, S.H., Mkn, which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-2436074.AH.01.01. Year 2015 dated April 24, 2015. As of the date of approval and authorization for issuance of these consolidated financial statements, the publication in the State Gazette of the Republic of Indonesia is in process.

PT Bintang Mentari Indah (BNMI)
On October 24, 2014, BNMI was established with authorized capital stock of Rp2,000,000, of which Rp500,000 has been issued and fully paid by the stockholders. On December 11, 2015, SLMM acquired 3,749 series A shares and 1,250 share B from third party for Rp499,900, representing 99.98% ownership, while the remaining one series A share from third party for Rp100 representing 0.02% ownership was subscribed for by SMPD. The investment in BNMI was notarized under deed No. 19 dated December 11, 2015 of Eko Gunarto, S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0990473. Year 2015 dated December 22, 2015. As of the date of approval and authorization for issuance of these consolidated financial statements, the publication in the State Gazette of the Republic of Indonesia is in process.

In December 2015, BNMI increased its authorized capital stock from Rp2,000,000 to become Rp500,000,000 and increased its issued and fully paid capital stock from Rp500,000 to become Rp132,600,000 with a par value of Rp100,000 (full amount) per share. SLMM subscribed for all of the increase of 1,321,000 shares for Rp132,100,000. The increase in issued and fully paid capital stock was notarized under deed No. 60 dated December 16, 2015 of Dewi Himijati Tandika,S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-0000847.AH.01.02. Year 2016 dated January 15, 2016.

PT Lestari Mahadibya (LTMD)
In December 2015, LTMD increased its issued and fully paid capital stock from Rp632,894,970 to become Rp676,594,970 with a par value of Rp1,000 (full amount) per share. SMIP subscribed for the increase of 43,700,000 shares for Rp43,700,000. The increase in issued and fully paid capital stock was notarized under deed No. 73 dated December 17, 2015 of Dewi Himijati Tandika,S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-01.03.0003207. Year 2016 dated January 15, 2016.

PT Summerville Property Management (SVPM)
In December 2015, SVPM increased its authorized capital stock from Rp17,000,000 to become Rp65,000,000 and increased its issued and fully paid capital stock from Rp12,600,000 to become Rp16,839,000 with a par value of Rp1,000 (full amount) per share. SMIP subscribed for the increase of 4,239,000 shares for Rp4,239,000. The increase in issued and fully paid capital stock was notarized under deed No. 76 dated December 17, 2015 of Dewi Himijati Tandika,S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0003215. Year 2016 dated January 15, 2016.

1. GENERAL (CONTINUED)

e. Changes in Capital Structure of the Subsidiaries (continued)

PT Makmur Orient Jaya (MKOJ)

In December 2015, MKOJ increased its authorized capital stock from Rp500,000,000 to become Rp1,000,000,000 and increased its issued and fully paid capital stock from Rp294,620,000 to become Rp372,077,030 with a par value of Rp1,000 (full amount) per share. SMIP subscribed for the increase of 77,457,030 shares for Rp77,457,030. The increase in issued and fully paid capital stock was notarized under deed No. 64 dated December 16, 2015 of Dewi Himijati Tandika,S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0003185. Year 2016 dated January 15, 2016.

PT Kharisma Intan Properti (KRIP)

In December 2015, KRIP increased its issued and fully paid capital stock from Rp137,716,000 to become Rp175,901,000 with a par value of Rp1,000 (full amount) per share. SMIP subscribed for the increase of 38,185,000 shares for Rp38,185,000. The increase in issued and fully paid capital stock was notarized under deed No. 78 dated December 17, 2015 of Dewi Himijati Tandika,S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0003229. Year 2016 dated January 16, 2016.

PT Dunia Makmur Properti (DNMP)

In December 2015, DNMP increased its authorized capital stock from Rp80,000,000 to become Rp200,000,000 and increased its issued and fully paid capital stock from Rp24,415,000 to become Rp55,266,000 with a par value of Rp1,000 (full amount) per share. SMIP subscribed for the increase of 30,851,000 shares for Rp30,851,000. The increase in issued and fully paid capital stock was notarized under deed No. 81 dated December 17, 2015 of Dewi Himijati Tandika,S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0003257. Year 2016 dated January 15, 2016.

PT Summarecon Bali Indah (SMBI)

In December 2015, SMBI increased its issued and fully paid capital stock from Rp600,996,272 to become Rp611,424,472 with a par value of Rp1,000 (full amount) per share. SMIP subscribed for all the increase of 10,428,200 shares for Rp10,428,200. The increase in issued and fully paid capital stock was notarized under deed No. 62 dated December 16, 2015 of Dewi Himijati Tandika, S.H. which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0003172. Year 2016 dated January 15, 2016.

PT Permata Jimbaran Agung (PMJA)

On July 2015, BLID sold 935,633 and 1,871,267 shares in PMJA to I Made Sudarta (IMS) and Edwin Ekaputra Halim (EEH) with selling price amounting to Rp935,633 and Rp1,871,267, thereby reducing the ownership of BLID in PMJA from 18.00% to 16.65%. The difference between the selling price and the net book value amounting to Rp261,655, was recorded as “Differences from Transactions with Non-controlling Interests”, presented under the equity section in the consolidated statement of financial position. These matters were notarized under deeds No. 41 and 42 dated August 14, 2015 of Dewi Himijati Tandika, S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0957670. Year 2015 dated August 19, 2015.

PT Sadhana Bumi Jayamas (SDBJ)

In December 2015, SDBJ increased its issued and fully paid capital stock from Rp49.494.000 to become Rp80.827.000 with a par value Rp1,000 (satuan penuh) per share. SMIP subscribed for all the increase of 31,263,000 shares for Rp31,263,000. The increase in capital stock was notarized under deed No. 77 dated December 17, 2015 of Dewi Himijati Tandika, S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0003224. Year 2016 dated January 15, 2016.

PT Unota Persadajaya (UNPS)

On June 29, 2015, BHMS sold its 1 share ownership in UNPS to Company for Rp1,000 (full amount). On the same date, UNPS increased its issued and fully paid capital stock from Rp66,792,000 to become Rp148,427,000 with a par value of Rp1,000 (full amount) per share. The Company subscribed for all the increase of 81,635,000 shares for Rp81,635,000. The Company’s ownership in UNPS from 0% to become 55%. The increase in capital stock was notarized under deed No. 163 dated June 29, 2015 of Dewi Himijati Tandika, S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0952143. Year 2015 dated July 27, 2015.

1. GENERAL (CONTINUED)

e. Changes in Capital Structure of the Subsidiaries (continued)

PT Java Orient Properti (JVOP)

On February 12, 2015, SMIP sold 329,999 shares in JVOP to Dandan Jaya Kartika (DJK) and Amelia Tatiana, SS (AMT) with selling price amounting to Rp329,999. On the same date, SVPM sold one shares in JVOP to AMT with selling price amounting to Rp1,000 (full amount). Thereby percentage of ownership SMIP in JVOP to become 67%. The difference between the selling price and the net book value amounting to Rp265, was recorded as “Differences from Transactions with Non-controlling Interests”, presented under the equity section in the consolidated statement of financial position. These matters were notarized under deeds No. 14, 15, and 16 of P.Sutrisno A. Tampubolon which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0011907. Year 2015 dated February 25, 2015.

On February 12, 2015, JVOP increased its authorized capital stock from Rp4,000,000 to become Rp150,000,000 and increase its issued and fully paid capital stock from Rp1,000,000 to become Rp90,000,000 with a par value of Rp1,000 (full amount) per share.

Based on the minutes of the stockholders’ extraordinary meeting notarized under deed No. 6 dated March 4, 2016 of Pahala Sutrisno, S.H., the JVOP’s stockholders agreed to the transfer of the ownership of 20,700,000 shares belong to the Non-controlling interest to SMIP amounting to Rp20,700,000, thereby increasing the ownership of SMIP in JVOP from 67% to become 90%.

Based on the minutes of the stockholders’ extraordinary meeting held on March 4, 2016, JVOP increased its authorized capital stock from Rp150,000,000 to become Rp250,000,000 and increased its issued and fully paid capital stock from Rp90,000,000 to become Rp152,000,000 with a par value of Rp1,000 (full amount). SMIP acquired 55,800,000 shares for Rp55,800,000 representing 90% of ownership, while Dandan Jaya Kartika acquired 1,537,600 shares for Rp1,537,600 representing 2% of ownership and Amelia Tatiana acquired 4,662,400 for Rp4,662,400 representing 8% of ownership. The increase in issued and fully paid capital stock was notarized under deed No. 9 dated March 4, 2016 of Pahala Sutrisno, S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0032651. Year 2016 dated March 18, 2016.

PT Mahakarya Buana Damai (MKBD)

In 2015, MKBD was established with authorized capital stock of Rp10,000,000, of which Rp2,500,000 has been issued and fully paid by the stockholders. SMIP acquired 2,499,999 shares for Rp2,499,999, with a par value of Rp1,000 (full amount) per share, representing 99.9996% ownership, while the remaining one share for Rp1 representing 0.0004% ownership was subscribed for by SVPM. The establishment of MKBD was notarized under deed No. 27 dated January 16, 2014 of Dewi Himijati Tandika, S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-007152.AH.01.01. Year 2015 dated February 13, 2015 and was published in Supplement No. 22080 to the State Gazette No. 33 dated April 24, 2015 of the Republic of Indonesia.

In December 2015, MKBD increased its authorized capital stock from Rp10,000,000 to become Rp250,000,000 and increased its issued and fully paid capital stock from Rp2,500,000 to become Rp73,468,001 with a par value of Rp1,000 (full amount) per share. SMIP subscribed for all 70,968,001 shares for Rp70,968,001. The increase in capital stock was notarized under deed No. 63 dated December 16, 2015 of Dewi Himijati Tandika, S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0003180. Year 2016 dated January 15, 2016.

PT Pradana Jaya Berniaga (PDJB)

In 2015, PDJB was established with authorized capital stock of Rp7,500,000, of which Rp2,000,000 has been issued and fully paid by the stockholders. PMJA acquired 999,999 series A shares and 1,000,000 series B shares with a par value of Rp1,000 (full amount) per share, representing 99.9995% ownership, while the remaining one series A share for Rp1 representing 0.0005% ownership was subscribed for by BLID. The establishment of PDJB was notarized under deed No. 39 dated June 11, 2015 of Dewi Himijati Tandika, S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-2444134.AH.01.01. Year 2015 dated June 18, 2015. As of the date of approval and authorization for issuance of these consolidated financial statements, the publication in the State Gazette of the Republic of Indonesia is in process.

1. GENERAL (CONTINUED)

e. Changes in Capital Structure of the Subsidiaries (continued)

PT Serpong Tatanan Kota (STTK)
In December 2015, STTK increased its authorized capital stock from Rp10,000,000 to become Rp15,000,000 and increased its issued and fully paid capital stock from Rp2,500,000 to become Rp10,360,000 with a par value of Rp1,000 (full amount) per share. SPCK subscribed for all 7,860,000 shares for Rp7,860,000. The increase in capital stock was notarized under deed No. 86 dated December 18, 2015 of Dewi Himijati Tandika, S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-0000832.AH.01.02. Year 2016 dated January 15, 2016.

PT Bhakti Karya Vita (BTKV)
In 2015, BTKV received additional paid-in capital totalling Rp6,000,000 from the shareholders, SPCK and Perhimpunan Saint Carolus (Note 24).

As of June 30, 2016, notarial deed about the additional paid in capital still in process

PT Jaya Bangun Abadi (JYBA)
In December 2015, JYBA increased its issued and fully paid capital stock from Rp77,801,000 to become Rp90,202,000 with a par value of Rp1,000 (full amount) per share. SPCK subscribed for all 12,401,000 shares for Rp12,401,000. The increase in capital stock was notarized under deed No. 87 dated December 18, 2015 of Dewi Himijati Tandika, S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-AH.01.03-0003349. Year 2016 dated January 15, 2016.

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

Publishing Group's consolidated financial statements on June 30, 2016 and for the six-month period ended on that date was approved and authorized for issuance by the Board of Directors on July 28, 2016 , 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, 2016 and 2015 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. Principles of consolidation

Effective January 1, 2015, the Group has adopted PSAK 65, "Consolidated Financial Statements". The adoption of this PSAK has no significant impact to the financial reporting and disclosures in the consolidated financial statements. The consolidated financial statements include the accounts of the Company and Subsidiaries, in which the Company maintains more than 50% share ownership, either directly or indirectly.

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.

Control is presumed to exist if the Company owns, directly or indirectly through another subsidiary, all of the following:

a) power over investee;
b) exposure or rights of variable returns from its involvement to investee; and
c) ability to use the power over investee to affect the amount of investor returns.

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.

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;
- deregcognizes the carrying amount of any NCI;
- deregcognizes 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;
- 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.

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.

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.

c. Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred. measured at acquisition-date fair value and the amount of any NCI in the acquiree.

For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are directly expensed and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Business combination (continued)

included in administrative expenses.

When the Company or a subsidiary acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

For bargain purchases, before recognizing a gain on a bargain purchase. the acquirer reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognizes any additional assets or liabilities that are identified in that review. If that gain remains after applying the identification, the acquirer recognizes the resulting gain in profit or loss on the acquisition date. The gain is attributed to the acquirer.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognized in accordance with PSAK No. 55 (Revised 2014) either in profit or loss or as other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

At acquisition date, goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for NCI over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination, from the acquisition date is allocated to each of the Group's Cash-Generating Units ("CGUs") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those CGUs.

Where goodwill forms part of a CGU and part of the operations within that CGU is disposed of, the goodwill associated with the operations disposed of is included in the carrying amount of the operations when determining the gain or loss on disposal of the operations. Goodwill disposed of in this circumstance is measured based on the relative values of the operations disposed of and the portion of the CGU retained.

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. Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statements of profit and loss and other comprehensive income reflect the Group's share of the results of operations of the associate. Any change in OCI of this investee is presented as part of the Group's OCI.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Investments in associates (continued)

In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of the change, when applicable, in the consolidated statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statements of profit and loss and other comprehensive income outside operating profit and represents profit or loss after tax and NCI in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognizes the loss as "share of profit of an associate" in the consolidated statements of profit or loss and other comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

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 32.

g. Inventories

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Inventories (continued)

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. Cost is determined using the weighted average method.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Fixed assets (continued)

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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l. Leases (continued)

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.

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.

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

(i) 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:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p. Revenue and expense recognize (continued)

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.

(ii) 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.

(iii) 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 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.

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

Effective January 1, 2015, the Group has applied, retrospectively, PSAK No. 24 (Revised 2013), "Employee Benefits" to replace PSAK No. 24 (Revised 2010), "Employee Benefits". This PSAK provides, among others, (i) the elimination of the "corridor approach" permitted under the previous version and (ii) significant changes in the recognition, presentation and disclosure of post-employment benefits which, among others, are as follows:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q. Employee benefit (continued)

- Actuarial gains and losses are now required to be recognized in other comprehensive income (OCI) and excluded permanently from profit or loss.
- Expected return on plan assets will no longer be recognized in profit or loss. Expected returns are replaced by recognizing interest income (or expense) on the net defined benefit asset (or liability) in profit or loss, which is calculated using the discount rate used to measure the pension obligation.
- Unvested past service costs can no longer be deferred and recognized over the future vesting period. Instead, all past service costs will be recognized at the earlier of when the amendment/curtailment occurs or when the Group recognizes related restructuring or termination costs.

Such changes are made in order that the net pension assets or liabilities are recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

<u>Post-employment benefits</u>

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.

<u>Post-employment benefits (continued)</u>

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.

The interest cost and expected return on plan assets used in the previous version of PSAK No. 24 are replaced with a net-interest amount, which is calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period.

r. Foreign currency transactions and balances

Transactions involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At the end of the reporting period, 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 year, as published by Bank Indonesia, and the resulting gains or losses are credited or charged to current operations.

As of June 30, 2016 and December 31, 2015, the rates of exchange used were as follows:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r. Foreign currency transactions and balances (continued)

Foreign Currencies	June 30, 2016 (Full Amount)	December 31, 2015 (Full Amount)
1 European Euro (Euro)	14,651	15,070
1 United States Dollar (US$)	13,180	13,795
1 Singapura Dollar (Sin$)	9,771	9,751

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

Effective on January 1, 2015, the Group applied PSAK No. 46 (Revised 2014), “Income Taxes”. The revised PSAK prescribes the accounting treatment for income taxes.

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

Referring to revised PSAK No. 46 as mentioned above, final tax is no longer governed by PSAK No. 46. Therefore, the Group has decided to present all of the final tax arising from sales of land, houses, shophouses and apartment 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.

Based on Government Regulation No. 5 dated March 23, 2002, income from rental of office space and retail center is subject to a final tax 10% from the related income. Based on Government Regulation No. 71/2008 dated November 4, 2008, effective January 1, 2009, the income from sale or transfer land and building for developer is subject to a final tax of 5% from the sale or transfer value.

<u>Current Tax</u>
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.

<u>Deferred Tax</u>
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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t. Income tax (continued)

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

u. Financial instruments

i. Financial assets

<u>Initial Recognition</u>

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.

<u>Subsequent Measurement</u>

- 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 December 31, 2015, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u. Financial instruments (continued)

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%.

ii. Financial liabilities

Initial Recognition

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 December 31, 2015, the Group has determined that short-term bank loans, trade payables to third parties, other payables, accrued expenses, due to related parties, downpayment received and downpayments received and security deposits - customer deposits, liability for short-term employee benefits, long-term debts, bonds payable and sukuk ijarah and other non-current financial liabilities are categorized as financial liabilities at amortized cost.

Subsequent Measurement

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.

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. Fair value of financial instruments

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting year. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transaction, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models.

Credit risk adjustment

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

v. Amortized cost of financial instruments

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u. Financial instruments (continued)

vi. Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

- Loans and receivables

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

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

  The carrying amount of the financial asset is reduced through the use of an allowance for impairment account and the amount of the loss is recognized in the consolidated statement of profit or loss and other comprehensive income. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the financial asset.

  Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, 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 for impairment account. If a future write-off is later recovered, the recovery is recognized in profit or loss.

- Available-for-sale (AFS) financial assets

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

  Where there is objective evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss - is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in the equity investments' fair value after impairment are recognized directly in other comprehensive income.

vii. Derecognition of financial assets and liabilities

<u>Financial Assets</u>

A financial asset (or where applicable. a part of a financial asset or part of a group of similar financial assets) is derecognized when: (1) the rights to receive cash flows from the asset have expired; or (2) the Group has transferred its rights to receive cash flows from the 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 asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u. Financial instruments (continued)

vii. Derecognition of financial assets and liabilities (continued)

Financial Liabilities

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

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

v. Earnings 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. Segmen reporting

An operating segment is a component of the Group:

a) that engages business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
b) whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. and;
c) for which discrete fiancial information is available

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”.

y. 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), 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.

- Business combinations

  As part of its business strategy, the Company acquires subsidiaries that own real estate. At the time of acquisition, the Company considers whether the acquisition represents the acquisition of a business. The Company accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the subsidiary (e.g., maintenance, cleaning, security, bookkeeping, hotel services, etc.). The significance of any process is judged with reference to the guidance in PSAK No. 22 (Revised 2010) on ancillary services.

  When the acquisition of a subsidiary does not represent a business acquisition, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

- 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.

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

Judgments (continued)

- Valuation of property (continued)

  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, 2015 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.

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 & 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.

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

3. MANAGEMENT'S USE OF JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS (CONTINUED)

Estimates and assumptions (continued)

- 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 recognized.
  The Company and Subsidiaries present the interest and penalties on the underpayment of income tax , if any , in the general and administrative expenses in the consolidated statement of comprehensive income and as part of the " Income Tax Expense ".

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	June 30, 2016	December 31, 2015
Cash on hand		
Rupiah	8,385,599	6,805,310
Foreign currencies	713,374	802,058
Total cash on hand	9,098,973	7,607,368
Bank		
Rupiah		
PT Bank Permata Tbk	654,412,260	399,196,170
PT Bank Central Asia Tbk	349,002,453	299,781,532
PT Bank Mandiri (Persero) Tbk	72,740,480	53,067,481
PT Bank OCBC NISP Tbk	52,906,744	31,641,634
PT Bank CIMB Niaga Tbk	23,597,895	26,997,574
PT Bank Internasional Indonesia Tbk	11,370,675	10,555,776
PT Bank Negara Indonesia (Persero) Tbk	10,275,538	3,195,783
PT Bank Pan Indonesia Tbk	857,034	40,025,054
PT Bank ANZ Indonesia	477,050	27,649,837
Others (each below Rp5.000.000)	12,983,964	8,511,963
United States dollar		
PT Bank Permata Tbk	60,281,773	15,353
PT Bank Central Asia Tbk	3,218,949	3,832,026
PT Bank CIMB Niaga Tbk	2,481,112	2,609,393
PT Bank ANZ Indonesia	219,924	17,870,539
Others (each below Rp2.500.000)	2,623,212	2,492,719

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

4. CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and cash equivalents consist of the following: (continued)

	June 30, 2016	December 31, 2015
Other currencies		
Others (each below Rp2.000.000)	2,786,659	2.719.801
Total bank	1,260,235,722	930.162.635
Time deposits		
Rupiah		
PT Bank Permata Tbk	504,961,562	331.603.932
PT Bank Central Asia Tbk	61,922,056	83.067.127
PT Bank OCBC NISP Tbk	61,326,619	35.069.041
PT Bank Pan Indonesia Tbk	16,600,000	-
PT Bank UOB Indonesia Tbk	10,000,000	10.000.000
PT Bank Mandiri (Persero) Tbk	50,849	32.050.849
Others (each below Rp10.000.000)	9,071,855	9.030.511
Dolar Amerika Serikat		
PT Bank ANZ Indonesia	5,601,500	-
PT Bank Central Asia Tbk	-	33.235.620
PT Bank Permata Tbk	-	27.848.620
Others (each below Rp5.000.000)	3,745,237	3.870.377
Total time deposits	673,279,678	565.776.077
Total cash and cash equivalents	**1,942,614,373**	**1.503.546.080**

Ranges of annual interest rates of time deposits are as follows:

	June 30, 2016	December 31, 2015
Rupiah	4.75%-10.00%	5.00%-10.00%
United States Dollar	0.15%-3.00%	0.15%-3.00%

As of June 30, 2016, 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 Rp38,725,000. 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.

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

5. TRADE RECEIVABLES

The details of trade receivables are as follows:

	June 30, 2016	December 31, 2015
Related parties (Note 32)		
Rental of retail and commercial investment properties	2,476,375	3,381,407
Sale of houses, shops and landplots	173,272	391,564
Others	13,707	13,560
Third parties		
Sale of apartment units	121,194,521	72,977,221
Sale of houses, shops and landplots	60,606,040	12,080,843
Rental of retail and commercial investment properties	33,812,956	33,872,313
Hotel services	5,453,577	2,484,591
Rental of residential and office investment properties	3,990,177	4,546,078
Monthly membership fees in sports club	348,086	3,249,719
Others	14,869,827	12,923,985
Total trade receivables	**242,938,538**	**145,921,281**

All of the Group’s trade receivables are denominated in rupiah.

As of June 30, 2016, trade receivables amounting to Rp38,936,775 (2015: Rp32,371,486) are pledged as collateral for loans payable to BCA (Note 14).

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.

6. OTHER RECEIVABLES

This account consists of receivables from third parties, as follows:

	June 30, 2016	December 31, 2015
Current other receivables		
Land management	9,167,658	1,682,609
Interest	58,110	554,749
Contractor	-	803,412
Others (each below Rp5.000.000)	2,942,078	3,073,983
Total current other receivables	12,167,846	6,114,753
Non-current other receivables		
Others	347,067	347,067
Total other receivables	**12,514,913**	**6,461,820**

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

7. INVENTORIES

	June 30, 2016	December 31, 2015
Inventories consist of:		
Inventories available for sale:		
Houses	88,842,268	43,612,358
Landplots	71,605,788	71,468,116
Shops	24,775,141	27,719,539
Total inventories available for sale	185,223,197	142,800,013
Inventories under construction:		
Buildings	2,263,387,301	2,068,578,885
Apartments	1,412,485,748	1,476,738,490
Landplots	1,227,172,112	1,211,118,449
Total inventories under construction	4,903,045,161	4,756,435,824
Others	24,967,619	25,571,090
Total inventories	**5,113,235,977**	**4,924,806,927**

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

	June 30, 2016	December 31, 2015
Beginning balance	3,545,317,375	1,967,632,285
Production costs	931,522,946	3,269,528,947
Transfer to building inventories available for sale	(800,967,272)	(1,691,843,857)
Ending balance	**3,675,873,049**	**3,545,317,375**

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

	June 30, 2016	December 31, 2015
Beginning balance:		
Houses	43,612,358	25,724,083
Shops	27,719,539	112,127,097
Transfer from buildings inventories under construction	800,967,272	1,691,843,857
Cost of sales (Note 29):		
Apartments	(430,155,473)	(885,101,875)
Houses	(320,628,806)	(601,391,348)
Shops	(7,897,481)	(271,869,917)
Ending balance	**113,617,409**	**71,331,897**

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

7. 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, 2016	December 31, 2015
Inventories available for sale:		
Houses	85,292,119	37,913,237
Landplots	56,604,073	56,466,401
Shops	20,989,073	21,687,072
Total inventories available for sale	**162,885,265**	**116,066,710**
Inventories under construction		
Buildings	2,858,308,185	3,401,479,798
Landplots	97,500,378	103,628,540
Total	**3,118,693,828**	**3,621,175,048**

The downpayments received related to the above-mentioned inventories as of June 30, 2016 amounting to Rp2,721,313,396 (2015: Rp2,342,879,286) are presented as Deposits Received in the consolidated statement of financial position and as part of “Downpayments Received from Sale” in Note 21.

As of June 30, 2016, inventories in such properties known as Goldfinch, Scarlet, Volta, The Crown, Pascal, Darwin Commercial, The Kensington Commercial, Lotus, Bluebell, Topaz Commercial, Vernonia and Royal Orchard 3 are available for sale, and inventories Maxwell, Maxwell Commercial, Scientia Residence Phase II, Pelican, 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 and The Primrose Condovilla are under construction.

As of June 30, 2016 and December 31, 2015, inventories are not used as collateral for debts.

As of June 30, 2016, borrowing costs which were capitalized to inventories amounted to Rp36,122,278 (2015: Rp14,918,649),

As of June 30, 2016 and December 31, 2015, the reclassification from inventories to fixed asset amounting to Rp0 and Rp11,661,059, was due to the change in management’s intention on the use of the related assets (Note 11).

As of June 30, 2016 and December 31, 2015, the reclassification to investment properties from inventories amounting to Rp0 and Rp4,152,049, was due to the change in management’s intention on the use of the related assets (Note 12).

As of June 30, 2016 and December 31, 2015, the reclassification from investment properties to inventories amounting to Rp102,800 and Rp22,960,837 was due to the change in management’s intention on the use of the related assets (Note 12).

As of June 30, 2016, 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$10,846,949 and Rp2,933,008.113. 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, 2016, revenue from property development presented as part of net revenues in the consolidated statements of profit or loss and other comprehensive income amounted to Rp1,453,659,012 (2015: Rp1,812,504,398) (Note 28).

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

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

8. PREPAID EXPENSES

This account consists of prepayments to third parties for:

	June 30, 2016	December 31, 2015
Advertising	38,453,846	14,758,645
Debt transaction cost	7,904,823	7,104,184
Land and building tax	6,286,841	-
Insurance	5,444,928	6,859,904
Parking	2,077,900	1,825,475
Others	10,409,915	4,583,764
Total prepaid expenses	**70,578,253**	**35,131,972**

9. UNDEVELOPED LAND

The details of undeveloped land are as follows:

	June 30, 2016		December 31, 2015	
Location	**Area (m^2)**	**Amount**	**Area (m^2)**	**Amount**
Summarecon Bandung	3,344,691	1,584,203,520	3,394,927	1,569,894,595
Summarecon Serpong	3,102,097	991,702,004	3,081,813	942,590,498
Summarecon Bekasi	4,034,106	972,295,462	4,030,235	964,132,733
Summarecon Karawang	318,173	386,212,986	317,830	383,464,725
Bogor	4,149,846	756,764,808	4,147,799	755,109,926
Makassar	3,222,870	716,409,738	2,110,407	543,046,003
Others	2,093,341	714,737,096	2,405,192	579,205,224
Total undeveloped land	**20,265,124**	**6,122,325,614**	**19,170,373**	**5,737,443,704**

The status of ownership of undeveloped land is as follows:

	June 30, 2016	December 31, 2015
Status	**Area (m^2)**	**Area (m^2)**
Land certificates already issued	8,937,349	7,873,270
Released rights	10,647,329	10,763,006
In the process of releasing rights	680,446	534,097
Total	**20,265,124**	**19,170,373**

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 15).

No borrowing costs have been capitalized to undeveloped land as of June 30, 2016 and 2015.

As of June 30, 2016, the reclassification from investment properties to undeveloped land amounting to Rp570,823 was due to the change in management’s intention on the use of the related assets (Note 12).

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

10. ADVANCE PAYMENTS

This account consists of payments for:

	June 30, 2016	December 31, 2015
Current advance payments:		
Purchase of construction materials	233,628,277	277,895,755
Sales commission	96,763,612	99,894,738
Operational	37,283,469	42,641,472
Others	6,001,428	2,870,055
Total current advance payments	373,676,786	423,302,020
Non-current advance payments:		
Purchase of:		
Land	423,806,941	603,953,335
Fixed assets and investment properties	46,887,487	45,831,726
Investment	7,166,822	7,166,822
Others	2,292,217	3,179,089
Total non-current advance payments	480,153,467	660,130,972
Total advance payments	**853,830,253**	**1,083,432,992**

11. FIXED ASSETS

The details of fixed assets are as follows:

	Year ended June 30, 2016				
	Balance as of January 1, 2016	Additions	Deductions	Reclassifications	Balance as of June 30, 2016
2016 Movements					
Cost					
Land	20,698,962	-	-	-	20,698,962
Buildings and infrastructures	267,862,183	6,079,408	-	14,528,438	288,470,029
Machinery and heavy equipment	37,195,524	3,036,552	128,700	503,785	40,607,161
Vehicles	104,193,166	4,517,640	998,834	(200)	107,711,772
Furniture and office Equipment	369,217,202	12,570,582	853,508	3,804,540	384,738,816
Construction in progress	30,295,324	9,635,636	117,500	(18,938,517)	20,874,943
	829,462,361	35,839,818	2,098,542	(101,954)	842,101,683
Under Finance Lease					
Vehicle	350,398	-	-	-	350,398
Total cost	**829,812,759**	**35,839,818**	**2,098,542**	**(101,954)**	**863,452,081**

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

11. FIXED ASSETS (CONTINUED)

	Year ended June 30, 2016				
	Balance as of January 1, 2016	Additions	Deductions	Reclassifications	Balance as of June 30, 2016
Accumulated depreciation					
Buildings and infrastructures	111,871,961	6,542,233	-	-	118,414,194
Machinery and heavy equipment	20,399,242	2,042,233	-	-	22,441,475
Vehicles	64,659,957	7,299,453	957,822	-	71,001,588
Furniture and office equipment	212,257,223	31,295,050	323,736	(4,249)	243,224,288
	409,188,383	47,178,969	1,281,558	(4,249)	455,081,545
Under Finance Lease Vehicle	152,324	27,697	-	-	180,021
Total accumulated depreciation	409,340,707	47,206,666	1,281,558	(4,249)	455,261,566
Net book value	**420,472,052**				**408,190,515**

	Year ended December 31, 2015				
	Balance as of January 1, 2015	Additions	Deductions	Reclassifications	Balance as of December 31, 2015
2015 Movements					
Cost					
Land	20,690,593	8,369	-	-	20,698,962
Buildings and infrastructures	238,086,898	19,458,617	449,628	10,766,296	267,862,183
Machinery and heavy equipment	28,060,630	2,103,122	46,916	7,078,688	37,195,524
Vehicles	95,688,310	12,954,511	4,449,655	-	104,193,166
Furniture and office equipment	286,268,151	64,596,270	2,179,163	20,531,944	369,217,202
Construction in progress	24,854,895	22,661,172	726,000	(16,494,743)	30,295,324
	693,649,477	121,782,061	7,851,362	21,882,185	829,111,963
Under Finance Lease Vehicle	350,398	-	-	-	350,398
Total cost	**693,999,875**	**121,782,061**	**7,851,362**	**21,882,185**	**829,812,759**

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

11. FIXED ASSETS (CONTINUED)

	Year ended December 31, 2015				
	Balance as of January 1, 2015	**Additions**	**Deductions**	**Reclassifications**	**Balance as of December 31, 2015**
Accumulated depreciation					
Buildings and infrastructures	97,822,089	14,194,434	144,562	-	111,871,961
Machinery and heavy equipment	13,432,756	3,793,316	22,572	3,195,742	20,399,242
Vehicles	53,140,739	14,968,185	3,448,967	-	64,659,957
Furniture and office equipment	161,413,619	55,614,898	1,575,090	(3,196,204)	212,257,223
	325,809,203	88,570,833	5,191,191	(462)	409,188,383
Under Finance Lease Vehicle	96,935	55,389	-	-	152,324
Total accumulated depreciation	325,906,138	88,626,222	5,191,191	(462)	409,340,707
Net book value	**368,093,737**				**420,472,052**

Depreciation was charged to the following:

	June 30, 2016	**June 30, 2015**
General an administrative expenses (Note 30)	41,853,324	37,562,261
Cost of sales and direct costs	5,353,342	5,010,889
Total depreciation	**47,206,666**	**42,573,150**

The details of sales of fixed assets are as follows:

	June 30, 2016	**June 30, 2015**
Cost	1,560,397	2,583,442
Accumulated depreciation	(1,028,921)	(1,948,000)
Net book value	531,476	635,442
Selling price	929,174	1,170,724
Gain on sales of fixed assets - net	**397,698**	**535,282**

On June 30, 2016, the Company has disposed certain of its fixed assets with net book value of Rp285,508 (2015: Rp213,252).

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

11. FIXED ASSETS (CONTINUED)

The details of construction in progress are as follows:

	June 30, 2016		December 31, 2015	
	Total	**Percentage of commpletion (%)**	**Total**	**Percentage of commpletion (%)**
Bangunan KSO Biomassa	12,051,620	95,00	8,802,684	90,00
Gedung Arsip	-	-	10,856,080	83,00
Renovation of Plaza Summarecon	-	-	7,504,139	99,00
Others	8,823,323	-	3,132,421	-
Total construction in progress	**20,874,943**		**30,295,324**	

Below are the estimated completion dates for the construction in progress as of June 30, 2016:

	Estimated Completion Dates
Bangunan KSO Biomassa	September 2016

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

No borrowing costs have been capitalized to fixed for the six-month periods ended June 30, 2016 and 2015.

As of June 30, 2016 and December 31, 2015, the reclassification from construction in progress to fixed assets amounting to Rp18,938,517 and Rp16,494,743, respectively.

As of June 30, 2016 and December 31, 2015, the reclassifications of fixed assets with net book value amounting to Rp97,706 and Rp1,769,435, respectively, to investment properties was due to the change in management's intention on the use of the related assets (Note 12).

As of June 30, 2016 and December 31, 2015, the reclassification of fixed assets with net book value amounting to Rp0 and Rp12,025,906, respectively, from investment properties (Note 12) was due to the change in management's intention on the use of the related assets.

As of June 30, 2016 and December 31, 2015, the reclassification from inventories with net book value amounting to Rp0 and Rp11,661,059 to fixed assets was due to the change in management's intention on the use of the related assets. (Note 7).

As of June 30, 2016, fixed assets, except land, with net book value of Rp111,317,061 (2014: Rp187,993,042) 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$15,104,365 and Rp187,529,319.

As of June 30, 2016, fixed assets with net book value Rp49,319,710 (2015: Rp58,136,389) are used as collateral for the loans from banks and financing institutions (Note 14).

The fair value of the fixed assets as of June 30, 2016 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, 2016, as defined PSAK No. 48 (Revised 2009).

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

12. INVESTMENT PROPERTIES

The details of investment properties are as follows:

	Year ended June 30, 2016				
	Balance as of January 1, 2016	Additions	Deductions	Reclassifications	Balance as of June 30, 2016
2016 Movements					
Cost					
Land	863,395,551	2,306,666	-	-	865,702,217
Buildings and infrastructures	3,330,952,646	30,353,684	1,561,334	1,481,658	3,361,226,654
Machinery and heavy equipment	540,119,435	4,172,426	73,397	12,801,296	557,019,760
Hotel facilities	111,362,678	16,660	-	101,954	111,481,292
Furniture and office equipment	11,262,696	53,565	-	-	11,316,261
Construction in progress	336,649,545	99,653,992	-	(14,956,575)	421,346,962
Total cost	**5,193,742,551**	**136,556,993**	**1,634,731**	**(571,667)**	**5,328,093,146**
Accumulated depreciation					
Building and infrastructure	559,917,123	49,580,032	-	-	609,497,155
Machinery and heavy equipment	261,229,054	26,259,903	73,397	-	287,415,560
Hotel facilities	57,161,032	10,013,668	-	4,249	67,178,949
Furniture and office equipment	3,683,536	1,161,392	-	-	4,844,928
Total accumulated depreciation	881,990,745	87,014,995	73,397	4,249	968,936,592
Net book value	**4,311,751,806**				**4,359,156,554**

	Year ended December 31, 2015				
	Balance as of January 1, 2015	Additions	Deductions	Reclassifications	Balance as of December 31, 2015
2015 Movements					
Cost					
Land	756,707,036	105,534,529	-	1,153,986	863,395,551
Building and infrastructure	2,871,564,234	106,240,002	13,527,403	366,675,813	3,330,952,646
Machinery and heavy equipment	478,715,395	30,343,858	316,479	31,376,661	540,119,435
Hotel facilities	67,279,817	1,270,852	-	42,812,009	111,362,678
Furniture and office equipment	11,156,371	585,632	-	(479,307)	11,262,696
Construction in progress	576,650,534	230,956,641	353,209	(470,604,421)	336,649,545
Total cost	**4,762,073,387**	**474,931,514**	**14,197,091**	**(29,065,259)**	**5,193,742,551**

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

12. INVESTMENT PROPERTIES (CONTINUED)

	Year ended December 31, 2015				
	Balance as of January 1, 2015	Additions	Deductions	Reclassifications	Balance as of December 31, 2015
Accumulated depreciation					
Building and infrastructure	481,117,066	92,323,555	13,527,403	3,905	559,917,123
Machinery and heavy equipment	211,188,510	49,713,100	-	327,444	261,229,054
Hotel facilities	49,053,318	8,107,714	-	-	57,161,032
Furniture and office equipment	1,826,276	2,188,609	-	(331,349)	3,683,536
Total accumulated depreciation	743,185,170	152,332,978	13,527,403	-	881,990,745
Net book value	**4,018,888,217**				**4,311,751,806**

Depreciation was charged to the following:

	June 30, 2016	June 30, 2015
Cost of sales and direct costs	85,811,748	91,366,462
General and administrative expenses (Note 30)	1,203,247	924,899
Total depreciation	**87,014,995**	**92,291,361**

The details of sales of investment properties are as follows:

	June 30, 2016	June 30, 2015
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, 2016, the Company has disposed certain of its investment properties with net book value of Rp1,561,334 (2015: Rp71,500).

As of June 30, 2016 and December 2015, the reclassifications from construction in progress to the appropriate completed investment properties amounting to Rp14,282,954 and Rp460,080,395, respectively.

As of June 30, 2016 and December 2015, the reclassification of investment properties with net book value amounting to Rp97,706 and Rp1,769,435 from fixed assets was due to the change in management's intention on the use of the related assets (Note 11).

As of June 30, 2016 and December 2015, the reclassifications to investment properties from inventories with acquisition cost amounting to Rp0 and Rp4,152,049, respectively, was due to the change in management's intention on the use of the related assets (Note 7).

As of June 30, 2016 and December 2015, the reclassifications from investment properties to inventory with net book value amounting to Rp102,800 and Rp22,960,837, respectively, was due to the change in management's intention on the use of the related assets (Note 7).

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

12. INVESTMENT PROPERTIES (CONTINUED)

As of June 30, 2016 and December 2015, the reclassifications of investment properties with net book value amounting to Rp0 and Rp12,025,906, respectively, to fixed assets was due to the change in management's intention on the use of the related assets (Note 11).

As of June 30, 2016, the reclassification of investment properties with net book value amounting to Rp570,823 to undeveloped land was due to the change in management's intention on the use of the related assets (Note 9).

The details of construction in progress are as follows:

	June 30, 2016		December 31, 2015	
Project	**Total**	**Percentage of completion (%)**	**Total**	**Percentage of completion (%)**
Movenpick Resort & Spa, Jimbaran, Bali	391,911,001	83,00	295,972,832	65,63
MKG Energy House II	-	-	11,428,642	95,00
Others	29,435,961		29,248,071	
Total construction in progress	**421,346,962**		**336,649,545**	

Below are the estimated completion dates of the projects under construction in progress as of June 30, 2016:

	Estimated Completion Dates
Movenpick Resort & Spa, Jimbaran, Bali	November 2016

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

For the year ended June 30, 2016, interest capitalized to investment properties amounted to Rp28,963,173 (2015: Rp21,024,348).

As of June 30, 2016, investment properties, except land, are covered by insurance against fire, flood, and other risks (all-risks) under blanket policies with several companies, including PT Zurich Insurance Indonesia, PT Asuransi Central Asia, PT Asuransi Allianz Utama Indonesia, PT Asuransi Rama Satria Wibawa, PT Asuransi Indrapura, PT Asuransi AXA Indonesia, PT ACE Jaya Proteksi, PT Asuransi Asoka Mas, PT Asuransi Ekspor Indonesia, PT Asuransi Astra Buana, all third parties, for US$470,837,635 and Rp285,425,000.

As of June 30, 2016, the Group also covered its investment properties by insurance against terrorism and sabotage for US$202,102,330 and Rp565,800,000. In addition, the Group also obtained insurance against business interruption amounting to Rp1,080,125,000. 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, 2016, investment properties with net book value of Rp2,451,494,521 (2015: Rp2,657,223,178) are pledged as collateral for the loans from banks and financing institutions, bonds payable and sukuk ijarah (Notes 15 and 16).

The fair value of the investment properties as of June 30, 2016 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, 2016 amounted to Rp632,696,947 (2015: Rp596,668,937) (Note 28).

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, 2016.

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

13. OTHER FINANCIAL ASSETS

This account consists of:	**June 30, 2016**	**December 31, 2015**
Other current financial asset		
Security deposit	102,488	103,829
Other non-current financial assets		
Restricted time deposits:		
PT Bank OCBC NISP Tbk	33,865,804	8,189,847
PT Bank International Indonesia Tbk	18,233,340	10,682,853
PT Bank Central Asia Tbk	9,953,990	10,156,596
PT Bank Mandiri (Persero) Tbk	5,732,028	5,772,028
PT Bank Danamon Indonesia Tbk	4,183,974	4,785,793
PT Bank CIMB Niaga Tbk	4,156,484	3,503,090
PT Bank Permata Tbk	1,601,427	440,560
PT Bank Rakyat Indonesia Tbk	1,477,640	2,576,067
PT Bank Pan Indonesia Tbk	977,722	977,722
PT Bank UOB Indonesia Tbk	487,764	487,765
Restricted cash in banks:		
PT Bank Central Asia Tbk	67,387,006	36,841,754
PT Bank UOB Indonesia Tbk	4,683,762	8,954,284
PT Bank Permata Tbk	407,804	387,512
PT Bank Mandiri (Persero) Tbk	38,546	27,537
Investment - available for sale	3,698,761	3,698,761
Security deposit	1,560,800	1,523,417
Total other non-current financial assets	158,446,852	99,005,586
Total other financial assets	**158,549,340**	**99,109,415**

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 and MKOJ from these bank (Note 14).

As of June 30, 2016, the restricted time deposits in PT Bank OCBC NISP Tbk (OCBC), PT Bank Internasional Indonesia Tbk (BII), PT Bank Central Asia Tbk (BCA), PT Bank Mandiri (Persero) Tbk (Mandiri), PT Bank Danamon Indonesia Tbk (Danamon), PT Bank CIMB Niaga Tbk (CIMB), PT Bank Permata Tbk, PT Bank Rakyat Indonesia Tbk (BRI), PT Bank Pan Indonesia Tbk (Panin) and PT Bank UOB Indonesia Tbk (UOB) are used as collateral for the corporate guarantees provided by the Company and SPCK SCK 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, 2016, the restricted time deposits earned interest at annual interest rate of 3%-7,75% (2015: 7,75%).

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

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

13. OTHER FINANCIAL ASSETS (CONTINUED)

Entities	Percentage of Ownership (%)	Carrying value as of June 30, 2016	Carrying value as of December 31, 2015
PT Jakartabaru Cosmopolitan	1,00	3,536,261	3,536,261
PT Graha REI Property	2,89	100,000	100,000
PT Daksawira Perdana	6,25	62,500	62,500
Total		**3,698,761**	**3,698,761**

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

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

	June 30, 2016	December 31, 2015
Rupiah		
PT Bank Mandiri (Persero) Tbk	200,000,000	200,000,000
PT Bank Resona Perdania	187,256,000	191,000,000
PT Bank Mayora Tbk	150,000,000	150,000,000
PT Bank OCBC NISP Tbk	141,000,000	100,000,000
PT Bank Central Asia Tbk	123,115,209	118,138,583
PT Bank Bumi Arta Tbk	6,037,343	8,029,888
United States Dollar		
PT Bank Resona Perdania (US$3,000,000 as of June 30, 2016 and December 31, 2015)	39,540,000	41,385,000
Total	**846,948,552**	**808,553,471**

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

	June 30, 2016	December 31, 2015
Rupiah		
PT Bank Central Asia Tbk - net off unamortized debt commission fees	2,041,659,524	1,401,900,391
PT Bank Mandiri (Persero) Tbk - net off unamortized debt commission fees	1,479,631,414	1,372,317,432
PT Bank Bumi Arta Tbk	35,350,366	37,306,937
PT BCA Finance	8,286,634	9,472,963
United States Dollar		
PT Bank Central Asia Tbk - net off unamortized debt commission fees	93,741,125	91,895,972
Total loans from Banks and financing institution	3,658,669,063	2,912,893,695
Less of current maturities	(286,722,421)	(174,880,393)
Long-term portion	**3,371,946,642**	**2,738,013,302**

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

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

As of June 30, 2016 and December 31, 2015, the details of future installments of the long-term loans from third parties are as follows:

	June 30, 2016	December 31, 2015
Year Due		
2016	-	174,880,393
2017	286,722,421	375,302,610
2018	463,070,660	464,771,476
2019	657,947,683	606,711,875
2020	1,022,951,858	676,164,477
2021	879,035,953	493,252,153
2022	230,537,304	62,908,246
2023	93,030,084	58,902,465
2024	25,373,100	-
Total installments	**3,658,669,063**	**2,912,893,695**

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 in July 18, 2014. The loan is used to support the Company operational requirements in relation to the development of the residential and commercial area of Summarecon Bekasi, is collateralized by undeveloped land (Note 10), and is due on June 21, 2016. For the year ended on June 30, 2016, this loan bore interest at the annual rate of 10% (2015: 10%). The outstanding loan balance as of June 30, 2016 is Rp200,000,000 (2015: Rp200,000,000). In 2016, the Company made principal payment amounting to Rp0.

- Special purpose credit facility (PTK I) with a maximum amount of Rp600,000,000, obtained in June 2010, which was fully drawn up to June 30, 2014 and is payable in quarterly installments starting from December 2015 to December 2020. This loan is collateralized by undeveloped land owned by JYBA and investment properties owned by LTMD. Both guarantees are cross collateral and cross default with other credit facilities. For the six-months period ended June 30, 2016, the loan bore interest at the annual rate of 9%. The outstanding loan balance as of June 30, 2016 (net of unamortized debt commission fees) amounted to Rp565,744,601 (2015: Rp588,064,005). In 2016, the Company made principal payments totaling Rp22,500,000.

- Special purpose credit facility (PTK III), with a maximum amount of Rp750,000,000, obtained in 2015, used for capital expenditures financing in Summarecon Bekasi area. The loan is payable in quarterly installments starting from April 2018 to April 2021, and bear interest at the annual rate of 10,5%. The loan is collateralized by MKOJ's investment property. The guarantees are cross collateral and cross default with other credit facilities. The outstanding loan balance as of June 30, 2016 amounted to Rp462,320,241 (2015: Rp305,881,664). In 2016, the Company has not made any principal payment.

Under the loan agreements with Mandiri above, the Company generally must comply with several covenants, as follows:

a. Maintain certain financial ratios:
   (1) EBITDA to interest expense ratio off not less than 1,5:1 and not less than 1,5:1 for PTK III
   (2) Interest-bearing debt to equity ratio not more than 3:1

b. The Company must provide written notice to Mandiri prior to performing the following activities, among others:
   (1) Obtain from or provide loans to other parties, except under normal business transactions and within the financial ratio requirement above;
   (2) Enter into merger or acquisition transactions;
   (3) Change the shareholders' composition, except where the Company is still the majority owner and the ultimate

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

PT Bank Mandiri (Persero) Tbk (Mandiri) (continued)

shareholder;
(4) Sell or transfer in any form or dispose partially or entirely the Company's assets that can affect the Company's obligation to the bank;
(5) File for bankruptcy or suspension of obligation payments to authorized institutions.

MKOJ obtained the following credit facility from Mandiri as follows:

- In 2012, MKOJ obtained an investment credit facility from Mandiri with a maximum amount of Rp530,000,000 that has been fully drawn in 2013 and payable 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 12), escrow accounts (Note 13) and corporate guarantees from MKOJ's shareholders. For the six-month periods ended June 30, 2016, the loan bore interest at annual rate of 10% (2015: 10 %). The outstanding loan balance as of June 30, 2016 (net of unamortized debt commission fees) amounted to Rp451,566,572 (2015: Rp478,371,763). In 2016, MKOJ made principal payments totaling Rp27,000,000.

Under the loan agreements with Mandiri above, MKOJ must comply with several covenants, as follows:

a. Maintain Debt Service Coverage Ratio of more than 100%, starting from the third year of commercial operations.

b. MKOJ obtain written approval from Mandiri prior to performing the following activities, among others:
(1) Make the settlement on the credit facility during the project construction;
(2) Change the management composition, except new members of management coming within the Group;
(3) Change the shareholders' composition, except where MKOJ is still the majority owner and the ultimate shareholder;
(4) Use the credit facility outside the intended use as stated in the credit agreement;
(5) Obtain other facility or loan from financial institution or third party, except in the course of business transaction and still within the financial ratio requirement above;
(6) Provide loans to other parties, that are not related to MKOJ's business transactions;
(7) Act as guarantor for or collateralize other parties' obligations by an amount greater than 50% of the net book value of MKOJ's assets;
(8) Transfer or allow other parties to take over the collateral;
(9) Obtain new investment or acquire assets outside of MKOJ's business transactions;
(10) Obtain direct investment in an entity or enter into merger and acquisition and provide loans to affiliates;
(11) Decrease its authorized capital stock or paid-in capital;
(12) Pay dividends, except if the dividends distribution is within the financial ratio requirement above;
(13) Make the settlement on subordinated loan (if any).

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, based on BCA letter dated December 14, 2015, this facility has been extended up to October 23, 2016, The outstanding loan balance as of June 30, 2016 amounted to Rp51,716,478 (2015: Rp38,889,093). In 2016, the Company made principal payments totaling Rp38,889,093.

- The Company also obtained investment credit facility with a maximum amount of Rp550,000,000 with credit period of 6 years, to February 2022 and bears interest at annual rate of 10,25%. The loan is collateralized with land and The Kensington Apartment building. The outstanding loan balance as of June 30, 2016 amounted to Rp254,624,176. In 2016, the Company has not made any principal payment.

This facility is collateralized by trade receivables, investment property, escrow accounts and restricted time deposits (Notes 5, 12 and 13). The restricted time deposit in BCA are used collateral for interest payments on the loans (Note 13). For the six-month periods ended June 30, 2016, the loan bore interest at annual rate 10,50%.

Under the loan agreements of the Company with BCA, the Company generally must comply with several covenants, including the following:

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

PT Bank Central Asia Tbk (BCA) (continued)

a. Maintain ceratin financial ratios as follows:
   (1) EBITDA to interest expense ratio of not less than 1,5:1
   (2) Interest-bearing debt to equity ratio not more than 3:1

b. The Company must obtain written approval from BCA prior to act as guarantor/pledger in any form and with any name by an amount greater than Rp500,000,000 (five hundred billion rupiah) and/or pledge the Company's assets to another party by an amount greater than, which is the lesser amount between Rp500,000,000 (five hundred billion rupiah) and 25% of the net book value of the Company's assets.

SPCK obtained the following credit facility from BCA:

- Overdraft facility with a maximum amount of Rp30,000,000 and a credit period of one year. Furthermore, based on the amendment to the credit agreement dated April 9, 2015, this facility's maximum amount has been increased to Rp80,000,000 and extended up to March 21, 2016, The loan is collateralized by undeveloped land. The outstanding loan balance as of June 30, 2016 amounted to Rp71,398,731 (2015: Rp79,249,490). In 2016, SPCK made principal payments totaling Rp0 (2015: Rp128,121,707).

- Investment Credit Facility 1 with a maximum amount of Rp100,000,000, obtained in January 2016, used for financing The Spring Club, and is 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 10). The outstanding loan balance as of June 30, 2016 amounted to Rp100,602,072 (Rp0). In 2016, the Company has not made any principal payment.

- 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. The outstanding loan balance as of June 30, 2016 amounted to Rp181,535,450 (2015: Rp173,099,781). In 2016, the Company has not made any principal payment.

- Investment credit Facility 3 with a maximum amount Rp400,000,000 used for general purpose capex and development costs apartment, landed house and infrastructure area of Summarecon Serpong and due in 2022, The loan is collateralized by undeveloped land (Note 9) and bear interest at the annual rate of 10,25%. The outstanding loan balance as of June 30, 2016 amounted to Rp305,221,025 (2015: Rp0). In 2016, the Company has not made any principal payment.

- Time Loan Revolving Facility with a maximum amount of Rp100,000,000 used for capital expenditure SPCK. The loan is collateralized by undeveloped land (Notes 9), due on March 21, 2017 and bore interest at the annual rate of 10,25%. As of June 30, 2016, the Company has not withdrawn any principal amount from this facility.

Under the loan agreements between SPCK with BCA above, SPCK must comply with several covenants, as follows:
(1) Interest-bearing debt to equity ratio of not more than 2:1
(2) EBITDA to interest expense ratio of not less than 1,5:1 (until 2016), not less than 1,75:1 (for 2017 and 2018), not less than 2:1 (for 2019 and so on).

LTMD obtained the following credit facility from BCA:

- Investment credit facility II with maximum amount of Rp350,000,000, which had been fully drawn in 2011 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, 12 and 13) and bore interest at the annual rate of 10,5% for six-month periods ended (2015: 10,25%). The outstanding loan balance as of June 30, 2016 amounted to Rp 270,759,228 (2015: Rp287,328,301). In 2016, LTMD made principal payments totaling Rp16,625,000 (2015: Rp28,875,000).

Under the loan agreements with BCA above, LTMD must comply with several covenants, as follows:
a. Maintain certain financial ratios:
   (1) EBITDA to interest expense ratio of not less than 1,5:1, starting from 2013
   (2) Interest-bearing debt to equity ratio of not more than 2:1

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

PT Bank Central Asia Tbk (BCA) (continued)

b. LTMD must obtain written approval from BCA prior to performing the following activities, among others:
   (1) Obtain new loans/credits from other parties and/or act as guarantor/pledgor in any form and with any name and/or pledge LTMD's assets to another party;
   (2) File for bankruptcy or suspension of obligation payment to authorized institution (Court);
   (3) Invest and participate in or open new businesses, outside of its business transactions;
   (4) Sell or dispose the major assets of LTMD's business operations, except in the ordinary course of business;
   (5) Enter into consolidation, merger, acquisition, liquidation;
   (6) Amend its legal status, articles of association, the composition of the Boards of Directors and Commissioners and ultimate shareholder.

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 fourth quarter of 2016 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, 2016 (net of unamortized debt commission fees) amounted to Rp282,232,408 (2015: Rp199,007,447). No principal payments were made by PMJA and HOPJ in 2016.

- 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 fourth quarter of 2016 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, 2016 (net of unamortized debt commission fees) amounted to US$7,112,377 or equivalent to Rp93,741,125 (2015: US$6,661,542, or equivalent to Rp91,895,972). No principal payments were made by PMJA and HOPJ in 2016.

  The loan is used for the construction of Movenpick Resort & Spa, Jimbaran, Bali, collateralized by investment property owned by PMJA (Note 12) and all shares of PMJA and HOPJ. For the six-month periods ended June 30, 2016, the loan bore interest at annual rates ranging from 10,25% to 10,5% (2015: 10,25% to 10,50%) for the Investment Credit Facility (Rupiah) and at the annual rate of 5,50% (2015: 5,50%) for the Investment Credit (US$).

Under the loan agreements with BCA above, PMJA and HOPJ must comply with several covenants, as follows:

a. Maintain certain financial ratios:
   (1) EBITDA to interest expense ratio of not less than 1,25:1, starting from 2016 or one year after the hotel has commenced its commercial operations (whichever date comes later);
   (2) EBITDA to interest expense ratio of not less than 1,5:1, starting from 2017 or two years after the hotel has commenced its commercial operations (whichever date comes later) and the following years.

b. PMJA and HOPJ must obtain written approval from BCA prior to performing the following activities, among others:
   (1) Obtain new loans/credits from other parties, which bear interest, except in the course of their business transaction through non-bank financial institution;
   (2) Act as guarantor/pledgor in any form and with any name and/or pledge their assets to another party;
   (3) Provide loans to other parties, including but not limited to affiliates, except in the ordinary course of business;
   (4) Enter into transactions with other parties, including but not limited to affiliates, outside the normal course of business;
   (5) Invest and participate in or open new businesses, outside their business operations;
   (6) Sell or dispose their major assets used in their business, except under normal business transactions;
   (7) Enter into consolidation, merger, acquisition, liquidation;
   (8) Amend their legal status and the composition of the ultimate shareholder;
   (9) Amend their articles of association (name, location, purpose, objectives, activities, periods), decrease their authorized capital stock or issued and fully paid capital;
   (10) Pay dividends, except if the dividend distribution is within the financial ratio limitation above.

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

PT Bank Central Asia Tbk (BCA) (continued)

The Company and certain subsidiaries (the “Companies”) obtained several facilities from BCA with a total maximum amount of 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;
- **SPCK**: Investment Credit Facility 6 with a maximum amount of Rp100,000,000, used for project construction of The Springs Club;
- **KRIP**: Investment Credit Facility 7 with a maximum amount of Rp50,000,000, used for project construction of Scientia Business Park.

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 ranging from 10,25% to10,5%% (10,25% to 10,50%). The loans from BCA are collateralized by lease receivables, restricted time deposits, undeveloped land and investment properties owned by the Companies (Notes 5, 13, 9 and 12). The outstanding loan balance as of June 30, 2016 amounted to Rp646,685,165 (2015: Rp742,464,862). No principal payment were made by Company in 2016.

Based on the 24th changes of loan agreement between the Company and BCA in regards to the granting of several facilities from BCA with a total maximum amount of Rp750,000,000 , which notarized under deed No. 71 dated January 22, 2016 of Dewi Himijati Tandika, S.H., BCA agreed to terminate SPCK as debtors, then the total of several credit facilities become Rp650,000,000.

Under the loan agreements between the Companies and BCA above, the Companies must comply with several covenants, as follows:

a. Maintain certain financial ratios:
   (1) EBITDA to interest expense ratio of not less than 1,5:1 (for the Company and LTMD)
   (2) Debt to equity ratio of not more than 2:1 (for LTMD).

b. The Companies must provide written notice to BCA prior to performing the following activities, among others:
   (1) Act as guarantor/pledgor in any form and with any name and/or pledge the Companies' assets to another party, with the specific requirement for the Company act as guarantor/pledgor for a total amount greater than Rp500,000,000 (five hundred million Rupiah) and with any name and/or pledge the Companies' assets to another party for a total amount greater than 10% total of the Companies' assets (excluding collateral for issued sustainable bonds and sukuk ijarah with total amount of Rp2,000,000,000);
   (2) Provide loans to other parties, including but not limited to their affiliates, except in the course of their business operations;
   (3) Enter into transactions with other parties, including but not limited to their affiliates, outside the normal course of their business;
   (4) Sell or dispose the major assets of their business operations, except under normal business transactions;
   (5) Decrease their respective authorized capital stock or paid-in capital;
   (6) Enter into merger, acquisition, liquidation;
   (7) Amend their legal status and the companies' share ownership, with the specific requirement for the Company the amendment can cause the total ownership of PT Semarop Agung and PT Sinarmegah Jaya Sentosa to become the minority;

   <u>MKOJ, LTMD, DNMP, SMHO, KRIP, and SPCK (“certain Subsidiaries”):</u>

   (8) Invest and participate in or open new businesses outside of their business transactions;
   (9) Change in the articles of associations of certain subsidiaries, except addition to capital stock.

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

PT Bank Central Asia Tbk (BCA) (continued)

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, 2017. This loan is collateralized by undeveloped land and bore interest at annual rate of 10%. The outstanding loan balance as of June 30, 2016 is Rp0.

- Investment credit facility with a maximum amount of Rp500,000,000, obtained in April 2016, used for financing residential and infrastructure area of Summarecon Bandung, and due on June 14, 2019 and bore interest at the annual rate 10%. This loan is collateralized by undeveloped land owned MKPP (Note 10). The outstanding loan balance as of June 30, 2016 is Rp0.

Under the loan agreements between the Companies and BCA above, MKPP must comply with several covenants, as follows:

a. Maintain certain financial ratios:
   (1) EBITDA to interest expense ratio of not less than 1,25:1 (in 2019) and 1,5:1 (2020 and so on);
   (2) Interest bearing debt to equity not more than 3x.

PT Bank Resona Perdania (Resona)

SPCK obtained several credit facilities from Resona as follows:

- 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, 2016. The outstanding loan balance as of June 30, 2016 is Rp29,000,000 (2015: Rp29,000,000). In 2016, SPCK has not made any principal payments.

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 12). 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, 2015. The outstanding loan balance as of June 30, 2016 is US$3,000,000, or equivalent to Rp39,540,000 and Rp158,256,000 (2015: US$3,000,000, or equivalent to Rp41,385,000 and Rp162,000,000). In 2016, SPCK made principal payments totaling Rp3,744,000.

The loan bore interest at the annual rate of 2,25% above SIBOR and changed to 2,25% above COLF starting October 2008.

Under the loan agreements with Resona, the Company must comply with several covenants, as follows:

a. Maintain certain financial ratios:
   (1) Current ratio of not less than 100%;
   (2) Debt to equity ratio of not more than 10:1;
   (3) Maintain positive equity and profit.

b. The Company must obtain written approval to Resona prior to performing the following activities:
   (1) Obtain new loans/credits from other parties and/or except from other banks and/or the Company's shareholders;
   (2) Obtain new loans/credits from other parties and/or except from other banks and/or the Company's shareholders;
   (3) Provide loans, act as guarantor/pledgor in any form and with any name and/or pledge the Company's assets to other parties, including but not limited to affiliates, both direct or indirectly related, and to third parties in the amount greater than 20% of the Company's total equity for each transaction, except in the ordinary course of business;
   (4) Enter into consolidation, merger, acquisition, capital investment and liquidation, or file for bankruptcy to commercial court;
   (5) Change the entity's legal status;
   (6) Enter into transactions with other parties, including but not limited to affiliates, outside the normal course of business.

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

PT Bank Bumi Arta Tbk (BBA)

BTKV obtained several credit facilities as follows:

- Overdraft facility with a maximum amount of Rp5,000,000. On June 21, 2012, BTKV obtained an additional overdraft facility amounting to Rp5,000,000, making the total facility to become Rp10,000,000. The outstanding loan balance as of June 30, 2016 amounted to Rp6,037,343 (2015: Rp8,029,888). As of June 30, 2016, BTKV has made principal payments totaling Rp1,992,544 (2015: Rp3,579,532).

- 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, 2016 Rp35,350,366 (2015: Rp37,306,937). In June 30, 2016, BTKV made principal payments totaling Rp1,956,569 (2015: Rp3,579,532).

The loans are collateralized by fixed assets (Note 11) and 5,000 shares BTKV. For the six-month period ended June 30, 2016, bear interest at the annual rate of 12,5% (2015: 12,50%).

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

As of June 30, 2016 and December 31, 2015, 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.

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 starting from October 19, 2015 to October 19, 2016 and bore interest at annual rate of 11,5%. The outstanding loan balance as of June 30, 2016 is Rp150,000,000 (2015: Rp150,000,000). In 2016, the Company has not made any principal payment.

PT Bank OCBC NISP Tbk (OCBC)

The Company obtained the unsecured credit facilities as follows:

- Demand loan credit facility with a maximum amount of Rp100,000.
- Foreign exchange transaction facility with a maximum amount of US$5,000,000.

Based on the changes of loan agreement between the Company and OCBC dated 29 April 2016, which notarized under deed No. 74 of Himijati Tandika Dewi, S. H., OCBC agreed to increase the Demand Loan facility from Rp100,000,000 to Rp300,000,000.

The credit facilities will expire on May 30, 2016 and has been extended until September 28, 2016. The loan is collateralized by investment properties (Note 12). The outstanding loan balance as of June 30, 2016 is Rp141,000,000 (2015: Rp100,000,000). In 2016, the Company has made principal payment amounting to Rp100,000,000.

The Company must obtain written approval from OCBC prior to performing the following activities, among others:
(1) Sell or transfer entirely or partially the Company's assets to other parties, the amount of which if aggregated with other transfer for each transaction is greater than 20% of the Company's total equity;
(2) Change the business activities and scale of business significantly;
(3) Provide loans to other parties, except for loans granted prior to this credit agreement and loans provided in the ordinary course of business;
(4) Act as guarantor for or collateralize other parties obligation;
(5) Provide collateral to other parties, except the assets that have been pledged to other banks prior to this credit agreement, assets financed by other banks in relation to the project financing and obligation arising from the ordinary course of business;
(6) Maintain positive equity and profit.

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

14. 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 January 4, 2019 and are collateralized by the vehicles purchased (Note 11). The outstanding loans balance as of June 30, 2016 amounted to Rp8,286,634 (2015: Rp9,472,963). In 2016, the Group has made principal payments totaling Rp4,291,369.

For the six-month periods ended June 30, 2016, the loans bore interest at annual rates ranging from 7,07% to 17,25%.

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

As of June 30, 2016 and December 31, 2015, 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.

15. BONDS PAYABLE AND SUKUK IJARAH

The details of bonds issued are as follows:

	June 30, 2016	December 31, 2015
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**
Less deferred issuance costs (net of current amortization of Rp2,734,166 as of June 30, 2016 and Rp3,789,674 as of December 31, 2015)	(20,892,900)	(23,627,066)
Neto	**2,479,107,100**	**2,476,372,934**
Less current maturities	**-**	**-**
Long-term portion	**2,479,107,100**	**2,476,372,934**

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

	June 30, 2016	December 31, 2015
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

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

15. BONDS PAYABLE AND SUKUK IJARAH (CONTINUED)

	June 30, 2016	December 31, 2015
Total	**29,494,920**	**29,494,920**
Less accumulated amortization of deferred issuance costs (inclusive of current amortization of Rp2,734,166 as of June 30, 2016 and Rp3,789,674 as of December 31, 2015)	(8,602,020)	(5,867,854)
Neto	**20,892,900**	**23,627,066**

<u>Obligasi Berkelanjutan I Tahap I ("OB I Tahap I")</u>

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 12).

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 2015.

<u>Obligasi Berkelanjutan I Tahap II ("OB I Tahap II")</u>

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 12).

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 2015.

<u>Obligasi Berkelanjutan I Tahap III ("OB I Tahap III")</u>

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 9).

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 2015.

<u>Obligasi Berkelanjutan II Tahap I ("OB II Tahap I")</u>

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 12).

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 2015.

15. BONDS PAYABLE AND SUKUK IJARAH (CONTINUED)

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 cicilan imbalan ijarah amounting to Rp16,275,000 annually for 5 years. Payment of the cicilan imbalan 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 12).

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 2015.

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 cicilan imbalan 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 cicilan imbalan 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 12).

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 2015.

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 cicilan imbalan 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 cicilan imbalan 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 12).

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 2015.

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:

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

15. BONDS PAYABLE AND SUKUK IJARAH (CONTINUED)

(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) Enter into merger or acquisition transactions, except for mergers or acquisitions made with entities engaged in other than real estate business and which do not have a negative impact on the Company's financial condition and operations;
(2) Reduce the Company's authorized, issued and fully paid capital stock;
(3) Pledge the Company's assets and revenues;
(4) Transfer the Company's assets representing more than 15% of its total assets;
(5) Provide to or accept loans from other parties;
(6) Grant corporate guarantee to another party;
(7) Change the Company's major activities;
(8) Enter into business activities which contradict with Syariah principles (particularly for Sukuk Ijarah).

As of June 30, 2016 and December 31, 2015, the Company have complied with the covenants stated in the agreements on the bonds and sukuk ijarah.

16. TRADE PAYABLES TO THIRD PARTIES

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

	June 30, 2016	December 31, 2015
Suppliers	51,905,376	50,580,874
Office construction contructors	3,369,392	5,319,982
Infrastructure construction contructors	1,423,714	2,854,613
House construction contructors	1,580,368	1,569,315
Apartments construction contructors	687,781	686,823
Shops construction contructors	79,136	79,136
Others	889,729	1,915,772
Total trade payables to third parties	**59,935,496**	**63,006,515**

The details of trade payables to third parties based on their original currencies (Note 33) are as follows

	June 30, 2016	December 31, 2015
Rupiah	56,910,728	59,252,454
United States Dollar (US$219,623 as of June 30, 2016 and US$262,428 as of December 31, 2015)	2,894,631	3,620,194
European Euro (€8,883 as of June 30, 2016 and December 31, 2015)	130,137	133,867
Total trade payables to third parties	**59,935,496**	**63,006,515**

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

17. OTHER PAYABLES

Other payables are liabilities to third parties and related parties and consist of:

	June 30, 2016	December 31, 2015
Third parties :		
Deposit payable	75,484,593	58,910,587
Dividend	74,381,025	2,253,152
Loan to Emerald Sanctuary Pte., Ltd.	52,601,380	41,260,845
Deferred lease income	18,336,538	18,342,155
Contractor	6,539,423	15,329,955
Rent	6,194,186	4,959,178
Provision	4,860,373	1,861,691
Land and building tax right of buyers	3,763,010	3,679,878
Purchase of land	-	95,504,500
Others (each below Rp2,000,000)	31,773,210	36,931,626
Total other payables	**273,933,738**	**279,033,567**
Less current maturities	(259,467,871)	(264,562,084)
Long-term portion	**14,465,867**	**14,471,483**

18. ACCRUED EXPENSES

This account consists of accruals for:

	June 30, 2016	December 31, 2015
Development of project, infrastructure, social and public facilities	1,237,375,401	1,559,492,188
Promotion	27,247,410	11,415,019
Interest expense	24,820,069	23,924,722
Repairs and maintenance	20,288,921	25,287,328
Electricity, water and telephone	20,125,961	22,874,798
Security	8,126,087	10,463,618
Unbilled fixed assets anf investment properties	5,579,827	8,404,533
Parking	4,961,550	7,722,637
Professional fees	3,802,427	2,818,873
Bond issuance costs	109,091	4,323,910
Others (each below Rp3,000,000)	27,243,813	20,578,877
Total accrued expenses	**1,379,680,557**	**1,697,306,503**

As of June 30, 2016 and December 31, 2015, 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.

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

19. TAXATION

	June 30, 2016	December 31, 2015
a. Prepaid taxes consists of:		
Final tax expense	142,377,733	125,531,648
Value added tax	61,822,606	115,019,250
Claim tax for refund	12,688,098	10,203,760
Total prepaid taxes	**216,888,437**	**250,754,658**
b. Taxes payable consists of:		
Income tax		
Article 21	7,597,035	2,388,847
Article 23	1,239,551	4,578,548
Article 25	9,471	9,471
Article 26	92,302	714,743
Article 29	-	443,956
Final income tax	33,850,644	26,856,949
Development tax	3,989,626	4,651,102
Total taxes payable	**46,778,629**	**39,643,616**

20. 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 not 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. 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).

21. DOWNPAYMENT RECEIVED AND SECURITY DEPOSITS

This account consists of:

	June 30, 2016	December 31, 2015
Downpayments received from the sale of:		
Related parties		
Apartments	2,245,322	1,633,866
Shops	631,082	-

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

21. DOWNPAYMENT RECEIVED AND SECURITY DEPOSITS (CONTINUED)

	June 30, 2016	December 31, 2015
Downpayments received from the sale of: (continued)		
Third parties		
Houses	1,493,843,140	1,289,428,327
Apartments	1,044,423,386	1,027,606,843
Shops	143,269,440	7,991,258
Landplots	26,633,188	11,376,370
Others	10,267,838	4,842,622
Total downpayments received	2,721,313,396	2,342,879,286
Customer deposits for:		
Related parties		
Rent	6,604,319	6,604,319
Telephone	86,000	78,000
Sinking fund	9,399	7,523
Others	81,949	76,600
Third parties		
Rent	93,828,599	88,273,281
Sinking fund	5,974,352	5,117,035
Membership	3,378,452	3,418,657
Telephone	2,372,326	2,349,608
Others	17,674,621	17,327,132
Total customer deposits	130,010,017	123,252,155
Total deposits received	**2,851,323,413**	**2,466,131,441**
Less current maturities	(1,083,537,536)	(1,077,616,459)
Long-term portion	**1,767,785,877**	**1,388,514,982**

22. UNEARNED REVENUES

This account consists of unearned rental revenues of:

	June 30, 2016	December 31, 2015
Related parties:		
Commercial and others	-	2,065
Third parties		
Mal and retail	308,171,926	292,502,335

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

22. UNEARNED REVENUES (CONTINUED)

This account consists of unearned rental revenues of: (continued)

	June 30, 2016	December 31, 2015
Third parties: (continued)		
Commercial and others	38,035,115	41,086,375
Residential	3,685,654	4,423,109
Office	1,311,528	1,622,247
Total unearned revenues	351,204,223	339,636,131
Less current maturities	(314,959,800)	(277,631,598)
Long-term portion	**36,244,423**	**62,004,533**

23. NON-CONTROLLING INTERESTS

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

	June 30, 2016	December 31, 2015
KSO SS & KSO LV	837,246,010	722,159,186
PT Sinergi Mutiara Cemerlang (SGMC)	205,476,104	206,670,014
PT Duta Sumara Abadi (DTSA)	144,495,594	144,680,454
PT Kencana Jayaproperti Agung (KCJA)	101,947,465	104,564,214
PT Kencana Jayaproperti Mulia (KCJM)	92,200,612	92,107,719
PT Permata Jimbaran Agung (PMJA)	70,334,699	75,650,793
PT Gunung Suwarna Abadi (GNSA)	72,664,086	72,455,169
PT Gunung Srimala Permai (GNSP)	31,450,293	31,465,943
PT Kahuripan Jaya Mandiri (KHJM)	23,988,472	23,563,092
PT Java Orient Properti (JVOP)	15,062,077	29,559,179
PT Bhakti Karya Vita (BTKV)	7,521,553	7,524,745
PT Sinar Mahakam Indah (SNMI)	5,298,717	5,283,644
PT Surya Mentari Diptamas (SYMD)	1,292,631	1,251,986
PT Bahagia Makmursejati (BHMS)	4	4
Total equity attributable to non-controlling interests	**1,608,978,317**	**1,516,936,142**

As of December 31, 2015, there were deposits for stock subscription amounting to Rp52,800,000, Rp50,545,043, Rp29,370,000, Rp12,250,000, Rp6,370,000, Rp2,450,000 and from non-controlling interests of SGMC, KCJA, JVOP, GNSP, DTSA and GNSA.

As of June 30, 2016, there was deposits for stock subscription amounting to Rp6,200,000 and from non-controlling interests of JVOP.

Total comprehensive loss for the year attributable to non-controlling interests for six-month periods ended June 30, 2016 amounted to Rp106,326,383 (2015: Rp4,123,403).

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

24. SHARE CAPITAL

The details of the Company's share ownership as of June 30, 2016 and December 31, 2015 are as follows:

	Number of shares issued and fully paid	Percentage of ownership (%)	Amount
Commissioner			
Harto Djojo Nagaria	40,730,664	0,28	4,073,067
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
BNYM SA/NV AS Cust of Stichting Depository APG Strategic Real Estate Pool	810,000,000	5,61	81,000,000
Others (each below 5% ownership)	8,955,686,288	62,08	895,568,629
Total	**14,426,781,680**	**100,00**	**1,442,678,168**

25. ADDITIONAL PAID-IN CAPITAL

As of June 30, 2016 and December 31, 2015, the balance of this account arose from the following:

	June 30, 2016	December 31, 2015
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 (Note 1b)	(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.

26. 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 23, 2016 and June 10, 2015, the Company stockholders approved the appropriation of general reserve amounting to Rp10,864,413 and Rp13,875,169.

As of December 31, 2015 and 2014, 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.

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

27. CASH DIVIDENDS

In the stockholders' annual general meetings held on June 23, 2016 and June 10, 2015, the Company's stockholders approved the cash dividend distribution amounting to Rp5 (full amount) per share or equivalent to Rp72,133,908 and Rp20 (full amount) per share or equivalent to Rp288,535,633.

As of June 30, 2016, the dividend payable balance amounted to Rp74,381,025 (2015: Rp2,253,152), which is presented as part of "Other Payables" under current liabilities in the consolidated statement of financial position.

28. NET REVENUES

The details of net revenues are as follows:

	For the six-month periods ended June 30	
	2016	**2015**
Property Development		
Related parties		
Apartments	5,010,631	694,700
Third parties		
Houses	686,378,475	581,549,564
Shops	12,614,322	940,080,609
Apartments	749,655,584	290,179,525
Sub-total	1,453,659,012	1,812,504,398
Investment Properties		
Related parties		
Mal and retail	12,151,829	10,903,273
Office	499,472	272,018
Third parties		
Mal and retail	587,512,576	555,750,433
Commercial and others	15,358,971	13,977,780
Office	12,556,178	11,221,125
Residential	4,617,921	4,544,308
Sub-total	632,696,947	596,668,937
Others		
Related parties		
Estate and property management	25,316	17,732
Third parties		
Hotel	83,882,378	67,654,809
Healthcare	49,703,351	40,200,861
Leisure	31,062,508	26,376,278

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

28. NET REVENUES (CONTINUED)

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

	For the six-month periods ended June 30	
	2016	**2015**
Third parties (continued)		
Estate and property management	58,569,052	43,618,789
Others	7,940,054	9,622,191
Sub-total	231,182,659	187,490,660
Net revenues	**2,317,538,618**	**2,596,663,995**

The percentage of revenues from sales to related parties to net revenues accounted for 0,76% as of June 30, 2016 (2015: 0,46%).

As of June 30, 2016 and 2015, no revenues exceeding 10% of annual net revenues were earned from any single customer.

29. 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	
	2016	**2015**
Property Development		
Houses	320,628,806	292,631,066
Shops	7,897,481	260,898,302
Apartments	430,155,473	168,231,432
Sub-total	758,681,760	721,760,800
Investment Properties		
Mal and retail	315,403,919	313,962,576
Commercial and others	8,682,705	6,698,556
Office	8,873,972	10,445,784
Residential	2,283,619	2,168,060
Sub-total	335,244,215	333,274,976
Leisure and Hospitality		
Hotel	51,935,753	47,852,687
Healthcare	31,630,997	27,747,497
Leisure	22,271,444	21,932,216
Estate and property management	50,835,925	44,404,561
Others	6,526,207	6,275,622
Sub-total	163,200,326	148,212,583
Total cost of sales and direct costs	**1,257,126,301**	**1,203,248,359**

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

29. COST OF SALES AND DIRECT COSTS (CONTINUED)

For periods ended June 30, 2016 and 2015, no purchases exceeding 10% of net revenues were made from any single supplier.

30. OPERATING EXPENSES

The details of operating expenses are as follows:

	For the six-month periods ended June 30	
	2016	**2015**
Selling expenses		
Promotion and advertising	70,792,166	89,638,341
Sales commissions	59,556,757	19,058,759
Salaries and employee benefits	5,965,526	6,040,098
Show units	1,938,367	5,414,743
Others (each below Rp2,500,000)	4,206,348	1,623,402
Total selling expenses	142,459,164	121,775,343
General and administrative expenses		
Salaries and employee benefits	248,410,591	289,235,909
Depreciation (Notes 11 and 12)	43,056,571	38,487,160
Corporate events	13,574,723	14,422,745
Professional fees	12,258,887	11,889,017
Electricity, water and telephone	9,485,207	9,210,926
Travelling and transportation	8,790,295	7,924,935
Entertainment, representation and donations	5,558,575	7,906,102
Security	5,393,951	6,350,881
Office building supplies/equipment	5,260,693	4,471,686
Repairs and maintenance	3,838,600	5,394,102
Tax penalty	3,191,760	14,814,965
Others(each below Rp5,000,000)	34,745,085	32,459,675
Total general and administrative expenses	393,564,938	442,568,103
Total operating expenses	**536,024,102**	**564,343,446**

31. FINANCE COSTS

The details of finance costs are as follows:

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

31. FINANCE COSTS (CONTINUED)

	For the six-month periods ended June 30	
	2016	**2015**
Interest expense:		
Loans from banks	157,533,928	129,417,929
Bonds payable	140,906,759	68,349,407
Other payables	1,119,799	-
Loans from financing institutions	352,988	544,629
Bank administration	2,288,908	2,680,140
Others (each below Rp1,000,000)	5,274,633	9,333,890
Total finance costs	**307,477,015**	**210,325,995**

32. 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, 2016	**December 31, 2015**	**June 30, 2016**	**December 31, 2015**
Trade Receivables				
Entity under common control				
PT Star Maju Sentosa	2,476,375	3,381,413	0,0125	0,0180
Other related parties				
PT Centrapacific Nusajaya	-	170,161	-	0,0009
Key management personnel				
Lexy Arie Tumiwa	173,272	221,403	0,0009	0,0012
Soegianto Nagaria	13,707	10,990	0,0001	0,0001
Ge Lilies Yamin	-	2,564	-	0,0000
Total trade receivables	**2,663,354**	**3,786,531**	**0,0135**	**0,0202**
Due from related parties – non-current				
Joint venture				
PT Jakartabaru Cosmopolitan	58,146,339	55,018,190	0,2944	0,2933
Entity under common control				
PT Star Maju Sentosa	687,986	589,225	0,0035	0,0031
Associate				
PT Sukmapersada Nusa	110,931	110,931	0,0006	0,0006

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

32. 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, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Key management personnel				
Liliawati Rahardjo	-	30,934	-	0,0002
Total due from related parties – non-current	**58,945,256**	**55,749,280**	**0,2985**	**0,2972**
Downpayments received and security deposits current				
Key management personnel				
Ge Lilies Yamin	100,460	702	0,0008	0,000
Soegianto Nagaria	1,614	1,278	0,0000	0,0000
Herman Nagaria	912	756	0,0000	0,0000
Adrianto P. Adhi	858	683	0,0000	0,0000
Lexy Arie Tumiwa	858	683	0,0000	0,0000
Harto Djojo Nagaria	849	627	0,0000	0,0000
Other related parties				
PT Maktosa Jaya Indah	2,597	2,165	0,0000	0,0000
Theresia Mareta	833	630	0,0000	0,0000
Entity under common control				
PT Star Maju Sentosa	112,168	112,166	0,0009	0,0010
Total downpayments received and security deposits current	**221,149**	**119,690**	**0,0017**	**0,0010**
Downpayments received and security deposits non current				
Entity under common control				
PT Star Maju Sentosa	6,660,101	6,646,751	0,0547	0,0592
Other related parties				
PT Maktosa Jaya Indah	162,236		0,0013	
PT Centrapacific Nusajaya	83,460	-	0,0007	-
Key management personnel				
Ge Lilies Yamin	1,162,733	1,633,866	0,0096	0,0146
Harto Djojo Nagaria	748,460	-	0,0062	-

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

32. 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, 2016	**December 31, 2015**	**June 30, 2016**	**December 31, 2015**
Key management personnel (continued)				
Liliawati Rahardjo	447,097	-	0,0037	-
Herman Nagaria	172,835	-	0,0014	-
Total downpayments received and security deposits non current	**9,436,922**	**8,280,617**	**0,0776**	**0,0738**
Total downpayments received and security deposits	**9,658,071**	**8,400,307**	**0,0793**	**0,0748**
Unearned revenues				
Key management personnel				
Herman Nagaria	-	2,065	-	0,0000
Due to related parties				
Due to related parties current:				
Other related parties				
PT Prospek Motor	73,500,000	-	0,6041	-
Amelia Tatiana	5,244,000	2,095,149	0,0431	0,0187
Thomas Lundi Halim	4,192,400	-	0,0345	-
PT Duta Putra Mahkota	2,695,000	-	0,0222	-
Dandan Jaya Kartika	1,656,000	670,448	0,0136	0,0060
Edwin Eka Putra Halim	628,733	-	0,0052	-
I Made Sudarta	314,367	-	0,0026	-
Key management personnel				
Soetjipto Nagaria	13,855,600	-	0,1139	-
Total due to related parties current	**102,086,100**	**2,765,597**	**0,8392**	**0,0247**
Net revenues				
Key management personnel				
Harto Djojo Nagaria	1,892,313	477,733	0,0817	0,0184
Ge Llies Yamin	1,143,439	101,927	0,0493	0,0039
Liliawati Rahardjo	519,055	-	0,0224	-
Lexy Arie Tumiwa	419,158	1,666	0,0181	0,0001
Soegianto Nagaria	380,002	3,403	0,0164	0,0001
Herman Nagaria	277,100	2,065	0,0120	0,0001
Adrianto P. Adhi	2,500	1,666	0,0001	0,0001

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

32. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

	Balance as of		Percentage from consolidated total assets/ liabilities	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Entity under common control				
PT Star Maju Sentosa	12,651,301	11,175,291	0,5459	0,4304
Other related parties				
PT Centrapacific Nusajaya	393,336	117,890	0,0170	0,0045
PT Maktosa Jaya Indah	6,160	4,160	0,0003	0,0002
Theresia Mareta	2,884	1,922	0,0001	0,0001
Total pendapatan neto	**17,687,248**	**11,887,723**	**0,7633**	**0,4579**

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.

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

Related parties	Relationship	Transactions
PT Star Maju Sentosa	Under common control	Space rental
PT Centrapacific Nusajaya	Other	Sale of apartment and estate management
Lexy Arie Tumiwa	Director	Sale of apartment
Soegianto Nagaria	Director	Sale of apartment and estate management
Ge Lilies Yamin	Unaffiliated Director	Sale of apartment and estate management
PT Jakartabaru Cosmopolitan	Joint venture	Payable on profit sharing
PT Sukmapersada Nusa	Associate	Dividend payable
Liliawati Rahardjo	Director	Sale of apartment
Herman Nagaria	Director	Sale of apartment and estate management
Adrianto P. Adhi	President Director	Estate management
Harto Djojo Nagaria	Commissioner	Sale of apartment and estate management
PT Maktosa Jaya Indah	Stockholder	Estate management
Theresia Mareta	Close family member of Director	Estate management
PT Prospek Motor	Other	Deposit for future stock subscription
Amelia Tatiana	Other	Deposit for future stock subscription
Thomas Lundi Halim	Other	Deposit for future stock subscription
PT Duta Putra Mahkota	Other	Deposit for future stock subscription
Dandan Jaya Kartika	Other	Deposit for future stock subscription

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

32. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

Related parties	Relationship	Transactions
Edwin Eka Putra Halim	Other	Deposit for future stock subscription
I Made Sudarta	Other	Deposit for future stock subscription
Soetjipto Nagaria	President Commissioner	Deposit for future stock subscription

33. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

As of June 30, 2016 and December 31, 2015, the Group has monetary assets and liabilities denominated in foreign currencies.

	June 30, 2016			December 31, 2015		
	Foreign Currency		Rupiah Equivalent	Foreign Currency		Rupiah Equivalent
Assets						
Cash and cash equivalents						
U.S Dollar	USD	5,826,389	76,791,805	USD	6,680,071	92,151,582
European Euro	EUR	199,201	2,918,475	EUR	191,064	2,879,277
Australian Dollar	AUD	11,883	116,649	AUD	11,883	119,591
Malaysian Ringgit	RM	5,867	19,232	RM	12,020	38,579
Singapore Dollar	Sin$	1,505	14,703	Sin$	1,583	15,434
Japan Yen	JPY	86,759	11,132	JPY	120,310	13,778
Thailand Baht	THB	20,560	7,694	THB	7,020	2,683
China Yuan	CNY	2,385	4,740	CNY	2,373	5,066
Hongkong Dollar	HKD	2,294	3,897	HKD	2,294	4,088
United Arab Emirates Dirham	AED	885	3,110	AED	885	3,253
Korean Won	KRW	87,205	998	KRW	87,128	1,021
Denmark Kroner	DKK	290	571	DKK	290	586
New Zealand Dollar	NZD	23	212	NZD	23	214
Great Britain Pounds	GBP	-	-	GBP	3,000	61,353
Total assets in foreign currencies			79,893,218			95,296,505
Liabilities						
Short term bank loan						
U.S Dollar	USD	3,000,000	39,540,000	USD	3,000,000	41,385,000
Long term bank loan						
U.S Dollar	USD	7,112,377	93,741,125	USD	6,661,542	91,895,972
Trade payables						
U.S Dollar	USD	219,623	2,894,631	USD	262,428	3,620,194
European Euro	EUR	8,883	130,137	EUR	8,883	133,867
Other payables						
U.S Dollar	USD	3,991,000	52,601,380	USD	2,991,000	41,260,845

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

33. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES (CONTINUED)

	June 30, 2016			December 31, 2015		
	Foreign Currency		Rupiah Equivalent	Foreign Currency		Rupiah Equivalent
Accrued expenses						
U.S Dollar	USD	106,894	1,408,857	USD	62,000	855,290
Total liabilities in foreign currencies			190,316,130			179,151,168
Net			**(110,422,912)**			**(83,854,663)**

34. FINANCIAL ASSETS AND LIABILITIES

The following table sets out the carrying values and estimated fair values of the Group's financial instruments as of June 30, 2016 and December 31, 2015:

	June 30, 2016		December 31, 2015	
	Carrying Values	**Fair Values**	**Carrying Values**	**Fair Values**
Financial assets				
Loans and receivables				
Cash and cash equivalents	1,942,614,373	1,942,614,373	1,503,546,080	1,503,546,080
Trade receivables	242,938,538	242,938,538	145,921,281	145,921,281
Other receivables	12,514,913	12,514,913	6,461,820	6,461,820
Other current financial assets	102,488	102,488	103,829	103,829
Due from related parties	58,945,256	58,945,256	55,749,280	55,749,280
Other non-current financial assets	158,446,852	158,446,852	99,005,586	99,005,586
Total	**2,415,562,420**	**2,415,562,420**	**1,810,787,876**	**1,810,787,876**
Financial Liabilities				
Financial liabilities at amortized costs				
Short-term bank loans	846,948,552	846,948,552	808,553,471	808,553,471
Trade payables to third parties	59,935,496	59,935,496	63,006,515	63,006,515
Other payables	273,933,738	273,933,738	279,033,567	279,033,567
Accrued expenses	1,379,680,557	1,379,680,557	1,697,306,503	1,697,306,503
Due to related parties	102,086,100	102,086,100	2,765,597	2,765,597
Downpayments received and security deposit - customer deposit	130,010,017	130,010,017	123,252,155	123,252,155
Long term debts	3,658,669,063	3,658,669,063	2,912,893,695	2,912,893,695
Liability for short-term employee benefits	7,531,608	7,531,608	6,485,405	6,485,405
Bonds payable and sukuk ijarah	2,479,107,100	2,479,107,100	2,476,372,934	2,476,372,934
Other non-current financial liabilities	12,842,450	12,842,450	16,342,450	16,342,450
Total	**8,950,744,678**	**8,950,744,678**	**8,386,012,292**	**8,386,012,292**

34. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

The Group uses the following hierarchy for determining the fair value of financial instruments:

- 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 value measured based on valuation techniques for which inputs which have a significant effect on the recorded fair value are not based on observable market data.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

a) Short-term financial assets and liabilities

Short-term financial instruments with remaining maturities of one year or less (cash and cash equivalents, trade receivables, other receivables, other current financial assets, short-term bank loans, trade payables to third parties, other payables, accrued expenses, due to related parties, downpayments received and security deposits – customer deposits, current maturities of long-term debts, and liability for short-term employee benefits) approximate their carrying amounts due to their short-term nature.

b) Non-current financial assets and long-term financial liabilities

Long-term financial instruments consist of other receivables, due from related parties, long term debts – net of current maturities, other payables, bonds payable and sukuk ijarah, due to related parties, downpayments received and security deposits – customer deposits, and other non-current financial assets and liabilities. The fair value of these financial instruments cannot be measured reliably since they have no fixed repayment dates; therefore, they are measured at cost, while the fair values of deposits received - customer deposits and other non-current financial assets are determined by discounting future cash flows using applicable rates from observable current market transactions for instruments with similar terms, credit risk and remaining maturities. Long-term debts – net of current maturities, bonds payable and sukuk ijarah are measured at amortized cost.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities consist of short-term bank loans, trade payables to third parties, other payables, accrued expenses, due to related parties, downpayments received and security deposits - customer deposits, long-term debts, bonds payable and sukuk ijarah, liability for short-term employee benefits and other current and non-current financial liabilities. The main purpose of the financial liabilities is to raise working capital for the Group's operations and investment activities. The Group has various financial assets, such as cash and cash equivalents, trade receivables, other receivables, due from related parties and other current and non-current financial assets which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk (including foreign currency risk and commodity price risk), interest rate risk, credit risk and liquidity risk. The management reviews and approves policies for managing each of these risks, which are described in more detail as follows:

a) Foreign currency risk

The Group does not significantly use foreign currencies because nearly all of its transactions, assets and liabilities are denominated in Rupiah.

The Group's reporting currency is the Rupiah. It faces foreign exchange risk in cases of imported purchases of equipment and building equipment, but these are not material, so the effect of foreign currency risk, such as the U.S. Dollar, European Euro and Singapore Dollar is not significant.

The Group does not have any formal hedging policy for foreign exchange exposure. If needed, hedging will be obtained to reduce risk to foreign currency risk. Transactions in foreign currencies other than in connection with regular operations is maintained at an acceptable minimum level.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

b) Commodity price risk

The Group's exposures to commodity price risk relates primarily to the purchase of major building materials, such as iron, steel, paint and cement. Before this happens, the Group enters into contracts with its suppliers that bind them to a fixed price, quantity and period of delivery based on the needs of the Group.

The Group's policy is to minimize the risks arising from the fluctuations in commodity prices by maintaining the stability level of development costs, besides profit for the year that should be achieved by the Group.

c) Interest rate risk

The Group's interest rate risk mainly arises from loans for working capital and investment purposes. Loans at variable rates expose the Group to fair value interest rate risk. The Group manages its interest rate risk by obtaining loans with a mixture of fixed and floating interest rates.

d) Credit risk

The Group is exposed to credit risk arising from the credit granted to its customers and tenants. To mitigate this risk, receivable balances are monitored on an ongoing basis to reduce the exposure to bad debts.

When a customer fails to make payment for the property purchased, the Group is not going to hand over to the customer the title to the property. As for the tenant whose payment is in arrears, the tenant's security deposit will be closely monitored. Before the arrears become greater than the security deposit, necessary action should be made, such as termination of rental agreement and rescheduling of payment. The Group's management is of the opinion that there are no significant concentrated risks on trade receivables.

With respect to credit risk arising from the cash in banks and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty. The Group has a policy not to place its funds in investments that have high credit risks and put its cash only in banks with good reputation.

The table below shows the maximum exposure to credit risk on the components of the consolidated statement of financial position as of June 30, 2016:

	Maximum Exposure
Loans and receivables:	
Bank and cash equivalents	1,933,515,400
Trade receivables	242,938,538
Other receivables	12,514,913
Other current financial assets	102,488
Other non-current financial assets	158,446,852
Total	**2,347,518,191**

e) Liquidity risk

The Group manages its liquidity profile to be able to finance its capital expenditure and service its maturing debts by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The Group regularly evaluates its projected and actual cash flow information and continuously maintains its payable and receivable day's stability.

Wherever possible, the Group obtains financing from the capital market and financial institutions and for portfolio balances with short-term financing to achieve efficiency in financing.

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The Group aims to achieve an optimal capital structure in pursuit of its business objectives, which include maintaining healthy capital ratios and strong credit ratings and maximizing stockholder value.

Some of the Group's debt instruments contain covenants that impose maximum leverage ratios. In addition, the Group's have complied with all capital requirements by bank creditors.

Management monitors capital using several financial leverage measurements such as debt-to-equity ratio. The Group's objective is to maintain its debt-to-equity ratio at a maximum of 10 as of June 30, 2016.

As of June 30, 2016 and December 31, 2015, the Group's debt-to-equity ratios are as follows:

	June 30, 2016	**December 31, 2015**
Short-term bank loans	846,948,552	808,553,471
Long-term debts	3,658,669,063	2,912,893,695
Bonds payable and sukuk ijarah	2,479,107,100	2,476,372,934
Total Liabilities	**6,984,724,715**	**6,197,820,100**
Total Equity	**7,585,148,177**	**7,529,749,914**
Debt to equity ratio	**0,92**	**0,82**

36. OPERATING SEGMENT

	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	116,237,773	2,317,538,618
Gross profit	694,977,492	297,452,491	40,737,690	27,244,644	1,060,412,317
Income (loss) from operations	330,371,888	209,105,985	(4,174,044)	(8,920,231)	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**

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

36. OPERATING SEGMENT (CONTINUED)

	For the six-month periods ended June 30, 2016				
	Property Development	Investment Property	Leisure & Hospitality	Others	Consolidation
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

	For the six-month periods ended June 30, 2015				
	Property Development	Investment Property	Leisure & Hospitality	Others	Consolidation
Net revenues	1,812,504,398	596,668,937	94,031,087	93,459,573	2,596,663,995
Gross profit	1,090,743,598	263,393,961	24,246,184	15,031,893	1,393,415,636
Income (loss) from operations	686,434,181	171,901,695	(11,534,263)	(13,396,109)	833,405,504
Finance income					44,785,239
Finance costs					(210,325,995)
Profit before final tax and income tax expense					**667,864,748**
Final tax expense					(141,786,594)
Profit before income tax					**526,078,154**
Income tax expense					(948,377)
Profit for the year					**525,129,777**
Other information					
Segment assets	12,447,604,025	3,699,778,630	759,824,194	265,178,798	17,172,385,647
Segment liabilities	7,866,261,427	1,922,302,069	424,980,540	102,736,857	10,316,280,893
Acquisition of fixed assets and investment properties	67,809,842	118,614,048	52,049,130	19,671,322	258,144,342
Depreciation	18,535,803	84,690,582	22,902,851	8,735,275	134,864,511

37. SIGNIFICANT AGREEMENTS AND COMMITMENTS

a. In 2015, PT Inovasi Jaya Properti (IVJP) and PT Bintang Mentari Indah (BNMI) obtained credit facilities from Emerald Sanctuary Pte. Ltd (EMS) amounted to US$1,106,000 and US$1,885,000, respectively. This credit facility will due in 1 year and can be extended under the loan agreements between IVJP and BNMI with EMS. This credit facility bore interests by 4,50% p.a. As of June 30, 2016 total balance of the loans payable from the facilities are Rp52,984,516 (2015: Rp41,260,845) and already recorded as part of Other payable (Note 17).

37. SIGNIFICANT AGREEMENTS AND COMMITMENTS (CONTINUED)

b. 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 of US$100,000 for the service rendered by AAPC. This agreement is valid until the opening and commencement of operations of the Hotel. There is no payment as December 31, 2015, while as of June 30, 2016, NWJS has paid US$40,000 or equivalent to Rp514,580 to AAPC. This amount was capitalized to Investment Properties in the consolidated statement of financial position and as part of “Construction in Progress” (Note 12).

2. Hotel Management Agreement, wherein AAPC is engaged as the sole and exclusive advisor and consultant to supervise, direct, manage and control the operations of Novotel Hotel, Jakarta. AAPC is entitled to receive basic fee, incentive, pre-opening, reservation and sales contribution fees, which are computed at the rate in accordance with the terms of the agreement. As of June 30, 2016, no basic fee, incentive, pre-opening, reservation and sales contribution have been paid to AAPC, since the hotel has not yet commenced its commercial operations.

c. 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. Hotel Technical Assistance Agreement, wherein PIHC agreed to provide technical assistance and consultation for construction, engineering, office design, contractor, information technology and furnishing for the construction of Pop! Hotel Kelapa Gading located in Kelapa Gading, Jakarta. SMHO agreed to pay a fee of US$40,000 for the service rendered by PIHC. This agreement is valid until the opening and commencement of operations of the Hotel. As of June 30, 2016, SMHO has paid US$40,000 or equivalent to Rp464,200 to PIHC.

2. 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.

3. Hotel Management Agreement, wherein Tauzia is engaged as the sole and exclusive advisor and consultant to supervise, direct, manage and control the operations of Pop! Hotel Kelapa Gading. Tauzia is entitled to receive management fee, incentive fee such as, procurement of technology services, reservation and sales contribution fees, promotion, and handling costs which are computed at the rate in accordance with the terms of the agreement.

d. 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 Technical Assistance Agreement, wherein HIHC agreed to provide technical assistance and consultation for the construction of Harris Hotel Bekasi located in Bekasi. SMHO agreed to pay a fee of US$75,000 for the service rendered by HIHC. This agreement is valid until the opening and commencement of operations of the hotel. As of June 30, 2016, SMHO has paid US$75,000 or equivalent to Rp942,844 to HIHC.

3. Hotel Management Agreement, wherein Tauzia is engaged as the sole and exclusive advisor and consultant to supervise, direct, manage and control the operations of Harris Hotel Bekasi. Tauzia is entitled to receive management fee, incentive fee such as procurement of technology services, reservation and sales contribution fees, promotion, and handling costs which are computed at the rate in accordance with the terms of the agreement.

37. SIGNIFICANT AGREEMENTS AND COMMITMENTS (CONTINUED)

e. 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. As of June 30, 2016, HOPJ has paid US$131,250 or equivalent to Rp1,237,819 to MH&R.

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. As of June 30, 2016 No contribution and marketing fees were paid to MH&R, since the hotel has not yet commenced its commercial operations.

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. No royalty fee has been paid to MH&R in 2015, since the hotel has not yet commenced its commercial operations.

4. Hotel Management Consulting Agreement with MH&R, wherein MH&R is engaged as the sole and exclusive advisor and consultant to supervise, direct, manage and control the operations 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. No consultation fees have been paid to MH&R in 2015, since the hotel has not yet commenced its commercial operations.

f. Based on notarial deed No. 39 dated July 21, 2004 of Dewi Himijati Tandika, S.H., SPCK entered into a joint operation known as KSO Summarecon Serpong under an agreement with PT Jakartabaru Cosmopolitan (JBC). Under the agreement, both parties agreed to collaborate in developing 400 hectares of land belonging to JBC in Perumahan Gading Serpong Permai, Tangerang. KSO Summarecon Serpong has been appointed as the only party which will plan, release, expand and operate the land, while SPCK has been appointed to handle the management of the joint operation and identify financing sources for its operations.

   Income or loss from operations will be distributed at 70% for SPCK and 30% for JBC. This agreement is valid for a period of 10 years until July 20, 2014. Based on the amendment of KSO agreement, this joint operation has been extended up to July 19, 2019.

g. Based on notarial deed No. 39 dated July 21, 2004 of Dewi Himijati Tandika, S.H., SPCK entered into a joint operation known as KSO Summarecon Serpong under an agreement with PT Jakartabaru Cosmopolitan (JBC). Under the agreement, both parties agreed to collaborate in developing 400 hectares of land belonging to JBC in Perumahan Gading Serpong Permai, Tangerang. KSO Summarecon Serpong has been appointed as the only party which will plan, release, expand and operate the land, while SPCK has been appointed to handle the management of the joint operation and identify financing sources for its operations.

   Income or loss from operations will be distributed at 70% for SPCK and 30% for JBC. This agreement is valid for a period of 10 years until July 20, 2014. Based on the amendment of KSO agreement, this joint operation has been extended up to July 19, 2019.

   The obligations of JBC in relation to this joint operation include the following, among others:

   - Provide land to be managed and developed by the parties in KSO Summarecon Serpong
   - Take responsibility for solving disputes arising from the land development, if any
   - Provide the labor requirements of KSO Summarecon Serpong

37. SIGNIFICANT AGREEMENTS AND COMMITMENTS (CONTINUED)

The obligations of JBC in relation to this joint operation include the following, among others: (continued)

- Permit SPCK to utilize the location license owned by JBC and acquire land ownership over the undeveloped land
- Allow SPCK to utilize infrastructure located on the land
- Assist SPCK in obtaining the rights over the remaining land by signing the release of land ownership agreements with the individual land owners.

The obligations of SPCK in relation to this joint operation include the following, among others:

- Provide financing for land development
- Provide the labor requirements of KSO Summarecon Serpong
- Acquire land ownership covered by the project

h. On July 30, 2009, SPCK entered into a joint operation, known as KSO Summarecon Lakeview (KSO-SL), with TGS and LK. Under the terms of the agreement, the parties agreed to collaborate to develop an area known as East Business Unit Land belonging to TGS. KSO-SL has been appointed as the sole party to develop, sell and manage the East Business Unit Land for a period of 10 years until April 29, 2019. The parties agreed that the net profit from the joint operation shall be distributed to the parties in the following manner: TGS at 5%, LK at 40% and SPCK at 55%. However, loss from the KSO operations, if any, shall be borne only by SPCK and LK in their respective proportions.

38. LITIGATIONS

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

a. The Company (Plaintiff) vs Robert Sudjasmin (Defendant I) and the other Defendants and Co-defendants in relation to a 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, while the Defendants filed an appeal to that decision. On November 26, 2015, Jakarta High Court has bound the decision. On January 19, 2016, the Plaintiff has filed cassation to the Supreme Court. As of the date of approval and authorization for issuance of these consolidated financial statements, no decision has been made.

b. PT Surya Intan Properti (SYIP) (Plaintiff) vs Adjit Dharmadi and Setiya Darma (The Defendants, now the "Convicted") in relation to a embezzlement crime committed continually related to land acquisition in Tangerang district. 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 Tangerang High Court. On January 23, 2015, the Banten High Court has upheld the decision of the Tangerang District Court. 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 claim, the Tangerang District Court's decision has been legally binding.

c. JVOP (Defendant IV), Dandan Jaya Kartika (Defendant II) and other defendants vs. Arief Budiono (Plaintiff) in relation to a claim over approximate 5,979 sqm land located in Yogyakarta. On November 17, 2015, the Yogyakarta District Court 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, the Yogyakarta District Court's decision has been legally binding.

d. MKPP (Defendant I) and other Defendants vs. Heir Mrs Tjiah Nursiah (Deceased Plaintiff) in relation to a claim of approximately over 15,650 sqm located in Kabupaten Bandung. On February 11, 2016, Bandung District Court decided to refuse the Plaintiff's claim, the Bandung District Court's decision has been legally binding.

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

38. LITIGATIONS (CONTINUED)

e. KCJA (Defendant I) and other defendants vs Jantje Manesah Agung (Plaintiff) in relation to a claim over approximately 85,940 sqm located in Kabupaten Bogor. The lawsuit filed in the District Court of North Jakarta on October 29, 2015 with a lawsuit number 474/Pdt.G/2015/PN.JKT.UTR. On April 7, 2016, KCJA apply to intervene in the case. As of the date of approval and authorization for the issuance of these financial statements, the case is still under examination in the North Jakarta District Court.

f. 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 a claim over approximately 39,040 sqm located in Kotamadya East Jakarta. The lawsuit filed in East Jakarta District Court dated January 14, 2016 with a lawsuit number 28/Pdt.G/2016/PN.Jkt.Tim. As of the date of approval and authorization for the issuance of these financial statements, the case is still under examination in the East Jakarta District Court.

g. 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 eighteen plaintiff in relation to a claim over approximately 24,480 sqm located in Kotamadya East Jakarta. The lawsuit filed in East Jakarta District Court dated January 14, 2016 with a lawsuit number 29/Pdt.G/2016/PN.Jkt.Tim. As of the date of approval and authorization for the issuance of these financial statements, the case is still under examination in the East Jakarta 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

39. EARNINGS PER SHARE

	For the six-month period ended June 30	
	2016	**2015**
Profit for the year attributable to the owners of the Parent Entity	24,521,320	247,857,984
Weighted average number of shares for calculation of earnings per share		
Balance, beginning before the effect of issuance of new shares	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	**2**	**17**

40. SUBSEQUENT EVENTS

a. In 2016, PT Bhakti Karya Bangsa (BKKB) was established with authorized capital stock of Rp30,000,000, of which Rp7,500,000 has been issued and fully paid by the stockholders. The Company acquired 6,000,000 share for Rp6,000,000 with a par value of Rp1,000 (full amount) per share representing 80% ownership, while the remaining 1,500,000 share for Rp1,500,000 representing 20% ownership was subscribed for by Tuan Sudino, third parties. The establishment of BKKB was notarized under deed No. 8 dated July 20, 2016 of Dewi Himijati Tandika, S.H., which was acknowledged and recorded by the MLHR in its Decision Letter No. AHU-0032876.AH.01.01. Year 2016 dated July 21, 2016. As of the date of approval and authorization for issuance of these consolidated financial statements, the publication in the State Gazette of the Republic of Indonesia is in process.

41. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following are several accounting standards issued by the DSAK that are considered relevant to the financial reporting of the Group but not yet effective until January 1, 2016 and 2017:

- Amendments to PSAK No. 1: Presentation of Financial Statements on Disclosures Initiative, effective January 1, 2017. This amendment clarifies, rather than significantly change, existing PSAK No. 1 requirement, among others, to clarify the materiality, flexibility as to the order in which they present the notes to financial statements and identification of significant accounting policies.

- Amendments to PSAK No. 4: Separate Financial Statements on Equity Method in Separate Financial Statements, effective January 1, 2016. The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- PSAK No. 5 (2015 Improvement): Operating Segments, effective January 1, 2016. The improvement clarifies that:
  - An entity must disclose the judgments 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.
  - 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, effective January 1, 2016. The improvement clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

- PSAK No. 13 (2015 Improvement): Investment Property, effective January 1, 2016. The description of ancillary services in PSAK No. 13 differentiates between investment property and owner-occupied property. The improvement clarifies that PSAK No. 22, and not the description of ancillary services in PSAK No. 13, is used to determine if the transaction is the purchase of an asset or business combination.

- Amendments to PSAK No. 15: Investments in Associates and Joint Ventures on Investment Entities: Applying the Consolidation Exceptions, effective January 1, 2016. This amendments clarify the paragraph 36A that the exemption from presenting consolidated financial statements applies to investment entity when such criteria are met.

- PSAK No. 16 (2015 Improvement): Property, Plant and Equipment, effective January 1, 2016. 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 amortization is the difference between the gross and carrying amounts of the asset. Carrying amounts of the asset is restated by revaluated amounts.

- Amendments to PSAK No. 16: Property, Plant and Equipment on Clarification of the Accepted Method for Depreciation and Amortization, effective January 1, 2016. The amendments clarify the principle in PSAK 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.

- PSAK No. 22 (2015 Improvement): Business Combination, effective January 1, 2016. The improvement clarifies the scope and obligation to pay contingent benefit which meets the financial instrument definition recognized as financial liabilities or equity.

41. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

- Amendments to PSAK No. 24: Employee Benefits on Defined Benefit Plans: Employee Contributions, effective January 1, 2016. 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 service years, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

- 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.

- ISAK No. 31: Interpretation on scope of PSAK No. 13: Investment Property, effective on January 1, 2017. This interpretation addresses the definition used for building under investment property.

- Amendments to PSAK No. 65: Consolidated Financial Statements on Investment Entities: Applying the Consolidation Exception, effective January 1, 2016. The amendments address issues that have arisen in applying the investment entities exception under PSAK No. 65. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

- Amendments to PSAK No. 66: Joint Arrangements on Accounting Acquisition of Interests in Joint Operations, effective January 1, 2016. The amendments require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PSAK No. 22 principles for business combinations accounting.

- Amendments to PSAK No. 67: Disclosure of Interests in Other Entities on Investment Entities: Applying the Consolidation Exception, effective January 1, 2016. The amendments address issues that have arisen in applying the investment entities exception under PSAK No. 65 Consolidated Financial Statements. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

- PSAK No. 68 (2015 Improvement): Fair value Measurement, effective January 1, 2016, 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.

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