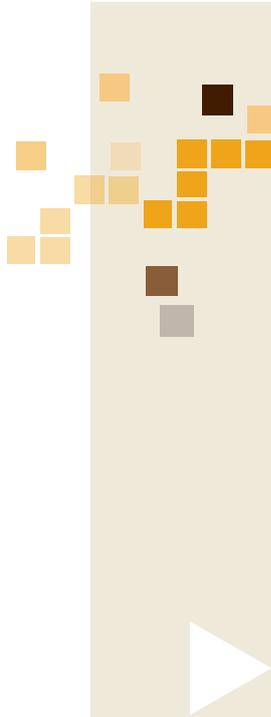




Transformational Journey: The Beginning



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Transformational Journey: The Beginning

Lippo Karawaci, with its vision, professionalism, entrepreneurial spirit, and solid strategic business units have taken the lead to be at the forefront of Indonesia's robust economic development.

In tandem with the Country's transformational growth, the Company is now on the threshold of a bold and transformational journey which drives its market capitalization to higher levels and triple its asset value within the next five years.

Lippo Karawaci at a Glance



PT Lippo Karawaci Tbk (“Lippo Karawaci”) is the largest listed property company in Indonesia by Assets, Revenue and Net Profit. Its highly focused, unique and integrated business model, and strong brand recognition make it undisputedly the premier real-estate group in Indonesia.

Since inception, Lippo Karawaci has adhered to its vision of impacting lives through well-planned and sustainable independent residential and industrial townships and integrated high-rise developments featuring green environments and first class physical and social infrastructure and facilities. Its private hospital group and its state of the art equipment and facilities deliver world class international standard healthcare services. Whilst its retail malls offer a comprehensive mix to fulfill the most demanding lifestyle choices of Indonesia’s growing middle class.

The forerunner of Lippo Karawaci was PT Tunggal Reksakencana founded in October 1990. In January 1993, the Company inaugurated

its first township construction of Lippo Village in Karawaci, Tangerang, located approximately 30 kilometers west of Jakarta. In the same year, the Company started to develop Lippo Cikarang, an industrial cum residential township located 40 kilometers east of Jakarta. The Tanjung Bunga township in Makassar, South Sulawesi was subsequently developed in 1997. In the process of developing these projects the Company amassed the largest and most diversified landbank in the business.

Through a merger of eight property-related companies in 2004, Lippo Karawaci expanded its business portfolio to encompass Urban Development, Large Scale Integrated Development, Retail Malls, Hospitals, Hotel and Leisure as well as Fee-based Income portfolio. This merger has resulted in the creation of strong recurring income providing the Company with a sustainable growth model. The share of revenue from recurring sources is expected to stay stable at slightly above 50%.

Vision

To become a leading property company in Indonesia and in the region with strong commitment to positively impact on people's quality of lives and to continuously create value to shareholders.

Mission

To meet the needs of the middle and upper class Indonesians for housing, shopping centers, commercial development, healthcare, entertainment, hospitality and infrastructure.

To achieve sustainable growth for each of its businesses through a balanced portfolio of development projects while maintaining a healthy level of recurring income.

To provide first class living environment that enhances the physical, social and spiritual experience for its clientele, and to provide best green environment for each of its development projects.

In response to the growing middle class and the ever-changing urban lifestyle associated with urbanisation, the Company successfully developed mixed use developments combining residential, commercial and entertainment, supported by healthcare and educational facilities within a single green living environment. Such pioneering leadership and commitment to quality and excellence has led Lippo Karawaci to be recognized as a trusted property developer with the most recognizable and reputable brand name.

In 2010, the Company launched its major growth strategy to transform it from USD3 billion to USD8 billion Company in 5 years. This strategy will be anchored by strong growth in its core property business and supported by growth in its hospitals and retail malls network. By 2015 assets under Lippo Karawaci's management is expected to exceed USD3.5 billion on the back of stepped up asset-turn deals.

Lippo Karawaci continues to drive its market capitalization to higher levels on the back of significant leadership premium, a highly globalized international investor base, and track record of delivering sound shareholders value.

Lippo Karawaci Business Units

Residential & Urban Development



The Company obtained total development rights of 7,236ha from the Government, of which 4,719ha (65%) has been acquired. Its current landbank inventory of 1,568ha of land is spread over different locations, majority of which are in the key townships namely Lippo Village in Karawaci, Tangerang, Lippo Cikarang in east of Jakarta, Tanjung Bunga in Makassar and San Diego Hills Memorial Park in Karawang. The Company's landbank are sufficient and sustainable for the next 15 years.

Apart from the townships, the Company has also developed large scale integrated mixed use projects on smaller areas of land, closer to the city center

to cater to changing lifestyle needs, combining residential and lifestyle facilities such as malls, schools and hospitals.

The first such project was developed in Surabaya and named City of Tomorrow. Since then the Company has launched two strategic large scale integrated developments, Kemang Village in metropolitan South Jakarta, and The St. Moritz Penthouses & Residences in vibrant West Jakarta.

Hospitals



Lippo Karawaci is the leading provider of private sector medical services in Indonesia under the Company's "Siloam Hospitals." Lippo Karawaci's entry into the healthcare business dates from the joint venture with Gleneagles Hospital in Lippo Village, now renamed Siloam Hospitals Lippo Village. Since then the business has grown to include stand alone hospitals as well as form an important function in the Company's residential townships and developments.

In line with its commitment to Indonesia's social transformation in lifting the standards and quality of the healthcare sector, the Company's hospital portfolio has now grown from four to seven hospitals with acquisitions of 2 hospitals in Jambi and Balikpapan and the addition of a new cancer hospital in Jakarta in 2010. Further, 20 new hospitals have been planned for the next five years.

Commercial



There are two different businesses under the Commercial division, Retail Malls and Hotels. Lippo Karawaci manages 25 malls throughout Indonesia with total Net Leasable Area of about 938,000 square meters; 16 of the 25 malls are located in Greater Jakarta. Average occupancy of the mall properties is 89% with customer traffic exceeding 200 million per annum.

Of the 25 malls, three malls are directly owned by Lippo Karawaci, eight malls are owned by Singapore listed Lippo-Mapletree Indonesia Retail Trust (LMIR

Trust), another eight are strata-titled malls built previously by Lippo Karawaci, and the remaining six are owned by third-parties. The Company has plans to develop an additional 15 new leased malls across Indonesia within the next five years.

Lippo Karawaci's Commercial business also comprises of Hotels business. The Company manages seven hotels (three owned by Lippo Karawaci) under the "Aryaduta" brand of five-star business hotels with a total of 1,444 rooms. Another six hotels are expected to be built in the near term.

Assets Management



The Assets Management division had its beginnings with the two Singapore listed Real Estate Investment Trusts (REITs) which Lippo Karawaci has sponsored. First Real Estate Investment Trust (First REIT) was launched in 2006, the first ever healthcare REIT in South East Asia, and currently has in its portfolio five Siloam Hospitals, the Hotel Aryaduta Lippo Village, as well as four Singapore healthcare assets. In the following year Lippo Karawaci sponsored Lippo Mapletree Indonesia Retail Trust (LMIR Trust), the only Singapore REIT with Indonesian retail assets currently owning eight retail malls and seven retail spaces.

Importantly these REIT platforms serve to facilitate the Company's asset-light strategy by enabling the Company to recycle capital as they step up the turnover of hospital and mall assets. The two Singapore listed REIT Managers Bowsprit Capital

for First REIT and LMIR Trust Management Ltd. for LMIR Trust are majority owned by Lippo Karawaci, 80% and 60% respectively.

As the eight malls under LMIR Trust are located in Indonesia, the Company through a wholly-owned subsidiary, PT Consulting & Management Service Division (CMSD), manages the mall properties under contract from LMIR Trust. CMSD is also the mall operator for the other malls in the portfolio.

Further the network of hospitals and hotel assets are under Lippo Karawaci's management as well.

This business division will grow in tandem with the 15 mall and 20 new hospital pipeline, as well as growth of assets under management by the two REITs, currently with funds under management of USD1.3 billion.

Corporate Action

- **USD270.6 Million Global Bond Issuance**
Lippo Karawaci issued USD270.6 million new five-year global bond, due 2015, with fixed interest rate of 9.0% p.a. and issue price at 100%.
- **30 Global Investors Purchased Rp2.25 Trillion Shares**
30 top global investors purchased 4.1 billion of Lippo Karawaci's shares, totaling Rp2.25 trillion in cash through a placement coordinated, led-managed, and executed by four global investment banks, Bank of America Merrill Lynch, CLSA Asia-Pacific Markets, Danareksa Sekuritas, and PT Mandiri Sekuritas.
- **USD44 Million Investment in Two Top Hospitals**
Lippo Karawaci acquired two top hospitals in Jambi, East Sumatra and Balikpapan, East Kalimantan, with total investment of USD44 million. These acquisitions add significant momentum, and will further boost and scale-up the Company's hospital strategy, jump starting its national network.
- **SGD205.5 Million Sale of Hospital Assets**
Lippo Karawaci completed the sale of the Lippo Cikarang property which houses subsidiary Siloam Hospitals Lippo Cikarang under a sale and lease back agreement with First REIT. In addition, Lippo Karawaci assisted First REIT in the acquisition of a central Jakarta property which houses the Mochtar Riady Comprehensive Cancer Centre, located in Semanggi, Central Jakarta. The total value of these two transactions amounted to SGD205.5 million.
- **Rp2.38 Trillion Rights Issue**
Lippo Karawaci increased its capital by Rp2.38 trillion through a rights issue to fund its business expansion. With additional issuance of 4.3 billion new shares, the Company's total outstanding share is now 21.63 billion.



▶ USD
44 million
▶ Investment in
two top hospitals
in Jambi and
Balikpapan

▶ USD
270.6 million
▶ Global bond
issuance.

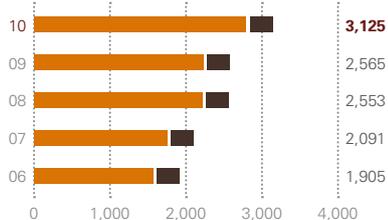
▶ Rp
2.38 trillion
▶ Rights Issue

Financial Highlights

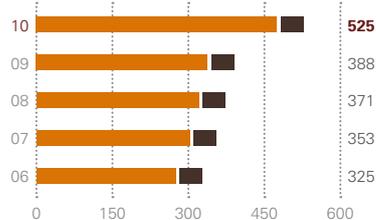
in billion Rupiah, unless stated otherwise

	2006	2007	2008	2009	2010
PROFIT AND LOSS					
Revenue	1,905	2,091	2,553	2,565	3,125
Gross Profit	973	1,106	1,219	1,187	1,524
EBITDA	539	533	565	603	854
Operating Profit	447	461	465	481	721
Net Profit After Tax	325	353	371	388	525
Basic Earning per Share (in Rupiah)	22	24	21	22	30
BALANCE SHEETS					
Net Working Capital	3,310	4,366	5,083	4,829	7,376
Total Assets	8,486	10,533	11,788	12,128	16,155
Total Investment	356	384	306	498	534
Total Liabilities	5,208	5,999	6,928	6,839	7,976
Stockholders' Equity	2,962	4,206	4,501	4,887	7,710

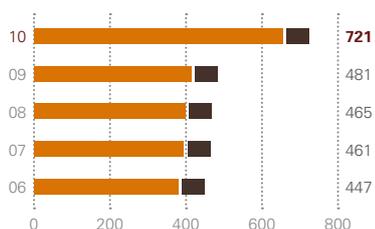
Revenue
(in billion Rupiah)



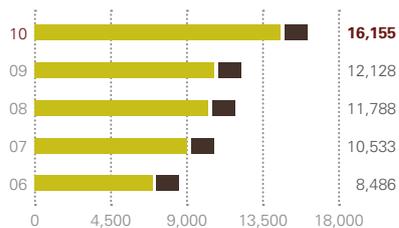
Net Profit After Tax
(in billion Rupiah)



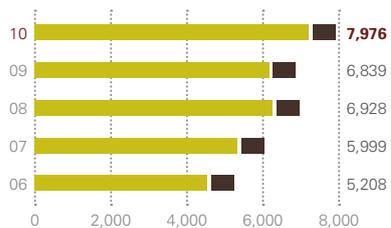
Operating Profit
(in billion Rupiah)



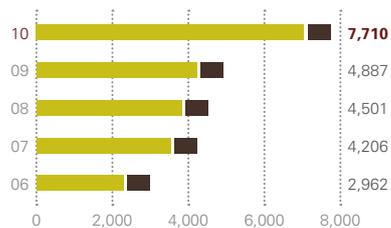
Total Assets
(in billion Rupiah)



Total Liabilities
(in billion Rupiah)



Stockholders' Equity
(in billion Rupiah)



	2006	2007	2008	2009	2010
FINANCIAL RATIOS					
Return on Assets (%)	4	3	3	3	3
Return on Equity (%)	11	8	8	8	7
Debt to Assets	0.3	0.3	0.3	0.2	0.2
Debt to Equity (Gross)	0.8	0.7	0.7	0.6	0.4
Debt to Equity (Net)	0.4	0.2	0.3	0.3	-
Gross Profit Margin (%)	51	53	48	46	49
EBITDA Margin (%)	28	25	22	24	27
Operating Profit Margin (%)	23	22	18	19	23
Net Profit Margin (%)	17	17	15	15	17

Stock Highlights

Shareholder Structure

(as of December 31, 2010)

Shareholders	Number of Shares	Percentage of Ownership
Pacific Asia Holdings Limited	1,680,257,812	7.77%
Fidelity Magellan Fund	1,227,975,625	5.68%
Capital Bloom Investment Limited	1,138,293,750	5.26%
Public (each less than 5%)	17,581,162,432	81.29%
TOTAL	21,627,689,619	100.00%

Dividend History

Shareholders Record Date	Payment Date	Dividend/Share
16 November 2010	1 December 2010	Rp 2.88 *)
7 December 2007	27 December 2007	Rp 4.62
6 December 2006	20 December 2006	Rp 9.90
24 August 2005	8 September 2005	Rp 10.00
22 January 1998	20 February 1998	Rp 10.00
16 December 1996	14 January 1997	Rp 40.00

*) Interim Dividend

Capital History

Description	Date	No. of Shares	Total Issued Shares
IPO	28 Jun 1996	30,800,000	30,800,000
Company Listing		244,000,000	274,800,000
Convertible Bonds		105,072,500	379,872,500
Rights Issue I	27 Feb 1998	607,796,000	987,668,500
Merger	30 Jul 2004	1,063,275,250	2,050,943,750
Rights Issue II	20 Jan 2005	881,905,813	2,932,849,563
Warrant Conversion before Stock Split	20 Jan 2005 - 28 Jul 2006	279,099	2,933,128,662
Stock Split I	2 Aug 2006	2,933,128,662	5,866,257,324
Warrant Conversion after Stock Split I	2 Aug 2006 - 31 Dec 2006	4,759,748	5,871,017,072
Warrant Conversion	1 Jan - 30 Nov 2007	1,049,843,606	6,920,860,678
Stock Split II	26 Dec 2007	10,381,291,017	17,302,151,695
Rights Issue III	28 Dec 2010	4,325,537,924	21,627,689,619

2010 Share Price Movement



Summary of Share Trading at Indonesia Stock Exchange

2010						2009					
Month	Share Price (Rp)			Share Trading		Month	Share Price (Rp)			Share Trading	
	Highest	Lowest	Closing	Volume (Units)	Amount (Rp)		Highest	Lowest	Closing	Volume (Units)	Amount (Rp)
Jan	570	495	530	1,201,035,000	645,610,465,000	Jan	890	790	830	383,965,500	322,877,330,000
Feb	540	480	500	1,169,598,000	601,623,142,500	Feb	850	770	820	456,616,500	374,081,645,000
Mar	640	495	600	2,234,555,000	1,218,720,320,000	Mar	870	800	840	737,479,500	612,906,415,000
Apr	640	560	580	2,480,026,500	1,480,785,075,000	Apr	840	770	810	1,082,016,000	879,076,085,000
May	580	345	425	2,170,753,000	1,054,261,155,000	May	820	730	750	1,127,003,500	908,143,490,000
Jun	570	390	500	2,345,257,000	1,118,825,522,500	Jun	760	660	670	1,792,176,500	1,272,512,540,000
Jul	510	470	485	1,454,154,500	722,134,120,000	Jul	740	640	710	2,187,279,500	1,504,330,530,000
Aug	530	480	500	1,785,890,500	905,549,127,500	Aug	750	630	640	2,181,770,000	1,533,339,445,000
Sep	600	470	560	1,803,335,000	1,005,665,930,000	Sep	730	640	670	1,810,878,500	1,253,842,810,000
Oct	710	530	620	3,199,574,500	1,997,524,130,000	Oct	730	620	650	2,279,639,000	1,546,977,420,000
Nov	700	610	680	2,583,954,000	1,733,288,415,000	Nov	650	510	530	1,670,850,000	977,323,880,000
Dec	750	620	680	2,207,726,000	1,513,000,265,000	Dec	570	490	510	1,356,516,000	717,605,660,000

Milestones

1990

October
Established under the name of PT Tunggal Reksakencana.

1993

January
Started Lippo Karawaci township, located in the regency of Tangerang, approximately 30 kilometers to the west of Jakarta.

October
Started Lippo Cikarang township, an integrated real estate and industrial development located in Cikarang, approximately 40 kilometers to the east of Jakarta.

1996

June
Initial Public Offering of 30,800,000 shares and listed on Jakarta Stock Exchange and Surabaya Stock Exchange (now Indonesia Stock Exchange).

1997

June
Started Tanjung Bunga township, the largest integrated community development in eastern Indonesia.

1998

February
1st Rights Issue of 607,796,000 shares at the price of Rp500 per share.

2002

September
Launched its first retail strata-titled project, WTC Matahari Serpong located in West Jakarta. Since then (2002-2007), Lippo Karawaci has developed the retail and commercial properties of Metropolis Town Square in Tangerang, GTC Makassar in South Sulawesi, Depok Town Square in Depok, South Jakarta, Malang Town Square in Malang, East Java, Grand Palladium Medan in North Sumatera, Bellanova Country Mall in Bogor and City of Tomorrow Mall in Surabaya.

2010

May
USD270mn bonds issuance,
at the rate of 9% p.a., issue
price 100%, due 2015.

December
3rd Rights Issue of
4,325,537,924 new shares at
the price of Rp550 per share.

2006

March
USD250 million
bond issuance, at
the rate of 8.875%
pa., issue price
100%, due 2011.

August
1-for-2 Stock Split.

December
The listing of
First REIT on the
Singapore Stock
Exchange, offering
271,400,000 units at
an offering price of
SGD 0.71/unit.

2007

January
Launched San Diego
Hills Memorial Park
& Funeral Homes
in Karawang, West
Java.

July
Launched Kemang
Village superblock
project in South
Jakarta.

December
1-for-2.5 Stock Split.

2008

August
Launched The
St. Moritz
Penthouses &
Residences,
a large scale
integrated
development
in West Jakarta.

December
Opened Pejaten
Village Mall,
the Company's
first leased mall, in
South Jakarta.

2009

January
In order to
strengthen its
business structure,
the Company has
formalized its
business units into
6 strategic business
units : Urban
Development, Large
Scale Integrated
Development, Retail
Malls, Healthcare,
Hospitality &
Infrastructure,
Property & Portfolio
Management.

August
The opening of
PX Pavillion @ The
St. Moritz, a preface
to the future
shopping mall
complex located
at The St. Moritz
Penthouses &
Residences, CBD
West Jakarta.

2004

July
Merger of 8
property-related
companies, making
the new
PT Lippo Karawaci
Tbk, Indonesia's
largest listed
property company
with three business
pillars: Housing &
Land Development,
Healthcare, and
Hospitality &
Infrastructure.

2005

January
2nd Rights Issue of
881,905,813 shares
at the price of
Rp1,050 per share.

Event Highlights

28

January

The Village Mall, Lippo Karawaci's mall division, and ASMI institution provided Rp1 billion in scholarships for 22 winners to continue their education at Sekolah Tinggi Ilmu Administrasi & Sekretaris (STADS) ASMI.



3

March

Kemang Village held the topping-off ceremony of its first three condominium towers.

23

March

Lippo Karawaci signed an agreement with the Regional Government of South Sulawesi to realize the development of the Center Point of Indonesia in Makassar, which is expected to be the center of the Eastern Indonesia's development and tourist destinations.

8

June

Lippo Village launched the Lincoln Drive Dormitory, special housing with full facilities, for students and employees who need close access to the campus of Universitas Pelita Harapan or their workplace.

20

February

Lippo Cikarang launched the Ivory Garden, a cluster with modern tropical homes.

24

February

Siloam Hospitals Lippo Village (SHLV) launched the Siloam Medivac (Siloam Medical Evacuation) service as one of Siloam Hospitals' commitments to assist patients who require urgent and immediate medical treatment. Siloam Medivac serves patients with both land and air evacuation by using ambulance and several options for air transportation.

San Diego Hills Memorial Park launched "Breath of Life", the first Semi Outdoor Columbarium in Indonesia.

6

May

Lippo Village launched a commercial area, food center and infrastructure development of approximately 1.5ha in the Central and 5ha in the North of Lippo Village.

31

July

The St. Moritz Penthouses & Residences launched its 4th condominium tower – the "New Royal Suite."



Siloam Hospitals held a ground breaking ceremony of the "Siloam Teaching Hospital" located in the Lippo Village township, officiated by Indonesia's Health Minister dr. Endang Rahayu Sedyaningsih, MPH, DR.PH and Deputy Governor of Banten, Mr. Masduki. The hospital will provide easy access to quality health services, affordable for the community.

2

September

Lippo Karawaci held a "Sharing Love and Fast Breaking" event with 1,431 orphans and underprivileged residents in the surrounding area of its mega project, The St. Moritz Penthouses & Residences.



3

November

Lippo Karawaci acquired a top Jambi hospital in a USD18 million investment, with 83% ownership, to boost its hospital strategy.

15

November

Lippo Karawaci acquired 79.61% ownership of a top hospital in Balikpapan, East Kalimantan with an investment of USD26 million.

The special prestigious award was given by the Indonesian Minister of Health, dr. Endang Rahayu Sedyaningsih, MPH, DR. PH to Siloam Hospitals as Indonesia's only 'International Hospital' in recognition as the only Indonesian hospital with the JCI (Joint Commission International) Certification.

9

November

Kemang Village received the FIABCI Indonesia-BNI Prix d'Excellence Awards 2010 as Best Future Project.

Lippo Karawaci through Siloam Hospitals provided immediate response and relief for the victims of Mount Merapi eruption by donating Rp2 billion in addition to its direct contributions of medical assistance through the Health Department and the Governor of Yogyakarta

2

October

San Diego Hills Memorial Park held a tree planting campaign "SDH Go Green" together with approximately 200 elementary children by planting 10,000 trees in San Diego Hills Memorial Park.

9

October

Launching of the Greenwood cluster in Lippo Cikarang township.

27

October

The world health services group Frost & Sullivan of the US has awarded Siloam Hospitals the 2010 Frost & Sullivan Healthcare Services Provider of the Year for Best Practices.

11

December

Launching of the "Florenca Residence" in Lippo Cikarang township, a residential cluster with modern art deco concept equipped with jogging, basketball court and children playground.

7

October

The ground breaking ceremony of The New Royal Suites, the 4th condominium Tower in The St. Moritz Penthouses & Residences.

11

October

Lippo Karawaci received the prestigious Euromoney Liquid Real Estate Awards 2010 as one of the Best Developers in Indonesia.

23

October

Lippo Village together with Resort Military Command 052/ Wijayakrama held a Fun Bike and tree planting program as a zero carbon campaign at Lippo Village township.

Kemang Village launched its 6th condominium tower, the Intercon, with 'interconnectable' concept.



Report from the Board of Commissioners



Theo L. Sambuaga
President Commissioner

Lippo Karawaci's 2010 exceptional performance has set us apart and above all other property companies in Indonesia.

Dear Shareholders,

It is with great honor that I, Theo L. Sambuaga, as the newly appointed Chairman of the Board of Commissioners, report to Lippo Karawaci's valued stakeholders the solid growth and exciting prospects of the Company for the year ahead.

2010 has proven to be an exceptional year for Indonesia. Its buoyant economy, backed by strong consumption grew an unprecedented 6% whilst the Indonesia Composite Index rose 46%. Lippo Karawaci's performance for the year reflected these

trends as Revenue grew to a record Rp3 trillion (up 22%) and Net Profit increased significantly by 35% to Rp525 billion, setting us apart and above all other property companies in Indonesia.

Rising per capita incomes and the accompanying quest for higher standards of living as well as low interest rates fueled consumption and growth in the real estate sector with Lippo Karawaci in the forefront of property developments.



Report from the Board of Commissioners

Lippo Karawaci took full advantage of the positive development brought on by the strong economy and buoyant capital markets. The Company launched its ambitious five year transformational growth strategy, refinanced its outstanding USD Bond and successfully completed a Rights Issue.

Having the most integrated business model in the business has helped to position ourselves as a dominant market leader in premium residential development, a pre-eminent mall operator and manager, an undisputed leader in hospitals, and the largest asset management portfolio through our control of two Singapore REIT Managers.

The Company remains firm in its commitment to quality and excellence, as well as prudent financial management to continue to enhance shareholder's value.

Good Corporate Governance remains a cornerstone of our management at all levels and we demonstrated good corporate citizenship with relevant community-focused programs.

As we enter 2011 we will be mindful of the specter of inflation and higher interest rates. However, we are well ahead in implementing our transformational growth strategy and ready for our thrust into eastern Indonesia. We also look forward to the long-awaited investor-grade sovereign rating which will no doubt bring with it various economic benefits. We expect consumption to remain strong and demand for residential property to be stable even if the anticipated opening up of foreign ownership is further delayed.



Lastly, on behalf of the Board of Commissioners it is my pleasure to thank the Board of Directors for their outstanding performance, all stakeholders including shareholders and business partners as well as all employees for their continued hard work, trust and support in achieving a remarkable year in 2010. With your continued commitment and further support I am confident the Company will once again break new ground and remain in the forefront for good management, impacting the lives of the Indonesian people. The future looks good for us to remain the premier property company in Indonesia.

Respectfully yours,

Theo L. Sambuaga
President Commissioner

- 1. Theo L. Sambuaga**
President
Commissioner
- 2. Surjadi Soedirdja**
Vice President
Commissioner
- 3. Agum Gumelar**
Independent
Commissioner
- 4. Tanri Abeng**
Independent
Commissioner
- 5. Farid Harianto**
Independent
Commissioner
- 6. Jonathan L. Parapak**
Independent
Commissioner
- 7. Adrianus Mooy**
Independent
Commissioner
- 8. Viven G. Sitiabudi**
Commissioner

Report from the Board of Directors



Ketut Budi Wijaya
President Director

Lippo Karawaci's overall business performance in 2010 experienced impressive growth in all four business divisions.

Dear Shareholders,

The year in review has proven to be a solid year for Lippo Karawaci, and it gives me great pride as the Company's new President Director to convey our record performance. Total revenue increased by 22% year on year whilst net profit sharply rose by 35% on the back of a strong Indonesian economy, buoyant property sector and thriving stock market which grew by 46%.

We successfully refinanced our USD Bond due March 2011 and raised additional funds to kick start our planned expansion of 20 new hospitals and 15 new malls. We capped the year with the sale of Siloam Hospitals Lippo Cikarang to First REIT and earned fees as intermediary for Mochtar Riady Comprehensive Cancer Centre (MRCCC) and other assets.

Our transformational journey commenced with two important global actions: a private placement by founding shareholders followed by a successful Rights Issue which strengthened both our shareholders and equity base. By year end our pipeline projects

were well on their way. We ended the year with the opportunistic acquisition of two hospitals with strategic market reach in Jambi, East Sumatra and Balikpapan, East Kalimantan.

We were also recognized by global institutions. Lippo Karawaci was recognized as one of Euromoney's top developers in Indonesia and our Siloam Hospitals was recognized as "Healthcare Service Provider of the Year for Best Practices" by Frost & Sullivan. Further, we were honored by Indonesia's Minister of Health for being the first and only JCI (Joint Commission International) accredited International Hospital.

The Company welcomes the appointment of Mr. Theo L. Sambuaga as President Commissioner, as well as the new addition to the Board of Directors.

Brief Performance Overview

In 2010, Lippo Karawaci's overall business performance experienced impressive growth in all four business divisions. We achieved total revenue

Report from the Board of Directors

of Rp3,125 billion comprising Rp1,280 billion from Residential and Urban Development, Rp1,037 billion from Hospitals and Rp355 billion from Commercial business representing on year revenue growth of 18%, 16% and 14% respectively. Asset Management accounted for the remaining Rp454 billion with a 67% increase in management fees income.

EBITDA (Earnings before Interest, Tax, Depreciation and Amortization) rose by 42% to Rp854 billion from Rp603 billion in 2009; while the Net Profit After Tax (NPAT) increased to Rp525 billion, up 35% from Rp308 billion in the previous year.

We are pleased to pay an interim dividend of Rp50 billion or Rp2.88/share for shareholders of record as of 16 November 2010. We also announced, subject to Shareholders' approval, a total dividend of Rp150 billion or Rp8.65/share, a payout ratio of 28.6%, equivalent to a 1.6% yield.

As part of our plans to transform Lippo Karawaci into an USD8 billion company in five years, we launched a Rp2.379 trillion (USD252 million) Rights Issue in December aiming to strengthen Lippo Karawaci's shareholder base and capital. Proceeds from the Rights Issue will fund the growth and expansion of the Company's residential, malls, and hospitals businesses as well as for general working capital.

Good Corporate Governance (GCG)

Recognizing that Transparency, Accountability, Responsibility, Independence and Fairness (TARIF) are the fundamentals of GCG implementation for any organizations and that these 'TARIF' principles must be applied entirely towards the achievement of the Company's vision and mission and to support the Company's future development efforts, the Board

of Directors continued to stress and oversee its implementation throughout the organization supported by the Audit and Remuneration Committees. At the same time Lippo Karawaci remains committed to fostering and strengthening good relations with all stakeholders.

Changes to the Board of Directors

At the 3rd May 2010 Annual General Meeting of Shareholders (AGM) and Extraordinary General Meeting of Shareholders (EGM), I, Ketut Budi Wijaya, was elected by the shareholders as its new President Director, and I am deeply honored by the trust and support to spearhead the Company's transformational journey. The shareholders also approved the appointment of Djoko Harjono to the Board of Directors in addition to reappointing Tjokro Libianto, Jopy Rusli and E. Yudhistira Susiloputro.

We take this opportunity to thank Eddy H. Handoko for his contributions to the Company during his tenure as President Director at Lippo Karawaci.

Future Growth Direction

In October 2010, we announced Lippo Karawaci's growth strategy for the next 3 to 5 years in which we hope to transform the Company, accelerating its growth from a USD3 billion Company to USD8 billion. We are determined to build on our performance and promotion to double our market capitalization and build significant leadership premium. The seeds of this transformation have since been sown with the Hospitals division leading the way, and our retail malls following suit.

As we begin to implement our plans for building 20 new hospitals we also made two opportunistic acquisitions in Jambi and Balikpapan.



Meanwhile we successfully launched our 4.3 billion share Rights Issue which raised Rp2.379 trillion to support this growth strategy.

As we enter 2011 we are fully aware of the great responsibility we have undertaken to realize our corporate transformation, which would broaden our reach in other parts of the Country especially eastern Indonesia. The Company is well positioned to scale up its activities in its four strategic business units to accomplish our transformational growth.

Finally, on behalf of the Board of Directors, I would like to thank and express our highest appreciation and deepest gratitude to the Board of Commissioners for their guidance and encouragement in the

Company's decision-making process. More importantly, we thank all the employees in Lippo Karawaci for their contribution to the Company's overall success. We also thank customers, business partners, other stakeholders especially our shareholders, and the community for their continued support and trust in Lippo Karawaci. This shared commitment and understanding have not only lifted us from the challenges of 2010, but helped keep our preeminence as Indonesia's largest and most successful property developer. Let us work hand in hand to maintain the Company's leadership position in the property industry.

Yours Sincerely,

Ketut Budi Wijaya
President Director

1. **Jopy Rusli**
Director
2. **Ketut Budi Wijaya**
President Director
3. **Djoko Harjono**
Director
4. **Tjokro Libianto**
Director
5. **E. Yudhistira Susiloputro**
Director



Management Discussion & Analysis



Business Review





Pluit Village



Lippo Karawaci has taken the lead as proxy to Indonesia's growing economy and consumption story. Its business mix of Residential & Urban Development, Hospitals, Commercial (Retail Malls & Hotels) and Assets Management reflects its dominant positions in the industry. With its well located large and diversified land bank, the Company's potential for flexible development is limitless. Contributing to this solid growth is its Recurring Income base and Lippo Karawaci's integrated business model with the ability to recycle capital and remain asset-light at the same time.

Macro Economic Condition and 2011 Outlook

Indonesia enjoyed a prosperous year in 2010 with rising consumer demand, strong commodity prices and low interest rates. Unlike many developed economies, Indonesia was able to escape a recession in 2009 because of its strong domestic economy and robust banking system. Its impressive economic performance is expected to lead to a highly anticipated investment grade next year.

Years of fiscal discipline paid off for Indonesia as its foreign reserves stood at close to USD96.2 billion. The consumer sector benefited from rising per-capita income and a growing middle class. Personal income is expected to increase to USD5,000 in the next five years.

The Government's push to improve infrastructure spending will likely continue to further grow in the year ahead. Better infrastructure will provide a massive multiplier effect for the economy, creating new jobs and improving cost efficiency.

The Indonesia Composite Index (JCI), which rose 46% for the whole year was declared as the best performer in the Asia-Pacific region. The benchmark JCI stood at Rp3,704 on the last day trading for the year. Daily average volume grew 18.7% from Rp4.04 trillion per day in 2009 to Rp4.8 trillion per day, the highest rise in the Asia Pacific. Market capitalization reached Rp3,200 trillion in 2010 as stock prices rose amid a buoyant capital market.

Given the positive development indicators in the country, the Government is confident that the economy will expand by 6.4% in 2011, up from 6% in 2010. However, despite this promising outlook, economists and policy makers are cautiously optimistic that an inflation spike next year will not dampen this continued growth.

Industry Review

Residential & Industrial Property

The Indonesian property sector grew strongly in 2010 fuelled by strong economic growth, rising incomes, and low interest rates. This trend is expected to continue in 2011, although rising inflation and possible interest rate adjustments may slow growth somewhat.

Business Review

The Ministry of Housing of Indonesia estimated that demand for housing in 2010 reached 8 million units, a 700,000 unit growth per year. With a growing middle class, demand is anticipated to double by 2015.

Low interest rates have contributed to rising mortgage lending which grew 25% in the past three years. Even so mortgage penetration in Indonesia is amongst the lowest in the region at less than 10% of total banking loans.

In late March 2010, the Investment Coordination Board of Indonesia announced that it would end the ban on foreigners directly owning property. However, the Government has yet to officially announce relevant regulation to facilitate this, although it has made it simpler for foreigners to purchase leaseholds of up to 70 years in duration. The changes may yet come about in 2011 giving the property sector a further boost.



Food Junction - Universitas Pelita Harapan

Healthcare

Indonesia's health expenditure has been growing in the recent years, growing by 4.1% CAGR since 2007 to 2.80% of GDP and 15.1% CAGR in per capita terms. At the primary care level the country has achieved its population outreach target of one public health centre for every 30,000 people despite gaps in geographic accessibility. Implementation of public health insurance coverage including JAMKESMAS and JAMSOSTEK has encouraged the growth of the private sector healthcare industry. However to-date there are only 685 private hospitals versus 721 Government hospitals with a total of 153,519 beds.

As Indonesia's per capita income edges closer to USD3,000, demands for higher standards of medical care will spur the growth of private sector healthcare. Until late 2010 there was only one JCI accredited hospital in the country, Siloam Hospitals Lippo Village, but this is expected to change as consumer confidence grows with more hospitals achieving international standards.

Retail

The leased retail market grew approximately 4.8% last year to more than 3.7 million square meters whilst strata space lagged with slightly more than 1.6 million square meters. Most of the increase was located in the South of Jakarta. Almost 500,000 square meters of new retail space is in the pipeline by 2012. The CBD is where premium retail space



Show Unit - Kemang Village



Show Unit - The St. Moritz

Business Review

is concentrated, occupancy rates averaged more than 80% as strong consumer spending spurred retail expansion. As household incomes continue to grow, retail malls which successfully combine various lifestyle elements will continue to attract heavy customer traffic. This will in turn speed up rental growth which currently lags behind inflation.

Hospitality

Indonesia attracted more than seven million tourists in 2010 exceeding forecast. Business travellers were the significant component of this growth. The industry however, is still largely supported by domestic travellers.

Total supply of hotels rooms in 2009 increased by 15.7% to 24,138 rooms 39.9% of which are five-star facilities. However, only two new hotels opened for business by early 2010 adding 533 rooms. In the pipeline, more than 1,000 rooms are scheduled for completion by 2012.

Average hotel occupancy has increased as well, with five-star hotels recording almost 60%, four-star hotels achieved up to 67%, and three-star facilities 71%. Despite this average, room rates have dipped all round.

Lippo Karawaci Business Review

Lippo Karawaci has taken the lead as proxy to Indonesia's growing economy and consumption story. Its business mix of Residential & Urban Development, Hospitals, Commercial (Retail Malls & Hotels) and Assets Management reflects its dominant positions in the industry. With its well located large and diversified land bank, the Company's potential for flexible development is limitless. Add to this solid growth is Recurring Income base and Lippo Karawaci's integrated business model with the ability to recycle capital and remain asset-light at the same time.

All of Lippo Karawaci's business divisions grew satisfactorily in the year under review with exceptional performance in revenues coming from its core Residential & Urban Development and Hospitals business divisions. This will set the stage for the Company to launch its growth strategy, transforming Lippo Karawaci from a USD3 billion to USD8 billion property group in the next five years.

In 2010, Lippo Karawaci achieved solid financial results. Revenue and Net Profits for the calendar year ending 31 December 2010 were Rp3.1 trillion and Rp525 billion or an increase of 22% and 35% respectively from the 2009 figures. The Company's market capitalization reached Rp14.7 trillion at end of December 2010 supported by a share price increase of 33% to Rp680 for the year.

During the year Lippo Karawaci launched two condominium towers in two of its large scale integrated projects, Kemang Village and The St. Moritz. The 4th tower in The St. Moritz, The New Royal Suites, was launched in July whilst the 6th tower in Kemang Village, The Intercon, was offered to the public in December. Both received strong response from buyers during their one day launches, with 50% and 82% sold in The St. Moritz and Kemang Village respectively.

In addition, Lippo Village also released new clusters whilst San Diego Hills Memorial Park launched its Semi Outdoor Columbarium, the first in Indonesia. Meanwhile, Lippo Cikarang benefited from significant sales of both residential and industrial property.

Total marketing sales amounted to Rp2.2 trillion, a growth of 68% from previous year.

Year end saw the start of the hand over process of condominium units in the first three towers in Kemang Village. This demonstrates Lippo Karawaci's commitment to delivery and leadership in the property sector, further supported once again through the recognition as one of Euromoney's top developers in Indonesia and the Prix D'Excellence Awards for Best Future Project from the FIABCI Indonesia for Kemang Village.

In the Hospitals division Lippo Karawaci kicked off its expansion program with the construction of the Teaching Hospital followed by the strategic acquisitions of two hospitals in Jambi, East Sumatra and Balikpapan, East Kalimantan.

As part of Lippo Karawaci's planned asset-light strategy, the Company spun off its Cikarang Hospital asset and also managed the sale of Mochtar Riady Comprehensive Cancer Centre (MRCCC) to Singapore listed First Real Estate Investment Trust (First REIT). Further consolidation was also made in the Commercial division featuring Retail Malls and Hotels.

Business Outlook

All business divisions of Lippo Karawaci are gearing up for significant growth in 2011, with Recurring Income maintaining its current share of the Company's total revenues. The Company has put in an exceptional effort and is well positioned for further growth moving forward. As the Company continues to implement its transformational strategy, accelerating the release and sale of residential property and implementing the hospital and mall expansion program, Lippo Karawaci also maintains its asset-light strategy as it steps up the turnover of assets further increasing assets under management.

Development Business

Lippo Karawaci's Residential & Urban Development division contributed total sales of Rp2.2 trillion in 2010, a 68% increase compared to 2009.



Residential & Urban Development

Lippo Karawaci has the largest diversified landbank in the business with 1,568ha land, sufficient and sustainable for another 15 years, spread over four different locations: Karawaci, Cikarang, Karawang, and one outside Java in Makassar. 4,719ha or 65% of total development rights of 7,236ha has already been acquired.

Lippo Karawaci's Urban Development comprised four projects:

Lippo Village

Only 30 kilometers away from Jakarta, Lippo Village our flagship urban township continues to mature and grow, offering only the best quality properties and services to meet the ever-changing needs of modern urban life. As the Company's leading urban project, Lippo Village has become a satellite city that successfully integrates eco-living with international standard facilities and infrastructure and has proudly become home to more than 55,000 people.



Lippo Cikarang

Through its 51.6% owned subsidiary, Lippo Karawaci owns and has developed a township in Cikarang. Located 40 kilometers to the east of Jakarta, Lippo Cikarang is an integrated mix of residential and light industry estate, supported by modern infrastructure and services for modern living. The township is home to some 32,000 residents, more than 700 factories, and more than 100,000 daily workers.

Tanjung Bunga

This township located in Makassar, South Sulawesi is the first ever integrated community development project in Eastern Indonesia, presently housing approximately 6,500 residents. Lippo Karawaci owns 50.3% of the Tanjung Bunga project through its subsidiary, PT. Gowa Makassar Tourism Development Tbk. Recently the Government granted permission to the Company to undertake reclamation of another 400ha in order to further develop the area as the 'Center Point of Indonesia'. The Company has acquired 632ha from a total 1,000ha of its development rights.



Benton Junction - Lippo Village

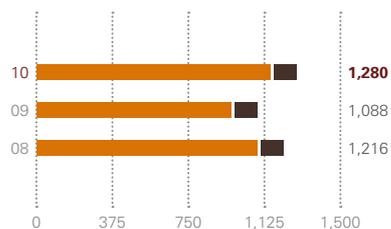
San Diego Hills Memorial Park.

This is the first-ever Memorial Park in Indonesia which covers 125ha of scenic views featuring a 14ha family centre which includes an 8ha lake, recreation facilities, a multipurpose hall, and restaurant. Lippo Karawaci has a total 500ha masterplan to develop this area. Up to 2010, Lippo Karawaci has been able to sell more than 19,000 units in San Diego Hills Memorial Park.

The Urban Development division of the Company contributed a total sales of Rp1.16 trillion in 2010, an increase of 26% from 2009. This increase was mainly driven by the significant increased sales in Tanjung Bunga and Lippo Cikarang.



Development Revenue
(in billion Rupiah)



Our two key projects in large scale integrated high rise developments are Kemang Village and The St. Moritz, which will each take up to 8 years to complete. Each project features a mix of residential, commercial, and recreational facilities which will include elite schools and hospitals.

Kemang Village

Kemang Village was launched in July 2007 and the development is expected to be completed by 2015. Situated in one of South Jakarta's most prestigious

and exclusive suburbs, Kemang Village caters to the every needs of a vibrant urban community living and working in South Jakarta. Kemang Village's first phase is a mixed-use development built on an 8.8ha site in Kemang. Six condominium towers have already been launched out of the total 7 towers. An elite international school opened on the site in late August 2010 with a high-end mall currently under construction. Another 6.2ha is available for future expansion.

Development Business

The St. Moritz Penthouses and Residences

Strategically located in the future Puri Indah Central Business District in West Jakarta, The St. Moritz Penthouses and Residences will be built over 11.4ha of land featuring nine condominium towers, cum hotel, office tower, shopping mall, hospital and recreational facilities.

As with Kemang Village, it adopts the concept of a "city within a city". Initially launched in August 2008 the 1million GFA project is expected to be completed in 2018 and will include nine condominium towers

with a total of 1,500 units; a 107,200 square meter Net Leasable Area mall; an Aryaduta hotel with 500 rooms; a 65-storey office tower; a convention centre; indoor Sea World facility; a Siloam Hospital (comprising of 165 beds); and an international school for 1,000 students.

The 4th tower, "The New Royal Suites" launched in July 2010, was 50% sold on the launch date. The mall and the hotel are expected to be completed and operational in 2013 and 2014 respectively.



City of Tomorrow in Surabaya

City of Tomorrow, situated in Indonesia's second largest city, Surabaya, is Lippo Karawaci's first-ever integrated development area covering over 2.6ha of land. The development consists of a condominium tower, a four-storey strata-title shopping mall, combined with 6 low rise office tower, a five-star hotel and a university.

The Large Scale Integrated Development of the Company succeeded in recording total marketing sales of Rp1.1 trillion in 2010. Both Kemang Village and The St. Moritz contributed this significant increase. Kemang Village recorded a total sales of Rp699 billion, more than tripled from its 2009 figure, and The St. Moritz reached Rp399 billion in sales, or an increase of 77% from the previous year.



San Diego Hills Memorial Park

Recurring Business

Approximately 59% of the total Company's revenue is derived from Recurring Income, which comes from Hospitals, Commercial and Assets Management divisions.



Lippo Karawaci has proven to be the most innovative real estate company in Indonesia. It is the first and only Indonesian real estate company to successfully sponsor Real Estate Investment Trusts (REITs) to support its asset-light and capital-recycling strategy. Approximately 50% of Lippo Karawaci annual revenue is generated from recurring income sources mainly from its Hospitals and Commercial divisions.

Hospitals

Lippo Karawaci has become the largest provider of medical services in Indonesia, through its portfolio of four hospitals under the "Siloam" brand. Late in 2010 the Company acquired two existing hospitals in Jambi and Balikpapan. Together with the newly

completed Mochtar Riady Comprehensive Cancer Centre (MRCCC), the seven hospitals are expected to maintain the Hospital division's significant overall contribution to Lippo Karawaci's revenue and profit. Its 638 beds attracted 556,239 outpatient visits and 37,414 inpatient admissions in 2010.

Siloam Hospitals Lippo Village, located about 30 kilometers from Jakarta, is the first ever hospital in Indonesia to receive international accreditation from US-based Joint Commission International (JCI). Together with Siloam Hospitals Kebon Jeruk, the two are the first hospitals that have installed Dual Source "Somatom" Multi Slice CT- generation of the most advanced CT scan in the world.



In 2010 Siloam Hospitals Lippo Village was re-accredited by JCI. Because of the accreditation, Siloam's Hospitals group also received a special prestigious award from dr. Endang Rahayu Sedyaningsih, MPH, DR. PH, the Indonesian Minister of Health as Indonesia's only 'International Hospital'. Further, the Hospital group was recognised by Frost & Sullivan as Healthcare Services Provider of the Year for Best Practices.

Riding on the buoyant Indonesian economy and rising incomes, Lippo Karawaci is committed to Indonesia's social transformation in lifting the standards and quality of the healthcare sector, and has announced plans to build 20 hospitals in the next 5 years with

international service standards and state of the art equipment, thus strengthening its first mover advantage into even higher barriers of entry.

The contribution of hospitals business revenues to total revenues in 2010 was 33%, with CAGR of 20% since 2007.

Lippo Karawaci sponsored the listing of First Real Estate Investment Trust (First REIT) in Singapore in 2006 when it sold three hospital assets under a sale and leaseback arrangement. In December 2010, the Company simultaneously assisted in the sale of MRCCC and sold the Siloam Hospitals Lippo Cikarang to First REIT.

Recurring Business



Lippo Karawaci continues to wholly-own, manage and control the business enterprise and operations as part of Lippo Karawaci's umbrella of seven hospital group under the Siloam Hospitals brand.

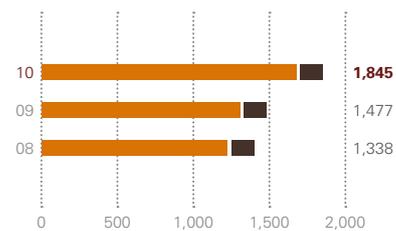
With the goal of improving the quality of healthcare services in Indonesia, the Government introduced Healthcare reform in 2005, resulting in the decentralization of the Healthcare industry as greater responsibility was shifted to the regions of the Country. This has encouraged more investments for both the public and importantly the private sector. The Government expenditure in healthcare increased three-fold from USD1.7 billion in 2001 to USD5.7 billion in 2009. Private sector participation also grew.

To benefit from the global market condition Lippo Karawaci successfully refinanced its existing bond through the issue of USD270.6 million new five-year bonds in May, maturing in 2015 with fixed coupon of 9% pa. The aggregate principal of the 2015 Notes issued for exchange of the former bonds maturing in 2011 amounted to USD188,958,000. An additional amount of USD81,650,000 was raised to finance the Company's hospitals' expansion.

Lippo Karawaci is committed to Indonesia's healthcare industry as it has such great potential, with approximately 1,400 hospitals in the country serving the total population of 240 million. According to the World Health Organization (WHO), total healthcare



Recurring Revenue
(in billion Rupiah)



spending in Indonesia was only 2.2% of GDP in year 2007, among the lowest in the region.

Lippo Karawaci's Hospitals revenues is expected to grow 20-25% per annum in the coming years fuelled by increased bed occupancy and the rise in patient numbers as more Indonesians recognise the improvements in healthcare standards in Indonesia.

Commercial **Retail Malls**

The Commercial business unit comprises of retail malls and hotels. As of end 2010, Lippo Karawaci manages 25 malls throughout Indonesia with total

Net Leasable Area of about 938,000 square meters with 16 of the 25 are located in Greater Jakarta. With an average 89% occupancy in the properties, annual customer traffic is estimated at more than 200 million per annum.

Of the 25 malls, three malls are directly owned by Lippo Karawaci, eight malls are owned by Singapore listed Lippo-Mapletree Indonesia Retail Trust (LMIR Trust), another eight are strata-titled malls built previously by Lippo Karawaci, and the remaining six are owned by third-parties.

Recurring Business

Lippo Karawaci has announced that it will build 15 new leased malls and increase the number of malls under management to 50 over the next five years. Lippo Karawaci has found its niche and will focus on developing everyday community malls in populated suburbs.

Hotels

Lippo Karawaci manages seven hotels, three of which it owns, under the “Aryaduta” brand of five-star business hotels, with a total of 1,444 rooms. Three of the hotels are located in Jakarta. Other locations include Medan, Pekanbaru, Palembang and Makassar. Another six hotels are expected to be built in the near term.

Assets Management

Town Management

One of Lippo Karawaci’s strengths is its ability to manage all its property developments through professional town management (TMD).

TMD’s high quality services included the following:

- Roads and drain maintenance and flood control;
- Potable water treatment and reticulation, sewage treatment and 100% recycling;
- 24/7, 5 layer town-wide security, traffic control, road safety and traffic calming;
- Internal and external public transport systems, with an increasing focus on pedestrian modes including walking and cycling;
- Planning and building regulations;
- Environmental improvement, maintenance and self-sustainability, targeting a reduction of temperatures, maximizing solid waste recycling and cleaner air, easy access to healthy amenities and greater and safer sidewalks to schools, university, hospital, shopping, and employment.



Fee-based Income

Lippo Karawaci's fee based income division, Property and Portfolio Management is anchored in the success of our two real-estate investment trusts in Singapore, First REIT and LMIR Trust.

As assets under management in the two REITs grow, this division will benefit from management and other fees derived from the underlying assets as we control both REIT managers. Last year LMIR Trust and First REIT were the best performing Singapore REITs.

As the eight malls under LMIR Trust are located in Indonesia, Lippo Karawaci through a wholly-owned subsidiary, PT Consulting & Management Service Division (PT CMSD), manages the mall property under contract from LMIR Trust. PT CMSD is also the mall operator for the other malls in the 25 mall portfolio.

The Company also generates fees from management of four third-party hotels under the "Aryaduta" brand of five-star business hotels.

As Lippo Karawaci's pipeline hospital and retail mall projects materialize, and implementation of our asset-light strategy proceeds as planned, the increase in assets under management will generate substantial fees further growing this division.



Human Resources

It has been Lippo Karawaci's fundamental objective to provide the organization with experienced, well-trained and well-motivated employees.

Lippo Karawaci believes and understands that Human Capital is the key to success and sustainable growth of the organization. The key focus of the Company's human resources (HR) philosophy is to align HR with Lippo Karawaci's business undertakings. In other words, HR becomes a Strategic Business Partner for the Company.

It has been Lippo Karawaci's fundamental objective to provide the organization with experienced, well-trained and well-motivated employees who will employ their skills, abilities and capacities, effectively to enable Lippo Karawaci to achieve its business goals, promote a sense of belonging and harness the loyalty and retention of employees.

The broad objectives of the Company's HR Department include:

- Building on Lippo Karawaci's reputation as "employer of choice." In achieving this broad objective the Company takes integrated and comprehensive actions as follow:
 - Develop Lippo Karawaci culture that values teamwork, collaboration, motivation and performance driven, continuous improvement & development. The values are the foundation of a healthy organizational climate and culture that will build organization citizenship and engagement amongst employees.
 - Source the right talent at the right time in line with the Company's effort to best achieve





its key strategies and objectives; inspire and nurture talent by ensuring equal opportunity to grow within the organization and promote future career advancement.

- Appreciate employees with a reward and recognition formula that is fair, transparent and justifiable.
- Build an ethical climate within the organization characterized by transparency in organizational processes, control and management of malpractices and encouraging socially responsible behavior.

- Build an integrated HR system based on information technology.

Performance Base Culture

Aligning Company goals with employee individual goals is one of the key requirements to ensure a Company's great performance in delivering value to all stakeholders, including customers, shareholders, partners, and community. By aligning goals reinforces the building of the performance based culture in Lippo Karawaci, driving all employees to contribute their best efforts and energy.



The importance of this performance base culture, drive HR to develop, facilitate and guide the implementation of a Performance Management System. The Performance Management System implementation ensures a result base management system is exercised consistently.

An effective and efficient system requires:

- (a) program development that supports the recruitment and retention of a core of professional, technical and managerial staff;
- (b) implementation of open performance appraisals to enable the Company to identify and reward good performers while at the same time eliminate and take remedial measures against those that do not perform within expectations.
- (c) fair and equitable pay base on meritocracy principles

In respect to fair and equitable pay base on meritocracy principles, the Company is making efforts to streamline the pay structure and rationalize it by applying the findings from job evaluation and job grading exercises.

Recruitment & Capacity Building

In its aspiration to promote competent employees, the Company is committed to having a pool of well equipped, qualified and motivated staff with unquestionable integrity and professionalism that are recruited or promoted through meritocratic principles. The Company believes that the meritocratic principles will ensure the recruitment and retention of dynamic and innovative personnel who will contribute in the development of the Company. Criteria for selection include suitability for the post in terms of qualifications, skills, experience, personal qualities as well as past performance achievement.

This aspiration stems from the belief that the development of adequate and appropriate human resources is necessary for the Company to achieve its growth targets and objectives, by supplying skillful talents to execute Company strategy.

The importance of employee development requires a strategic response from HR. HR take the initiative to implement strategic, live long, systemic learning and development activities. Learning and Development will support critical competencies as well as skill development and capacity building. HR will also ensure that the appropriate learning environment, culture and programs are in place where each employee can apply and choose their learning and development program base on their development needs.

International best practice have been properly adopted through the conduct of business operations, the same approach is adopted also in human capital practice in Lippo Karawaci. The Company hires experienced expatriates, skillful and with best international practice exposure to ensure transfer of knowledge, skills and experience for the enhancement of performance and productivity of its resident employees. Expatriates are appraised for their professionalism, quality consciousness, innovative thinking and awareness of technological issues in the delivery of services. It is expected that in the long run, all employees will be able to build adequate capacity to deliver competent, effective, efficient and consumer oriented service.

The Company's expansion plans throughout Indonesia, especially in the Hospitals business has brought on a growing demand for specialists such as doctors, nurses and medical professionals as well as technicians to operate the Company's state of the art medical equipment. There is a need for personnel possessing on-field skills such as in the retail business given that the Company manages 25 malls with further expansion plans, as well as in the Hotels and Asset Management businesses.

The Company is committed to solving this challenge through a variety of means. One strategy is to provide both on-the job and off-the-job training conducted by external consultants; other methods include

Human Resources

sponsoring employees for short courses conducted by professionals, as well as sending them to overseas programs. University partnerships with Universitas Pelita Harapan and the Faculty of Medicine of Universitas Hasanuddin of Makassar, also plays a leading role in the Company's HR development. The university provides training and capacity development programs in support of supplying future professionals, including doctors, nurses and medical professionals, for the current and future expansion of Siloam Hospitals, an integral part of the growth strategy of Lippo Karawaci's Hospitals business.

Human Resource Information System

Information Technology (IT) has become a significant element in the Company's HR strategy. It covers all systems and processes that support employee management within the organization. It has transformed the HR process to increase HR productivity, enhance competitiveness, broaden employees' experience and maximize employee value by aligning their skills, activities, and benefits with the business objectives and strategies of the Company.

Lippo Karawaci's integrated HR system focuses on delivering human capital management process best fit practices such as recruitment, performance/

competency management, employee development, and employee customer service. The HR system, enables employees to become more self sufficient in the workplace. This also allows HR to focus on more profitable activities for the Company such as talent recruitment and development. As a result of proper execution in those mentioned areas, the Company can reduce its employee turnover, lower hiring costs, and improve individual performance. The Company can also cut costs and offer more information to employees in a faster and more efficient way.

Through an effective integrated system, the HR department reduces time spent on administrative work resulting in either elimination of headcount or redeployment of effort to higher value tasks such as decision support and employee development. In this sense, IT has served as a bridge between HR strategy, processes and technologies.

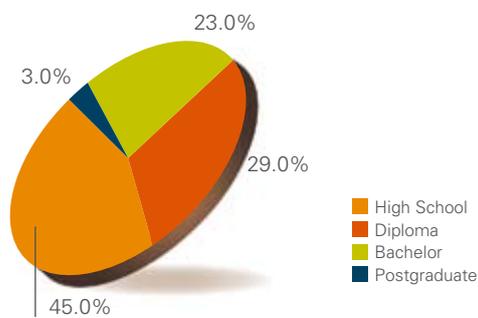
In the effort to become a green company, the IT system has helped the Company to be more environmentally friendly throughout its operational processes, especially from paper use for Payroll Application and Recruitment Application. By eliminating paper and process inefficiencies, Lippo Karawaci expects additional cost reductions with improving service thus becoming more efficient.

As the need for corporate cost-cutting, efficiency, and productivity becomes increasingly important, the Human Resource Information Technology aims to continually contribute to a stronger growth potential of Lippo Karawaci.

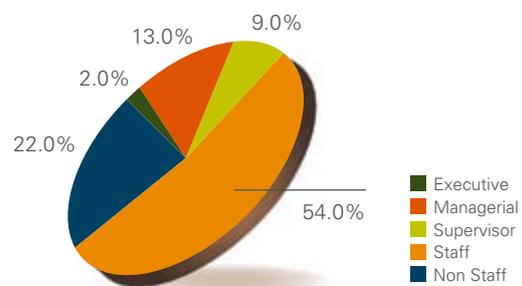
Employee Profile

In 2010, total number of employees increased by 14% to 5,683 employees, 72% held permanent status and the remaining 28% were contracted employees. Out of the total workforce, 54% were in the Hospitals Division, 25% were in the Commercial Division, and 21% were in the Residential & Urban Development.

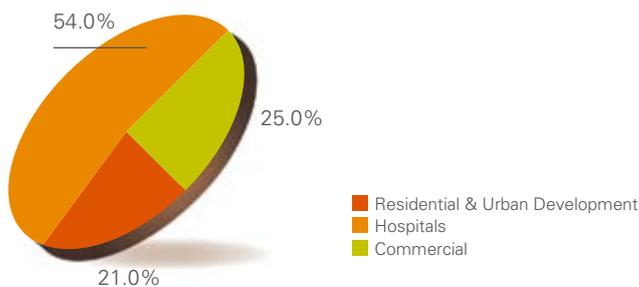
Based on Education



Based on Position



Based on Division



Social Responsibility of the Company

Lippo Karawaci is committed to impacting the lives of local communities and to constantly being conscious of the environment in all of the Company's development projects.



Building Communities. Impacting Lives.

A nation's future and progress is determined by how much society invests in both its natural resources and in its human resources. Lippo Karawaci fully embraces its role as a partner in nation building by investing heavily in human capital thus ensuring Indonesia's future.

Having espoused key long-term development cornerstones that include education, healthcare, and building socially and spiritually strong communities, Lippo Karawaci is determined to uplift living standards in Indonesia with every undertaking it pursues, thus adhering to its Vision: Growing in Stewardship, Impacting Lives.

Lippo Karawaci's is dedicated to serving the society and environment in which it operates through sound environmentally conscious operations. The Company's vision therefore is implemented in all business activities.

Lippo Karawaci is committed to impacting the lives of local communities and to constantly being conscious of the environment in all of the Company's development projects. This commitment is strongly reflected in all its master plans which include the following initiatives:

- **Zero Carbon Campaign**

The Zero Carbon campaign aims at ensuring that all Lippo Karawaci's residents experience a secure and green living environment. Through this campaign, Lippo Karawaci has undertaken various



supporting activities such as the socialization of reducing motor vehicles used by encouraging residents to ride their bicycles, building more bicycle parking, more bicycle lanes, and tree plantations.

- **Water Supply**

Lippo Karawaci commits to supplying quality and healthy drinking water from the tap facility for its township residents. To support this commitment, Lippo Karawaci has built Water Treatment Plants (WTP) in most of its urban townships to ensure that clean water is available for its residents, complying with quality water standards required by the Ministry of Public Health. To date, WTP in the Lippo Village township produces 315,000 m³ capacity of potable water per month while Lippo Cikarang produces another 480,000 m³ per month.

- **Flood Centre and Retention Pools**

Lippo Karawaci is conscious of the serious flooding that greatly affects society. The Company therefore has implemented a flood prevention initiative for all developments.

The Company's first implementation of its flood retention system was in the Lippo Village golf course, allowing rainwater to be naturally absorbed into the ground water system. The system is designed specifically to be environmentally friendly.

At Kemang Village, Lippo Karawaci built a wet detention basin/pond that can hold up to 90,000 m³ to manage rainwater runoff to prevent flooding in neighboring areas. 1 million tons of rainwater can runoff within 3 hours without causing any disruptive flooding.

Social Responsibility of the Company



- **Micro Climate Improvements**

Lippo Karawaci has implemented an eco-friendly concept throughout its developments to anticipate future impact of climate change. Among others, an adopt-a-tree initiative has been conducted, aiming to plant 2,000 trees per year. As of end of 2010, over 56,000 trees are planted in Lippo Village township, lowering the township temperature and reducing pollution. This initiative is also implemented in the other two townships owned by the Company.

- **Sewage Treatment**

Lippo Karawaci ensures effective management of domestic wastewater produced by residential and

commercial zones, with good and proper sewage treatment. With concerns of environmental safety, sewage that is generated from underground pipes is treated in the Sewage Treatment Plant (STP). The wastewater sewage treatment is then managed to be 100% recyclable effluent for landscape irrigation.

Lippo Karawaci has installed gas pipelines in Kemang Village and Lippo Cikarang. This initiative was carried out in line with the government efforts to reduce electricity use, while concurrently reducing both household and industry dependency on subsidized electricity supplied by the State-Owned Electric Company (PLN).

- **E-billing of Township Management Division**

In its effort to participate in environment preservation, the Township Management Division uses electronic billing to its consumers. The electronic billing system has reduced the use of paper, improved efficiency, and cut administration costs.

Lippo Karawaci empowers people.

The Company continually contributes to local communities through various social programs and activities, particularly in communities in which the Company closely partners with. In 2010, Lippo Karawaci facilitated infrastructure enhancements for the local community in the Kemang area through road improvements, and providing a water retention tank and clean water supply.

Lippo Karawaci is steadfast with participating in events that impact the Nation. Through its Siloam Hospitals group, the Company has provided immediate response and relief to natural disaster stricken areas in Indonesia. In 2010, the Siloam Hospitals assisted the victims of Mount Sinabung eruption in North Sumatra, flash flood in Wasior West Papua, and Mount Merapi eruption in Central Java. Through natural disaster relief efforts, Lippo Karawaci sent its professional medical team and distributed free medicine for people in need of special care and treatment.



Lippo Karawaci has also recently put more efforts in creating wider access to quality healthcare facilities and quality medicines for a larger Indonesian society regardless of their economic state situation. As part of this initiative, through Lippo Karawaci's Blood Donor Club, the Company has also been organizing blood donation activities together with the Indonesian Red Cross and the Siloam Hospitals Lippo Village. Since its inception in 1999, this event involves active participation of local communities and other companies operating in the Lippo Village area.

Lippo Karawaci's commitment to impacting lives is embedded in every aspect of the Company's business. Lippo Karawaci reaches out to its communities and stakeholders, building and strengthening the valuable partnerships necessary in fulfilling the Company's vision.

Management Report





Financial Review

As of end 2010, Lippo Karawaci's Total Revenue grew by 22% to Rp3,125 billion from Rp2,565 billion in 2009.

Lippo Karawaci recorded an exceptional performance in 2010. The Company closed its financial calendar year with remarkable financial results from all business units. Total Revenue, Operating Profit and Net Income increased by

22%, 50% and 35%, respectively. The Company's assets increased by 33% while its gearing ratio fell far below last year's figure, significantly strengthening its financial position in 2010.

In billion Rupiah

	2010	2009	Pertumbuhan
Revenue	3,125	2,565	22%
Gross Profit	1,524	1,187	28%
Operating Profit	721	481	50%
Net Profit	525	388	35%

Revenue 2010

Rp 1,280

Development Revenue
(in billion Rupiah)

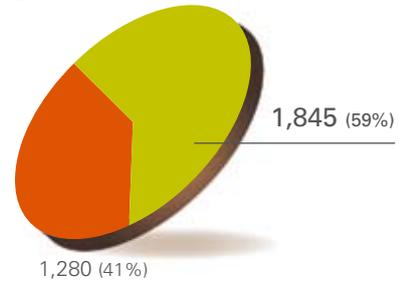
Rp 1,845

Recurring Revenue
(in billion Rupiah)

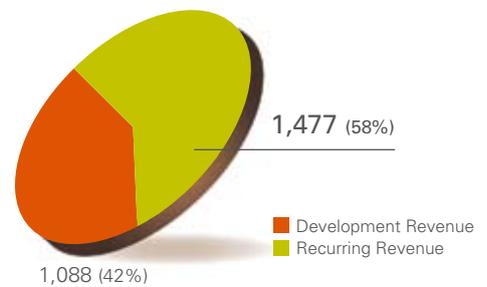


Revenue Contribution
(in billion Rupiah)

2010



2009



Lippo Karawaci's integrated business model, well diversified project portfolio, huge diversified landbank in strategic locations, the Company's proven track record and its established market position plus strong

financial fundamentals and flexibility all contributed significantly to the Company's continued growth and have strengthened the Company's leading position amongst property players in Indonesia.

Revenue

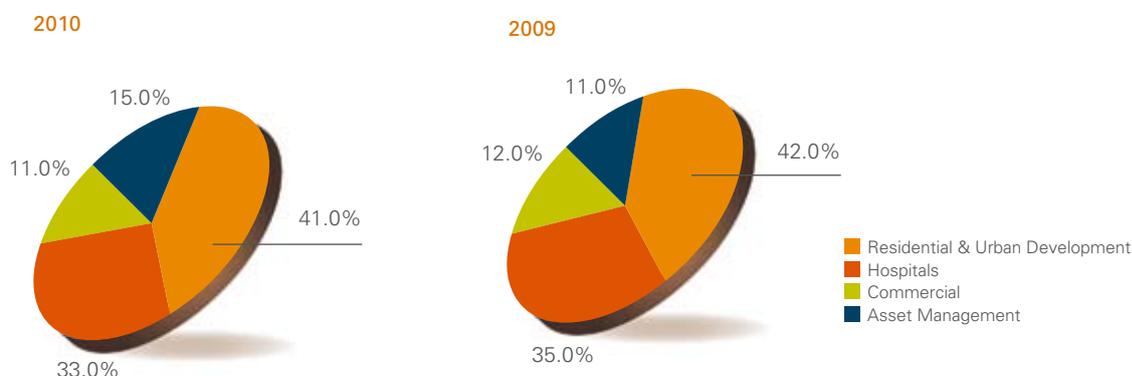
	2010		2009		Growth
	Rp billion	Contribution	Rp billion	Contribution	
Development Revenue	1,280	41%	1,088	42%	18%
Residential & Urban Development	1,280	41%	1,088	42%	18%
Urban Development	832	27%	717	28%	16%
Large Scale Integrated Development	447	14%	371	14%	21%
Recurring Revenue	1,845	59%	1,477	58%	25%
Hospitals	1,037	33%	896	35%	16%
Commercial	355	11%	311	12%	14%
Asset Management	454	15%	271	11%	67%
Total Revenue	3,125	100%	2,565	100%	22%

Financial Review

As of end 2010, Lippo Karawaci's Total Revenue grew by 22% to Rp3,125 billion from Rp2,565 billion in 2009. The Company's Total Revenue has been generated by two main sources in which 41% was contributed by Development Revenue and 59% by Recurring Revenue.

Development Revenue was primarily derived from the development and sale of properties from the two business units: Urban Development and Large Scale Integrated Development, whilst Recurring Revenue was generated from the revenues of Hospitals, Commercial and Asset Management.

The contribution of each business unit can be seen in the charts below :



A. Development Revenue

Urban Development continued to be the main contributor to Development Revenue with Rp832 billion, a 16% increase from Rp717 billion in year

2009. As of end 2010, revenue from Large Scale Integrated Development increased by 21% to Rp447 billion from Rp371 billion in 2009.

Urban Development

Revenue

	2010		2009		Growth
	Rp billion	Contribution	Rp billion	Contribution	
Land Lots	400	48%	434	60%	-8%
Residential Houses and Shophouses	324	39%	209	29%	55%
Memorial Park	97	12%	62	9%	55%
Asset Enhancements	12	1%	11	2%	2%
Total	832	100%	717	100%	16%

Throughout 2010, revenue from Residential Houses and Shophouses contributed 39% to the Urban Development revenue, growing significantly by 55% from Rp209 billion in the previous year to Rp324 billion, as sales of residential houses in the Company's three townships continued to increase. Revenue from

San Diego Hills Memorial Park increased by 55% to Rp97 billion from Rp62 billion in 2009. In 2010, the Company also continued to record higher margin sales on commercial and residential land lots in Lippo Village and Tanjung Bunga Makassar, and industrial land lots in Lippo Cikarang.

Large Scale Integrated Development

Revenue

	2010		2009		Growth
	Rp billion	Contribution	Rp billion	Contribution	
Apartments	426	95%	359	97%	19%
Asset Enhancements	22	5%	12	3%	79%
Total	447	100%	371	100%	21%

As of end 2010, revenue generated from condominium sales of the two mega projects under construction – Kemang Village and The St. Moritz - contributed 95% to Lippo Karawaci's Large Scale Integrated Development revenue rising modestly by 19% from Rp359 billion in 2009 to Rp426 billion. The increase was mainly attributed to increased revenue recognition as the construction of the projects progressed.

The first three condominium towers in Kemang Village reached 92.5% in construction progress and recorded revenue of Rp327 billion, whilst the first three condominium towers in The St. Moritz recorded Rp98 billion in line with 30% construction progress for Ambassador tower and 15% for both Presidential and Royal towers, respectively.

Revenue from Asset Enhancements was generated by rental income from the PX Pavilion in The St. Moritz which grew by 79% from the 2009 figure, as a result of higher occupancy in 2010 that reached 87%.

Financial Review

B. Recurring Revenue

Hospitals

Revenue from the Hospitals business reached Rp1 trillion by the end of 2010, a growth of 16% from 2009. Both inpatient and outpatient revenues have improved by 15.5% and 16.1%, respectively. The increase in revenue was mainly derived from

Siloam Hospitals Surabaya and Siloam Hospitals Lippo Village, by 21% and 16%, respectively. In addition, the average Bed Occupancy Rate of the four operating hospitals increased to 70% from 68% in 2009. The number of outpatients and average revenue per patient/visit also increased over the same period.

Operational Indicator

	Siloam Hospitals Lippo Village		Siloam Hospitals Kebon Jeruk		Siloam Hospitals Surabaya		Siloam Hospitals Lippo Cikarang	
	2010	2009	2010	2009	2010	2009	2010	2009
Operating Bed	223	188	197	192	160	157	58	56
Bed Occupancy Rate	80%	77%	59%	59%	75%	72%	57%	61%
Number of Inpatient/Year ('000)	13.3	12.2	10.2	10.0	8.9	8.2	3.7	3.6
Number of Outpatient/Year ('000)	202	186	199	205	85	75	70	68
Gross Operating Revenue (billion Rupiah)	460	397	325	287	177	146	75	66
Inpatient Revenue	275	237	169	147	125	107	39	35
Outpatient Revenue	185	160	156	140	52	39	36	31

Commercial

The revenue from this business segment, comprising Retail Malls and Hotels, rose by 14% compared to

last year's figure. Retail Malls contributed an increase of 22%, whilst Hotels recorded an 11% increase on year.

Retail Malls

Revenue

	2010		2009		Growth
	Rp billion	Contribution	Rp billion	Contribution	
Asset Enhancements	108	104%	84	98%	29%
Shopping Centers	(4)	-4%	1	2%	-437%
Total	104	100%	85	100%	22%

During 2010, revenue generated from Asset Enhancements has grown mainly as a result of an increase in revenue derived from the Company's leased malls, Pejaten Village and Binjai Supermall, which showed a 29% growth from the previous

year's figure. This increase compensated for the decrease in revenue derived from sales of our retail spaces inventory in strata-titled malls from cancellations.

Hotels

Revenue

	2010		2009		Growth
	Rp billion	Contribution	Rp billion	Contribution	
Hotels and Restaurants	205	82%	183	81%	12%
Recreation and Sports	45	18%	43	19%	6%
Total	251	100%	226	100%	11%

In 2010, revenue gained from the Hotels & Restaurants and Recreation & Sports has improved, an increase of 12% and 6%, respectively compared to 2009. Throughout 2010, Lippo Karawaci's hotel business recorded an improvement in both occupancy and

room rates. The average occupancy rate reached 68%, while the average room rate was Rp511,000. The improvement in room bookings was due mainly to increased marketing efforts to domestic business travelers.

Assets Management

Revenue

	2010		2009		Growth
	Rp billion	Contribution	Rp billion	Contribution	
Infrastructure	178	39%	166	61%	7%
Fee-based Income	276	61%	105	39%	163%
Total	454	100%	271	100%	67%

Financial Review

Revenue from Infrastructure, mainly fee-based income generated by town management rose moderately by 7% compared to 2009. Meanwhile, fee-based income from Property and Portfolio Management increased by 163% to Rp276 billion in 2010 from Rp105 billion in 2009 primarily as a result of fees earned as intermediary in the asset sale of MRCCC to First REIT.

Gross Profit

The Company's Gross Profit rose by 28% to Rp1,524 billion in 2010 from Rp1,187 billion in 2009.

Operating Expenses

Throughout 2010, the Company continued to manage costs and efficiency despite the fact that operating expenses increased by 14% from the previous year to Rp802 billion. This increase was mainly due to the following :

- Selling Expenses increased by 38% to Rp186 billion in 2010 due to higher marketing and advertising expenses for several condominium units launched during the year. Utilities and depreciation expenses also increased during the year.
- General and Administrative Expenses increased by 8% from the previous year's figure to Rp616 billion, primarily due to the increase in salaries and employees' benefits.

Income from Operations

The Company's Income from Operations increased significantly by 50% from Rp481 billion in 2009 to Rp721 billion in 2010.

Net Income

The Company's Net Income grew by 35% reaching Rp525 billion in 2010 from Rp388 billion in 2009. This growth was a result of the Company' organic growth from the intensification of selling activities and operational efficiency initiatives.

Balance Sheets

The Company's Total Assets increased by 33% to Rp16,155 billion in 2010. As at 31 December 2010, the Company's Cash and Cash Equivalent was Rp3,660 billion, more than doubled from the previous year. In May 2010, the Company issued a 5-year Global Bond of USD270.6 million to refinance existing bonds maturing in 2011. From this bond issuance, the Company raised additional funds of USD81 million to support its expansion plans.

Inventory also increased by 20% in line with the completion of the Company's development projects.

The Company's Debt increased by 17% to Rp3,375 billion from Rp2,884 billion mainly due to the additional bonds issuance.

Advances from Customers showed a 34% increase compared to the previous year, most of it from pre-selling activities of condominium units in both Kemang Village and The St. Moritz.

Shareholders' Equity grew from Rp4,887 billion in 2009 to Rp7,710 billion in 2010 primarily as a result of a successful Rights Issue of 4.3 billion new shares at the end of 2010, which resulted in additional capital of Rp2.379 trillion. Retained Earnings also rose by 27% to Rp2,254 billion in 2010 from Rp1,778 in 2009.

Liquidity and Capital Resources

Liquidity is defined as the ability of the Company to generate sufficient funds from both internal and external sources to meet its obligations and commitments. In addition, liquidity includes the ability to obtain appropriate financing and to convert into cash those assets that are no longer required to meet existing strategic financial objectives and the ability to expand the capital base of the REITs in which the Company has invested.

Historically, the Company has financed its capital requirements primarily through funds generated from its operations and financing from banks and other financial institutions. The primary capital requirements have been to finance purchases of land and construction of properties and to fund general working capital requirements.

The Company believes that it has sufficient capital resources from its operation and other financing from banks, financial institutions, and other lenders. At the end of 2010, Lippo Karawaci had a cash balance of Rp3,660 billion, whilst its gearing ratio was 0.44. It has been the Company's policy to keep this ratio below 1x level.

Hedging

Lippo Karawaci has fully hedged its foreign currency debts amounting to USD336 million through derivative contracts with three major international banks namely BNP Paribas for the Notional Amount of USD91 million, JP Morgan for the Notional Amount of USD170 million and with Morgan Stanley for the Notional Amount of USD75 million.



**Good
Corporate
Governance**



Corporate Governance Report

Lippo Karawaci continuously strives to implement, nurture and revitalize its Good Corporate Governance for the benefit of its shareholders and other stakeholders as well as for the achievement of high and sustainable growth.



Sound governance is key to a strong, stable and robust company, which Lippo Karawaci believes will continue to be a critical driving factor towards greater success. Over the years, Good Corporate Governance (GCG) principles and practices have been embedded in the heart of the Company's management as reflected in its businesses.

Implementation of GCG in Lippo Karawaci

Lippo Karawaci continuously strives to implement, nurture and revitalize its GCG for the benefit of its shareholders and other stakeholders as well as for the achievement of high and sustainable growth by maintaining financial sustainability.

In 2010, the Company managed its resources and businesses in compliance with the GCG principles, for the following purposes:

- To maximize the Company's value through improved implementation of GCG principles throughout the company's activities;
- To facilitate a more professional and independent management to improve the Company's image;
- To cultivate a decision-making process that is rooted in strong ethical values and adherence to prevailing laws and regulations;
- To support the Corporate Social Responsibility (CSR) program;
- To promote a conducive national investment climate, particularly in the property and hospital sectors.



Transparency, Accountability, Responsibility, Independence, and Fairness (TARIF) are the key GCG principles which the Company's Management proudly upholds and practices.

Transparency

In an ever challenging business environment such as today where competition among companies are progressively heightened, maintaining a policy of openness to the public and shareholders remains imperative for the Company's long-term interest. One of the efforts is by ensuring the Company's website, www.lippokarawaci.co.id is constantly updated as a gateway for the public, investors and shareholders alike. As the most reachable and broadly available

platform of communication, the Company's website is dedicated to providing most updated, timely and accurate information pertinent to the interests of the public and shareholders. The Company's commitment to transparency is also visible through timely publishing and announcement of its periodical Consolidated Financial Statements, Annual Reports and Press Releases. The Company also organizes a public exposé annually to deliver information regarding the Company's latest developments and future prospects.

Corporate Governance Report

Accountability

As the largest listed property company in Indonesia defined by its assets, revenue and net profit, over the years the Company has advanced on the principle of accountability and shows full regard to its accomplishments and setbacks. The Company is an entity that values accountability not as a mere obligation, but as part of its integrity which is an essential ingredient for obtaining trust from investors, creditors and shareholders who support the achievement of a thriving and successful business. This principle is implemented and supported by an integral structure and framework of the Company, which comprise of the General Meeting of Shareholders (GMS), Board of Commissioners (BOC) and Board of Directors (BOD). Their respective roles and responsibilities will be elaborated in a subsequent section of this Report.

Responsibility

The Company makes every effort to continuously put forward GCG principles in conducting its businesses. As a well-established and outward-looking company, adherence to the laws and regulations governed by authorities, such as Capital Market and Financial Institution Supervisory Agency (BAPEPAM-LK) and Indonesian Stock Exchange (IDX), as well as regional or international regulations that rule where the Company operates or has interests, is imperative for the Company in order to maintain a good image for the long-term interest of its shareholders.

In 2010, the Company obtained a B+ for both long-term credit and senior unsecured notes rank by Standard&Poor's, B1 rank by Moody's and B+ from Fitch.

As part of the Company's responsibility and as an expression of appreciation to the society and surrounding environment for supporting the Company's success, the Company is actively and regularly engaged in a range of Corporate Social Responsibility (CSR) activities. The Company's CSR activities will be highlighted in a separate section of this Report.

Independence

The Company maintains an independent and professional management who is responsible for ensuring that the Company's businesses are properly conducted managing the anticipation of demand and expectation of global, regional and domestic markets and balancing it with the compliance with the GCG principles. Decisions are made independently and objectively in the best interest of the Company and its stakeholders.

Fairness

Fair Treatment for shareholders

Fair and equal treatment for all shareholders is part of the Company's principle to ensure that the shareholders' interests are met. All shareholders have equal rights to obtain updated information in a timely manner. Additionally, all shareholders are equally expected to attend and contribute in the General Meeting of Shareholders (GMS). The Company's

commitment to fair and equal treatment for all shareholders is also visible through announcement of reports and disclosure of information for transparency, which is equally disseminated and announced through the IDX and national newspapers.

Fair Treatment for Members of the Company

Fair treatment to all staff members of the Company is also among the principles that the Company highly values. The Company places human capital as an important niche in the heart of the Company's business and is valued as a resourceful aide in paving the way towards success. As an important element of the Company, members are ensured of their rights to access information on the Company's policies and regulations and to be kept abreast of the Company's news, announcements, and activities. An internal communication portal called "the Village" is dedicated to providing such information.

Efforts have been continuously made by the Company to provide conducive and pleasant working conditions for all members. All of the Company's regulations are developed to create an equal and fair opportunity for all members regardless of gender, race or beliefs. Members are assessed transparently based on meritocracy, their contribution as an individual as well as a team towards the Company's target achievement.

Corporate Governance Structure and Framework

The Company has components that form its GCG structure to ensure proper implementation of GCG in all of the Company's operational and strategic activities.

The core of the Company's GCG structure consist of GMS, BOC and BOD each of which is an important part in GCG implementation and works independently to serve their respective functions, roles and responsibilities.

General Meeting of Shareholders

The General Meeting of Shareholders (GMS) is one of the components of the GCG structure with the highest authority, as regulated by Law No. 40 of 2007 regarding Limited Liability Company, other laws and regulations as well as the Company's Articles of Association where strategic decisions such as changes in the Company's Articles of Association, appointment or dismissal of BOC or BOD, annual report, audited financial statement, BOC's supervisory report and utilisation of profit, decisions on material investment or divestment from the Company's portfolio as well as the Company's capital structure are determined.

The Company adheres to Regulation IX.I.1 on GMS' Plan and Implementation in convening the Company's Annual General Meeting of Shareholders (AGMS) or Extraordinary General Meeting of Shareholders (EGMS). In 2010, the Company held 3 GMS which includes an AGMS held on 3 May 2010, an EGMS that was held in conjunction with the AGMS on 3 May 2010 and an EGMS held on 29 November 2010.

Decisions made in GMS are reported to Bapepam-LK and IDX and announced to the public through national newspapers as well as IDX. Summary of the decisions made in the GMS were as follows:

Corporate Governance Report

AGMS on 3 May 2010

1. To Approve and accept the Annual Report, the Company's Balance Sheet and Profit/Loss Statement for the fiscal year ended on 31 December 2009 that was audited by the Accounting Firm Aryanto, Amir Jusuf, Mawar & Saptoto with an unqualified opinion.
2. To Approve the absence of dividend and to determine funds amounting to Rp 1,000,000,000,- (one billion rupiah) to be allocated for Reserve Funds and account the remaining nett profit of Rp 387,053,495,627 (three hundred eighty-seven billion fifty-three million four hundred ninety-five thousand six hundred twenty-seven rupiah) as the Company's Retained Earning.
3. Appoint members of the BOD, BOC and Independent Commissioners as follows:

BOC

President Commissioner	Theo L. Sambuaga
Vice President Commissioner	Surjadi Soedirdja
Independent Commissioner	Agum Gumelar
Independent Commissioner	Tanri Abeng
Independent Commissioner	Farid Harianto
Independent Commissioner	Adrianus Mooy
Independent Commissioner	Jonathan L. Parapak
Commissioner	Viven G. Sitiabudi

BOD

President Director	Ketut Budi Wijaya
Director	Tjokro Libianto
Director	Jopy Rusli
Director	E. Yudhistira Susiloputro
Director	Djoko Harjono

EGMS on 3 May 2010

1. Approve and ratify the Company's plan to issue notes which amounts up to Rp 2,443,620,749,632 (two trillion four hundred forty-three billion six hundred twenty million seven hundred forty-nine thousand six hundred thirty-two Rupiah) ("New Notes") by Sigma Capital Pte Ltd (a wholly owned subsidiary of the Company) that will be listed and traded in the Singapore Exchange Securities Trading Limited ("SGX-ST") with fixed interest rate between 9-9.5% p.a. and will due in 2015; which will be used for:
 - a. Exchanging the USD250,000,000, 8.875% Guaranteed Notes due in 2011 issued by Lippo Karawaci Finance B.V. ("Existing Notes") up to USD250,000,000 (two hundred fifty million US dollars); and
 - b. The remaining amount to be used for the Company's capital expenditure aimed at construction and development of hospitals and other capital expenditures; and other general requisites.
2. Offer made by Sigma Capital Pte. Ltd. ("Exchange Offer") to Existing Notes holders, to exchange the Existing Notes with New Notes which will be due in 2015.

EGMS on 29 November 2010

1. Approved plans for Rights Issue III with a pre-emptive rights of 4,325,537,924 (four billion three hundred twenty-five million five hundred thirty-seven thousand nine hundred twenty-four) shares at the price of Rp550 (five hundred fifty Rupiah) per share or Rp2,379,045,858,200 (two trillion three hundred seventy-nine billion forty-five million eight hundred fifty-eight thousand two hundred Rupiah).

2. Approved changes to the Company's Articles of Association, among others changes to Article 4 of the Company's Articles of Association regarding Capital by increasing the Company's authorized capital to Rp 6,400,000,000,000,- (six trillion four hundred billion Rupiah) and the paid up capital according to the results of the Rights Issue III.

Board of Commissioners (BOC)

The Company's BOC has functions and duties collectively as a Board in supervising the management of the Company run by the BOD and provides advice to the BOD to ensure that GCG practices are effectively implemented throughout the Company. In order to carry out its duties, the BOC is assisted and supported by the Audit Committee and Remuneration Committee which are appointed and dismissed by the BOC.

1. Criteria, Membership and Term of Office

Members of the BOC must fulfill the requirements as specified in Article 18 of the Company's Articles of Association, namely:

- a. Possess good moral;
- b. Capable of performing legal actions;
- c. Never been declared bankrupt or be a member of a BOD or BOC who is adjudicated to have caused the bankruptcy of a Company; and
- d. Never been sentenced for a criminal offense which caused financial loss to the state in the past 5 (five) years prior to his appointment.

Considering the requirements for supervision of the Company and taking into account the complexity of the Company's businesses, the AGMS held on 3 May 2010 appointed the BOC which comprise of the following:

- 1 (one) Chairman of the Board of Commissioner who is in charge of coordinating the BOC's activities;
- 1 (one) Vice Chairman who is in charged in the place of the Chairman when so required;
- 6 (six) members of the BOC, 5 (five) of whom are Independent Commissioners of the Company. Independent Commissioners are members of the BOC who do not have relations with other members of the BOC, the BOD and/or the controlling shareholders or the Company in terms of finance, management, ownership of shares and/or family relations, which may affect his/her ability to act independently.

The composition of the BOC is as follows:

No.	Name	Position
1.	Theo L. Sambuaga	President Commissioner
2.	Surjadi Soedirdja	Vice President Commissioner
3.	Tanri Abeng	Independent Commissioner
4.	Agum Gumelar	Independent Commissioner
5.	Farid Harianto	Independent Commissioner
6.	Jonathan L.Parapak	Independent Commissioner
7.	Adrianus Mooy	Independent Commissioner
8.	Viven G. Sitiabudi	Commissioner

Corporate Governance Report

2. Duties and Authorities

In general, duties of the BOC as governed by the Company's Articles of Association are:

- a. To supervise the BOD's undertaking of overall management of the Company, both the Company per se as well as its businesses, and to provide advice to the BOD.
- b. To perform specific duties as mandated by the Company's Articles of Association, prevailing regulations and/or pertaining to the decisions drawn up in the GMS, such as appointment of the Public Accountant for the Company.
- c. To provide guidance, to monitor and to evaluate the implementation of the Company's strategic policies.
- d. To apply and ensure implementation of risk management and GCG principles in every activity of the Company to achieve a sustainable growth.
- e. To evaluate the annual work plan proposed by the BOD to ensure that the work plan is in line with the Company's vision, mission, and roadmap of long-term growth.
- f. To support and encourage the Company's business development.

In delivering its duties, the BOC acts independently and professionally corresponding to each BOC members' respective competencies and adopt transparency in providing feedback, advice or guidance to the BOD.

As a form of accountability for their duties and authorities, the BOC prepares a Supervisory Assignment Report on their supervisory role conducted throughout one fiscal year to be reported to the shareholders and subsequently endorsed by the AGMS.

3. Meeting of the BOC

a) Implementation Procedures

BOC Meeting is convened based on necessity at least once a year. In 2010, the BOC convened 5 (five) BOC meetings. The schedule, agenda, venue and list of attendees of the BOC members in the meetings are presented in the table Meetings of the BOC in 2010.

b) Chairmanship of the BOC

The BOC Meeting is chaired by the President Commissioner. In the absence of the President Commissioner, the BOC Meeting shall be chaired by a person who is nominated by and from the members of the BOC in attendance.

c) Attendance and Legitimacy

A member of the BOC may be represented in a BOC Meeting only by another member of the BOC by means of a power of attorney. A BOC Meeting is valid and shall be entitled to adopt binding resolution if more than 1/2 (one-half) of the BOC members are in attendance or represented in the meeting.

d) Decision-making

Resolution of the BOC Meetings shall be drawn up based on mutual consensus. In the event where mutual consensus fail to reach, the resolution shall be drawn by casting votes based on the approval of more than 1/2 (half) from the valid total votes cast in the meeting. Should there be an equal number of votes for and against, the decision shall be determined by the Chairman of the BOC Meeting.

4. The table of BOC Meetings in 2010 is as follows:

Matrix of BOC Meetings in 2010 and Its List of Attendance

No.	Date/Venue	Meeting Agenda	TLS	SS	TA	AG	FH	JP	AM	VS
1	12 February 2010 Lippo Village	<ol style="list-style-type: none"> 1. Confirm the outcomes of the BOC Meeting, held on 27 October 2009 2. Audit Committee Report 3. Approve the Financial Statement of the Year 2009 4. Report business update from the BOD 5. Other agenda 	1	1	1	1	1	1	1	1
2	25 May 2010 Aryaduta Hotel Lippo Village	<ol style="list-style-type: none"> 1. Confirm the outcomes of the BOC Meeting, held on 12 February 2010 2. Audit Committee Report 3. Approve the Financial Statements for three months ended in 31 March 2010 4. Report business update from the BOD 5. Other agenda 	1	1	1	1	1	1	1	1
3	29 July 2010 Lippo Village	<ol style="list-style-type: none"> 1. Confirm the minutes of the BOC Meeting, held on 25 May 2010 2. Audit Committee Report 3. Approve the Financial Statements for six months ended 30 June 2010 4. Report business update from the BOD 5. Other agenda 	1	1	0	0	1	1	1	1
4	2 September 2010 St. Moritz	<ol style="list-style-type: none"> 1. Report business update from the BOD 2. Approval on campuses; initiatives 	1	1	1	0	1	0	1	1
5	8 October 2010 Kemang Village	<ol style="list-style-type: none"> 1. Confirm the outcomes of the BOC Meeting, held on 29 July 2010 2. Audit Committee Report 3. Approve the Financial Statements for nine months ended 30 September 2010 4. 2010 Outlook and 2011 Budget 5. Report business update from the BOD 6. Other agenda 	1	1	1	1	1	1	1	0
TLS - Theo L. Sambuaga JP - Jonathan L. Parapak 0 - Absent		SS - Surjadi Soedirdja AM - Adrianus Mooy 1 - Attend	TA - Tanri Abeng VS - Viven G. Sitiabudi		AG - Agum Gumelar		FH - Farid Harianto			

Corporate Governance Report

5. Committees under the BOC: Audit Committee and Remuneration Committee

The BOC forms supporting committees with a view to assist the BOC in undertaking an effective and efficient implementation of its roles and duties. The Company currently has an Audit Committee and a Remuneration Committee, with specific functions and tasks as determined by the BOC.

Audit Committee

The core functions of the Audit Committee are essentially assisting the BOC in:

1. Improving the quality of the financial report, particularly with regard to the quality of transparency and reporting.
2. Creating and monitoring a disciplined environment which help reduce the risk of distortion in managing the Company by improving the effectiveness of both internal and external audit.
3. Reviewing the scope, accuracy, independency and objectivity of the public accountant.
4. Identifying matters that require the attention of the BOC.

5. Furthermore, the Audit Committee ensures that Financial Statements of the Company are prepared in compliance with the generally accepted accounting principles and that an internal audit system and financial reporting procedures are properly applied.

To support the execution of its duties, the Audit Committee is given the authority to obtain relevant information such as internal audit reports. In this regard, the Audit Committee directly communicates with external and internal auditors and solicits their insights. The Audit Committee also liaises with the BOD and relevant members as approved by the the BOD to identify any challenges encountered by the BOD in its decision-making process.

As appointed by the BOC on 3 May 2010, members of the Audit Committee as of 31 December 2010 consist of:

Chairman : Mr. Adrianus Mooy

Member : Mr. Isnandar Rachmat Ali

Member : Mr. Lie Kwang Tak

Throughout 2010, the Audit Committee convened four meetings, with their respective agendas and attendance is detailed as follows:

List of the Audit Committee Meetings in 2010 and Its List of Attendance

No.	Date/Venue	Meeting Agenda	TLS	JT	JA
1	12 February 2010 Lippo Village	1. Approval of the Minutes of Meeting dated 26 October 2009. 2. Discussion on the Financial Statement as of 31 December 2009 by external auditor. 3. Discussion on the Internal Audit Report for the 4th Quarter of 2009. 4. Internal Audit Work Plan.	1	1	0
A new Audit Committee was appointed by the GMS on 3 May 2010					
			AM	LKT	IRA
2	25 May 2010 Lippo Village	1. Approval of the Minutes of Meeting dated 12 February 2010. 2. Discussion on the Financial Statement as of 31 March 2010. 3. Discussion on the Internal Audit Report for the 1st Quarter of 2010.	1	1	0
3	29 July 2010 Lippo Village	1. Approval of the Minutes of Meeting dated 25 May 2010. 2. Discussion on the Financial Statement as of 30 June 2010. 3. Discussion on the Internal Audit Report for the 2nd Quarter of 2010.	1	1	1
4	08 October 2010 Kemang Village	1. Approval of the Minutes of Meeting dated 29 July 2010. 2. Discussion on the Financial Statement as of 30 September 2010. 3. Discussion on the Internal Audit Report for the 3rd Quarter of 2010.	1	1	1
TLS - Theo L. Sambuaga JT - Jeffrey G. Turangan JA - Jusuf Arbiyanto AM - Adrianus Mooy LKT - Lie Kwang Tak IRA - Isnandar Rachmat Ali 0 - Absent 1 - Attend					

Remuneration Committee

The Remuneration Committee is established with a view to assist the duties of the BOC in improving the quality of the management of the Company, through the development of accurate mechanisms in the nomination and remuneration based on meritocracy and contributions toward the Company's growth as well as to ensure improvement in the Company's GCG practices.

The Remuneration Committee as of 31 December 2010 consist of:

Chairman : Theo L. Sambuaga
 Member : Farid Harianto
 Member : Jonathan L. Parapak
 Member : Viven G. Sitiabudi

Throughout 2010, the Remuneration Committee convened 1 (one) meeting to discuss the remuneration of the BOC and the BOD.

Corporate Governance Report

Board of Directors (BOD)

The BOD is a vital component of the Company that has roles and responsibilities to manage and lead the Company ensuring that all resources functions at a maximum to accelerate the increase in operational profitability and deliver a sustainable growth and an elevated value of the Company.

1. Duties, Responsibilities and Authorities

As governed by the Company's Articles of Association, the BOD is fully responsible for: executing the management, managing the Company and its assets; implementing the Company's risk management and GCG principles in every activity throughout all levels of the organization; formation of an effective organisational structure; and fair and equal division of tasks in supporting the requirements for the Company's expansion.

However, the BOD's authorities are limited and it is required to:

- 1). Obtain written approval of the BOC relating to the following matters:
 - a. To borrow funds from or extend the borrowing of money on behalf of the Company (excluding withdrawal of funds from approved credit facilities and in the normal course of undertaking the Company's operational activities);
 - b. To sell/buy or obtain/release the rights of fixed assets owned by the Company, except in the normal course of undertaking the Company's operational activities;
 - c. To pledge or put as a guarantee in any form of the Company's fixed asset;

- d. To take part in an equity participation in other companies;
- e. To transfer and/or release its rights or provide loan guarantees in the amount of or exceeding 50% of the Company's nett worth of the Company in one fiscal year.

2). Obtain GMS' approval for matters pertaining to the following:

- a. To undertake a Material Transaction or Conflict of Interest Transaction as defined by regulations in capital markets.
- b. To transfer or to provide loan guarantee of all or in the amount exceeding 50% of the Company's entire nett worth.
- c. To changes the Company's Articles of Association.
- d. To undertake a merger, amalgamation, acquisition, dissolution or liquidation the Company.

Members of the BOD perform their duties on behalf of the Company and make decisions in accordance with the division of tasks and authorities. Nonetheless, the implementation of tasks of each member of the BOD is acknowledged as a collective responsibility.

2. Membership Criteria and Terms of Office

Members of the BOD must meet the requirements as specified in Article 15 of the Company's Articles of Association, namely:

- a. Possess good moral;
- b. Capable of performing legal actions;
- c. Never been declared bankrupt or be a member of a BOD or BOC who is adjudicated to have caused the bankruptcy of a Company; and

- d. Never been sentenced for a criminal offense which caused financial loss to the state in the past 5 (five) years prior to his appointment.

Considering the requirements for managing the Company and taking into account the complexity of the Company's businesses, the AGMS held on 3 May 2010 appointed the BOD which consist of:

- 1 (one) President Director
- 4 (four) members of the BOD

Below are details of the composition of the BOD:

No.	Name	Position
1.	Ketut B.W.	President Director
2.	Tjokro Libianto	Director
3.	Jopy Rusli	Director
4.	E. Yudhistira Susiloputro	Director
5.	Djoko Harjono	Director

3. Conflict of Interest

Should a member of the BOD and the Company have conflict of interest, another member of the BOD shall then represent the Company. Should all members of the BOD have conflict of interest with that of the Company, a member of the BOC shall then represent the Company.

Any actions taken by members of the BOD which will compromise the Company's profits are strictly forbidden. All members of the BOD are obliged to disclose any conflicting interest(s) in every decision made.

4. BOD Meeting

a) Implementation Procedures

A BOD Meeting is convened when deemed necessary by its members and among others, whenever a strategic policy and decision as well as financial report and performance of the Company need to be decided.

b) Chairmanship of the BOD

The BOD is chaired by the President Director or other member of the BOD who is appointed by members of the BOD in attendance of the Meetings.

c) Decision-making

All decisions made by the BOD Meetings are reached based on the principle of consensus. Unless it cannot be reached, decision is made by casting a vote to obtain more than ½ (half) of the entire amount of legitimate votes in the Meeting. Where the number of votes in favour of and against the decision is equal, the decision shall then be at the discretion of the Chairman of the BOD.

d) List of BOD Meetings in 2010

The BOD convened 10 (ten) meetings throughout 2010, with details of the meetings as follows:

Corporate Governance Report

List of Meetings of the Board of Directors in 2010 and Its List of Attendance

No.	Date	Meeting Agenda	KBW	TL	JR	EYS	DH
1	7 January 2010	1. Approval of the Minutes of Meeting dated 10 December 2009. 2. Discussion on the performance of each business unit. 3. Others.	1	1	1	0	0*
2	8 February 2010	1. Approval of the Minutes of Meeting dated 7 January 2010. 2. Discussion on the performance of each business unit. 3. Others.	1	1	1	1	0*
3	22 February 2010	1. Approval of the Minutes of Meeting dated 8 February 2010. 2. Discussion on the performance of each business unit. 3. Others.	1	1	1	1	0*
4	8 March 2010	1. Approval of the Minutes of Meeting dated 22 February 2010. 2. Healthcare presentation. 3. Lippo Eco-village presentation. 4. Others.	1	1	1	1	0*
5	5 April 2010	1. Approval of the Minutes of Meeting dated 8 March 2010. 2. Discussion on the performance of each business unit. 3. Others.	1	1	0	1	0*
6	20 July 2010	1. Approval of the Minutes of Meeting dated 8 March 2010. 2. Discussion on the performance of each business unit. 3. Others.	1	1	1	1	1
7	3 August 2010	1. Approval of the Minutes of Meeting dated 20 July 2010. 2. Discussion on the performance of each business unit. 3. Others.	1	1	1	1	1
8	7 September 2010	1. Approval of the Minutes of Meeting dated 3 August 2010. 2. Discussion on the performance of each business unit. 3. Others.	1	1	1	1	1
9	19 October 2010	1. Approval of the Minutes of Meeting dated 21 September 2010. 2. Discussion on the performance of each business unit. 3. Others.	1	1	1	1	1
10	7 December 2010	1. Approval of the Minutes of Meeting dated 19 October 2010. 2. Discussion on the performance of each business unit. 3. Others.	1	1	1	1	1

KBW - Ketut B.W. TL - Tjokro Libianto JR - Jopy Rusli EYS - E. Yudhistira Susiloputro DH - Djoko Harjono

* Mr. Djoko Hariono joined PT Lippo Karawaci Tbk in his capacity as a Director, with effect from 3 May 2010.

0 - Absent 1 - Attend

Internal Audit

As part of the BOD's responsibility to ensure that all Standard Operating Procedures (SOP), BOD's decisions, company regulations as well as laws and regulations are practiced and adhered to by each division at all levels, the Company empowers its Internal Audit division.

In 2010, the division actively assisted the Audit Committee in monitoring, evaluating and putting forth recommendations for internal control and identifying as well as preventing or minimizing exposure of the risks faced by the Company.

The Division's main role is to assess whether the internal control system has been functioning effectively. This includes, but not limited to, assessing adherence towards all established regulations, policies, and guidelines. For example, the Division checks the timeliness of submission of reports; assess the reporting system and identify existing challenges as well as room for potential improvements in the system; examines whether existing accounting practices adhere to the agreed accounting policies and guidelines.

The schedule of tasks of the Internal Audit is based on an annual work plan that has been approved by the President Director and the Audit Committee. The Internal Audit also carries out special examination if deemed necessary by the President Director. In performing its duties, the Internal Audit adheres to the Internal Audit Charter that has been approved by the Audit Committee by taking into account the Internal Audit Code of Ethics and Professional Practices Standard of Internal Audit as well as other existing regulations.

The Internal Audit submits a report on its activities to the President Director and the Audit Committee, who periodically meets to discuss and review the Internal Audit report. The Audit Committee reports meetings and discussions on the Internal Audit report to the BOC concurrently providing feedback for the latter in its supervisory role.

Independent Auditor

The AGMS held on 3 May 2010 has given authority to the BOC to commission an independent public accountant, who will audit the Company's financial statements ending 31 December 2010. The appointed public accountant office must be an Independent Public Accountant Office who is listed under Bapepam-LK and is reputable.

To implement the mandate given by the aforementioned AGMS, the BOC commissioned Aryanto, Amir Jusuf, Mawar & Sapto Public Accountant Office to audit the Company's financial statements ending 31 December 2010.

Communication

The Company regards the shareholders and investors as a critical and inevitable part of its business development. Therefore, all updates pertaining to the Company's business performances are readily available in the Company's website. Please visit www.lippokarawaci.co.id or direct your inquiry to:

PT. Lippo Karawaci Tbk

Phone: +62 21 2566 9000

Fax: +62 21 2566 9098 / 99

E-mail: corsec@lippokarawaci.co.id

Corporate Governance Report

Corporate Secretary

The Corporate Secretary holds an important role in ensuring transparency and is in the frontline to represent the Company. The Corporate Secretary is tasked to maintain good relations and strategic partnerships with the shareholders, the capital market authorities, mass media and the public. Additionally, the Corporate Secretary monitors the

Company's compliance towards the capital market rules and regulations and the Company's Articles of Association. The Corporate Secretary also provides assistance to the BOC and the BOD in ensuring GCG practices throughout the Company's activities. Since 2004, the position of Corporate Secretary has been held by Mrs. Jenny Kuistono.

List of the Corporate Secretary's Correspondence with Capital Market Authority

No.	Date	Reference No.	Destination	Subject	Regulation
1	11 February 2010	005/LK-COS/II/2010	IDX	Monthly Report on the Shareholders Registry per January 31, 2010	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
2	17 February 2010	011/LK-COS/II/2010	Bapepam - LK	Internal Audit Charter	Bapepam Regulation No. Kep-29/PM/2004 dated September 24, 2004 Regarding the Guidelines on Establishment and Working Implementation of Audit Committee
3	17 February 2010	012/LK-COS/II/2010	Bapepam - LK	The Plan of General Shareholders Meeting	Bapepam Regulation No. IX.1.1 Regarding Planning and Conducting the General Meeting of Shareholders
4	8 March 2010	017/LK-COS/III/2010	Bapepam - LK	General Meeting of Shareholders of PT Lippo Karawaci Tbk	Bapepam Regulation No. IX.1.1 Regarding Planning and Conducting the General Meeting of Shareholders
5	9 March 2010	018/LK-COS/III/2010	IDX	Monthly Report on the Shareholders Registry per February 28, 2010	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
6	12 March 2010	024/LK-COS/III/2010	Bapepam - LK	Changes in the General Meeting of Shareholders of PT Lippo Karawaci Tbk	Bapepam Regulation No. IX.1.1 Regarding Planning and Conducting the General Meeting of Shareholders
7	19 March 2010	026/LK-COS/III/2010	Bapepam - LK	Changes in the date of the General Meeting of Shareholders of PT Lippo Karawaci Tbk	Bapepam Regulation No. IX.1.1 Regarding Planning and Conducting the General Meeting of Shareholders
8	23 March 2010	027/LK-COS/III/2010	Bapepam - LK	Changes in the date of the General Meeting of Shareholders of PT Lippo Karawaci Tbk	Bapepam Regulation No. IX.1.1 Regarding Planning and Conducting the General Meeting of Shareholders
9	24 March 2010	028/LK-COS/III/2010	Bapepam - LK	Changes in the date of the General Meeting of Shareholders of PT Lippo Karawaci Tbk	Bapepam Regulation No. IX.1.1 Regarding Planning and Conducting the General Meeting of Shareholders
10	25 March 2010	030/LK-COS/III/2010	Bapepam - LK	Postponing the General Meeting of Shareholders of PT Lippo Karawaci Tbk	Bapepam Regulation No. IX.1.1 Regarding Planning and Conducting the General Meeting of Shareholders
11	29 March 2010	032/LK-COS/III/2010	Bapepam - LK	General Meeting of Shareholders of PT Lippo Karawaci Tbk	Bapepam Regulation No. IX.1.1 Regarding Planning and Conducting the General Meeting of Shareholders
12	30 March 2010	033/LK-COS/III/2010	Bapepam - LK	Submission of the Financial Report of December 31, 2009	Bapepam Regulation No. X.K.2. regarding the Obligation to Submit Periodical Financial Statement
13	30 March 2010	034/LK-COS/III/2010	Bapepam - LK	Proof of the Announcement of the Financial Report of December 31, 2009	Bapepam Regulation No. X.K.2. regarding the Obligation to Submit Periodical Financial Statement
14	30 March 2010	035/LK-COS/III/2010	IDX	Press Release on the Financial Statement of 2009	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission

No.	Date	Reference No.	Destination	Subject	Regulation
15	30 March 2010	037/LK-COS/III/2010	Bapepam - LK	General Meeting of Shareholders of PT Lippo Karawaci Tbk	Bapepam Regulation No. IX.I.1 Regarding Planning and Conducting the General Meeting of Shareholders
16	1 April 2010	039/LK-COS/IV/2010	Bapepam - LK	Proof of Announcement of Information of the General Shareholders Meeting of PT Lippo Karawaci Tbk	Article 12 of the Company's Article of Association
17	1 April 2010	040/LK-COS/IV/2010	Bapepam - LK	Appraisal Report from KJPP Ruky, Syafrudin & Rekan	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
18	8 April 2010	044/LK-COS/IV/2010	IDX	Monthly Report on the Shareholders Registry per March 31, 2010	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
19	9 April 2010	047/LK-COS/IV/2010	Bapepam - LK	Information Disclosure Regarding the Bond Issuance	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
20	13 April 2010	049/LK-COS/IV/2010	Bapepam - LK	Response to Bapepam Letter No S-8083/BL/2010 regarding the plan of General Meeting of the Shareholders of PT Lippo Karawaci Tbk	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
21	16 April 2010	050/LK-COS/IV/2010	IDX	Proof of the Information Disclosure regarding Capital Increase without Pre-Emptive Rights	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
22	16 April 2010	051/LK-COS/IV/2010	Bapepam - LK	Submission of PT Lippo Karawaci Tbk 2009 Annual Report	Bapepam Regulation No. X.K.2. regarding the Obligation to Submit Periodical Financial Statement
23	16 April 2010	052/LK-COS/IV/2010	Bapepam - LK	Proof of Invitation to the General Shareholders Meeting of PT Lippo Karawaci Tbk	Article 12 of the Company's Article of Association
24	19 April 2010	056/LK-COS/IV/2010	Bapepam - LK	Plan of a limited review on the Financial Statements ended March 31, 2010	Regulation Bapepam No. X.K.2. Regarding the Obligation to Submit Periodical Financial Statement.
25	29 April 2010	072/LK-COS/IV/2010	Bapepam - LK	Proof of the Announcement of the Information Disclosure	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
26	29 April 2010	073/LK-COS/IV/2010	IDX	Response to IDX Letter No : 02478/IDX/PPJ/04-2010	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
27	30 April 2010	075/LK-COS/IV/2010	Bapepam - LK	Proof of the Announcement of Information Disclosure for the Shareholders of PT Lippo Karawaci Tbk	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
28	30 April 2010	080/LK-COS/IV/2010	Bapepam - LK	PT Lippo Karawaci Tbk	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
29	30 April 2010	081/LK-COS/IV/2010	Bapepam - LK	Response to Bapepam dan LK Letter No. S-3734/BL/2010 dated April 29, 2010	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
30	3 May 2010	078/LK-COS/V/2010	Bapepam - LK	Information Disclosure regarding the Press Release relating to the Conversion of Obligation of USD250,000,000	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
31	4 May 2010	083/LK-COS/V/2010	Bapepam - LK	Result of the Annual and Extraordinary General Meeting of Shareholders of PT Lippo Karawaci Tbk	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
32	4 May 2010	084/LK-COS/V/2010	Bapepam - LK	Proof of the announcement of Result of the Annual and Extraordinary General Meeting of Shareholders of PT Lippo Karawaci Tbk	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately

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No.	Date	Reference No.	Destination	Subject	Regulation
33	5 May 2010	085/LK-COS/V/2010	Bapepam - LK	Information Disclosure regarding Sigma Final Announcement	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
34	5 May 2010	086/LK-COS/V/2010	IDX	Submission of the Press Release "The Demand of PT Lippo Karawaci Tbk (LPKR) Global Bond reached USD 650,000,000"	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
35	10 May 2010	091/LK-COS/V/2010	IDX	Monthly Report on the Shareholders Registry per April 30, 2010	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
36	12 May 2010	094/LK-COS/V/2010	Bapepam - LK	Formation of the Audit Committee	Bapepam Regulation No. Kep-29/PM/2004 dated September 24, 2004 Regarding the Guidelines on Establishment and Working Implementation of Audit Committee
37	12 May 2010	096/LK-COS/V/2010	Bapepam - LK	Proof of Announcement to the Shareholders	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
38	12 May 2010	097/LK-COS/V/2010	Bapepam - LK	Information Disclosure	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
39	12 May 2010	098/LK-COS/V/2010	Bapepam - LK	Submission of the Appraisal Report from KJPP Ruky, Syafrudin & Partners	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
40	12 May 2010	099/LK-COS/V/2010	Bapepam - LK	Information Disclosure	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
41	12 May 2010	100/LK-COS/V/2010	Bapepam - LK	Submission of the Statement of the Board of Directors and the Board of Commissioners relating to the Information Disclosure published on May 12, 2010	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
42	14 May 2010	102/LK-COS/V/2010	Bapepam - LK	Revision of the Information Disclosure published on May 12, 2010	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
43	31 May 2010	104/LK-COS/V/2010	IDX	Consolidated Financial Statement of PT Lippo Karawaci Tbk for the period ending March 31, 2010	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
44	25 May 2010	105/LK-COS/V/2010	Bapepam - LK	Response to Bapepam Letter No S-4299	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
45	31 May 2010	106/LK-COS/V/2010	IDX	Explanation on the Volatility of Stock transaction	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
46	7 June 2010	109/LK-COS/VI/2010	IDX	Monthly Report on the Shareholders Registry per May 31, 2010	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
47	7 July 2010	114/LK-COS/VII/2010	IDX	Monthly Report on the Shareholders Registry per June 30, 2010	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
48	30 July 2010	128/LK-COS/VII/2010	Bapepam - LK	Consolidated Report for 6 months ending June 30, 2010	Bapepam Regulation No. X.K.2. regarding the Obligation to Submit Periodical Financial Statement
49	30 July 2010	129/LK-COS/VII/2010	Bapepam - LK	Proof of the announcement of the Consolidated Financial Statement for 6 months ended June 30, 2010	Bapepam Regulation No. X.K.2. regarding the Obligation to Submit Periodical Financial Statement
50	5 August 2010	131/LK-COS/VIII/2010	IDX	Submission of the Press Release/Information Disclosure "PT Lippo Karawaci Tbk booked a Rp 1.5 Trillion Revenue for Semester I 2010, Rose by 8% "	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission

No.	Date	Reference No.	Destination	Subject	Regulation
51	9 August 2010	132/LK-COS/VIII/2010	IDX	Monthly Report on the Shareholders Registry per July 31, 2010	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
52	24 August 2010	136/LK-COS/VIII/2010	IDX	Submission of the Press Release "Roadshow Lippo Attracts Big World Class Investors"	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
53	3 September 2010	140/LK-COS/IX/2010	IDX	Submission of the Press Release/Information Disclosure "PT Lippo Karawaci Tbk. Shares love with 1431 Orphans and Underprivileged Residents in Kecamatan Kembangan Distributing Parcels for Idul Fitri."	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
54	7 September 2010	141/LK-COS/IX/2010	Bapepam - LK	Information Disclosure on the Approval from the Creditors on the Distribution of Interim Dividend from PT Lippo Karawaci Tbk.	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
55	8 September 2010	142/LK-COS/IX/2010	IDX	Monthly Report on the Shareholders Registry per August 31, 2010	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
56	1 October 2010	149/LK-COS/X/2010	IDX	Announcement of the Information Disclosure on the Press Release "PT Lippo Karawaci Tbk obtained the Bond Holders Approval To Pay Dividend"	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
57	11 October 2010	150/LK-COS/X/2010	IDX	Consolidation Report of PT Lippo Karawaci Tbk for the period of 9 months ending September 30, 2010	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
58	4 October 2010	151/LK-COS/X/2010	IDX	Submission of the Press Release "LPKR Senior Management Shares Growth Plan with Investors in UK and Europe"	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
59	5 October 2010	152/LK-COS/X/2010	IDX	Submission of the Press Release "PT Lippo Karawaci Tbk Transforming US\$ 3 billion to US\$ 8 billion"	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
60	11 October 2010	153/LK-COS/X/2010	Bapepam - LK	Management Representation Letter	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
61	11 October 2010	154/LK-COS/X/2010	IDX	Monthly Report on the Shareholders Registry per September 30, 2010	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
62	11 October 2010	155/LK-COS/X/2010	IDX	Submission of the Press Release "LPKR Q3 Revenue & Profit Up 27% and 29% Residential/Township Sales Up 50.5%"	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
63	12 October 2010	156/LK-COS/X/2010	IDX	Submission of the Press Release	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
64	14 October 2010	158/LK-COS/X/2010	Bapepam - LK	Information regarding the Extraordinary General Meeting of the Shareholders of PT Lippo Karawaci Tbk	Bapepam Regulation No. IX.I.1 Regarding Planning and Conducting the General Meeting of Shareholders

Corporate Governance Report

No.	Date	Reference No.	Destination	Subject	Regulation
65	14 October 2010	159/LK-COS/X/2010	IDX	Press Release "LPKR Two Global Corporate Actions worth Rp 4.51 Trillion"	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
66	15 October 2010	160/LK-COS/X/2010	Bapepam - LK	Information Disclosure of PT Lippo Karawaci Tbk	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
67	15 October 2010	161/LK-COS/X/2010	IDX	Stock Exchange Request for Clarification No : S-06380/IDX PPJ/10-2010	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
68	15 October 2010	162/LK-COS/X/2010	Bapepam - LK	Extraordinary General Meeting of the Shareholders of PT Lippo Karawaci Tbk	Bapepam Regulation No. IX.I.1 Regarding Planning and Conducting the General Meeting of Shareholders
69	15 October 2010	163/LK-COS/X/2010	Bapepam - LK	Information Disclosure of PT Lippo Karawaci Tbk	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
70	20 October 2010	165/LK-COS/X/2010	IDX	Submission of the Press Release "LPKR to Refinance 2011 Bonds to Boost Growth. Expected 2% – 5% Cumulative Savings"	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
71	20 October 2010	167/LK-COS/X/2010	IDX	Request for the approval for the Schedule of the Company's Right Issue III.	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
72	20 October 2010	169/LK-COS/X/2010	Bapepam - LK	Information Disclosure	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
73	21 October 2010	171/LK-COS/X/2010	IDX	Distribution of Interim Dividen	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
74	22 October 2010	172/LK-COS/X/2010	IDX	Press Release "LPKR pays Interim Dividend Rp 2.88/ share"	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
75	22 October 2010	173/LK-COS/X/2010	IDX	Request for the approval for the Schedule of the Company's Right Issue III.	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
76	22 October 2010	174/LK-COS/X/2010	Bapepam - LK	Revision of the Plan for Extraordinary General Meeting of the Shareholders of PT Lippo Karawaci	Bapepam Regulation No. IX.I.1 Regarding Planning and Conducting the General Meeting of Shareholders
77	22 October 2010	175/LK-COS/X/2010	Bapepam - LK	Coverin Letter for the Registratio Statement for Right Issue III, PT Lippo Karawaci Tbk	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
78	22 October 2010	177/LK-COS/X/2020	Bapepam - LK	Proof of Announcement of "Information to the Shareholders regarding the Schedule and Procedure of Distribution of the Interim Dividend of PT Lippo Karawaci Tbk"	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
79	25 October 2010	179/LK-COS/X/2010	IDX	Form E 005 Distribution of Interim Dividend of PT Lippo Karawaci Tbk	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
80	25 October 2010	180/LK-COS/X/2010	Bapepam - LK	Proof of the Information regarding Extraordinary General Shareholder Meeting	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately

No.	Date	Reference No.	Destination	Subject	Regulation
81	25 October 2010	181/LK-COS/X/2010	Bapepam - LK	Proof of Announcement of "Information to the Shareholders Regarding the Abridged Prospectus of Right Issue III without Preemptive Rights	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
82	25 October 2010	182/LK-COS/X/2010	IDX	Revision of the submission of the announcement No : 180/LK-COS/X/2010	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
83	25 October 2010	183/LK-COS/X/2010	Bapepam - LK	Proof of the Information regarding Information Disclosure	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
84	25 October 2010	184/LK-COS/X/2010	IDX	Submission of the Press Release "LPKR Rp 2,379 T Rights Issue Formally Launched to fund the Growth/Enhance Earnings	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
85	26 October 2010	185/LK-COS/X/2010	IDX	The Schedule of Right Issue III of PT Lippo Karawaci Tbk.	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
86	27 October 2010	188/LK-COS/X/2010	IDX	Public Expose di tahun 2010	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
87	28 October 2010	191/LK-COS/X/2010	IDX	Information Disclosure, Submission of the Press Release "Lippo's hospital subsidiary won a Global Award "	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
88	1 November 2010	195/LK-COS/XI/2010	IDX	Public Expose PT Lippo Karawaci Tbk	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
89	1 November 2010	197/LK-COS/XI/2010	IDX	Invitation to the Hearing for the Right Issue III and Material Transaction of PT Lippo Karawaci Tbk.	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
90	3 November 2010	199/LK-COS/XI/2010	IDX	Submission of the Press Release "LPKR Buys Top Jambi Hospital in US\$18 million Investment to Boost Hospital Strategy. Anticipates another Acquisition soon"	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
91	8 November 2010	210/LK-COS/XI/2010	IDX	Submission of the Materials for the Public Expose of PT Lippo Karawaci Tbk.	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
92	9 November 2010	211/LK-COS/XI/2010	Bapepam - LK	Submission of the Proof of the Invitation for the Extraordinari General Shareholder Meeting on November 9, 2010.	Bapepam Regulation No. IX.I.1 Regarding Planning and Conducting the General Meeting of Shareholders
93	9 November 2010	212/LK-COS/XI/2010	Bapepam - LK	Monthly Report on the Shareholders Registry per October 31, 2010	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
94	10 November 2010	213/LK-COS/XI/2010	IDX	Submission of the Press Release on First REIT	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
95	11 November 2010	214/LK-COS/XI/2010	IDX	Submission of the Press Release on the Public Expose	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission

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No.	Date	Reference No.	Destination	Subject	Regulation
96	11 November 2010	215/LK-COS/XI/2010	IDX	Result of the Public Expose of PT Lippo Karawaci Tbk	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
97	15 November 2010	221/LK-COS/XI/2010	Bapepam - LK	Cover Letter regarding the Changes or Additional Information on the Registration Statement of the Right Issue III of PT Lippo Karawaci Tbk	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
98	15 November 2010	223/LK-COS/XI/2010	IDX	Submission of the Information Disclosure for the Press Release "LPKR Buys Top Balikpapan Hospital in USD26 million Investment to Boost Hospital Strategy"	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
99	15 November 2010	224/LK-COS/XI/2010	IDX	Submission of the Information Disclosure for the Press Release "Health Minister Awards LPKR's Siloam Hospitals the Only International Hospital in Indonesia"	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
100	16 November 2010	225/LK-COS/XI/2010	IDX	Response to the IDX Letter No. S-07099/IDX PPJ/11-	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
101	22 November 2010	231/LK-COS/XI/2010	Bapepam - LK	Extraordinary General Meeting of the Shareholders of PT Lippo Karawaci	Bapepam Regulation No. IX.I.1 Regarding Planning and Conducting the General Meeting of Shareholders
102	22 November 2010	232/LK-COS/XI/2010	Bapepam - LK	Proof of Revision of Announcement of the Invitation to the Extraordinary General Meeting of the Shareholders of PT Lippo Karawaci	Article 12 of the Company's Article of Association
103	22 November 2010	240/LK-COS/XI/2010	Bapepam - LK	Management Representation Letter	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
104	23 November 2010	241/LK-COS/XI/2010	Bapepam - LK	Extraordinary General Meeting of the Shareholders of PT Lippo Karawaci	Bapepam Regulation No. IX.I.1 Regarding Planning and Conducting the General Meeting of Shareholders
105	23 November 2010	242/LK-COS/XI/2010	Bapepam - LK	Proof of Revision of Announcement of the Invitation to the Extraordinary General Meeting of the Shareholders of PT Lippo Karawaci	Article 12 of the Company's Article of Association
106	24 November 2010	251/LK-COS/XI/2010	Bapepam - LK	Announcement of the Extraordinary General Meeting of the Shareholders of PT Lippo Karawaci	Bapepam Regulation No. IX.I.1 Regarding Planning and Conducting the General Meeting of Shareholders
107	24 November 2010	252/LK-COS/XI/2010	Bapepam - LK	Proof of Revision of Announcement of the Invitation to the Extraordinary General Meeting of the Shareholders of PT Lippo Karawaci	Article 12 of the Company's Article of Association
108	24 November 2010	260/LK-COS/XI/2010	IDX	Announcement of the information disclosure of the Press Release "SP Increases LPKR Ratings to B+ for the Sales of Residential Estates, Hospital and Malls Businesses"	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission

No.	Date	Reference No.	Destination	Subject	Regulation
109	25 November 2010	263/LK-COS/XI/2010	Bapepam - LK	Proof the announcement of the Final Abridged Prospectus for Right Issue III of PT Lippo Karawaci Tbk. Iklan Prospektus Ringkas Final Penawaran	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
110	25 November 2010	264/LK-COS/XI/2010	Bapepam - LK	Cover Letter regarding the Changes or Additional Information on the Registration Statement of the Right Issue III of PT Lippo Karawaci Tbk	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
111	26 November 2010	267/LK-COS/XI/2010	IDX	Request for the Listing of the additional shares of PT Lippo Karawaci Tbk.	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
112	26 November 2010	269/LK-COS/XI/2010	Bapepam - LK	Cover Letter regarding the Changes or Additional Information on the Registration Statement of the Right Issue III of PT Lippo Karawaci Tbk	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately
113	29 November 2010	271/LK-COS/XI/2010	IDX	Submission of the information Disclosure	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
114	30 November 2010	275/LK-COS/XI/2010	Bapepam - LK	Submission of the Result of the Extraordinary General Meeting of the Shareholders on November 29, 2010	Bapepam Regulation No. IX.I.1 Regarding Planning and Conducting the General Meeting of Shareholders
115	30 November 2010	276/LK-COS/XI/2010	Bapepam - LK	Submission of the Proof of the announcement of the result of the Extraordinary General Meeting of the Shareholders of PT Lippo Karawaci Tbk on November 29, 2010	Bapepam Regulation No. IX.I.1 Regarding Planning and Conducting the General Meeting of Shareholders
116	30 November 2010	278/LK-COS/XI/2010	IDX	Additional information for the Listing of Additional Shares	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
117	1 December 2010	279/LK-COS/XII/2010	IDX	Form E 009 the Issuance of the Pre-Emptive Rights	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
118	8 December 2010	284/LK-COS/XII/2010	IDX	Announcement of the information disclosure of the Press Release "Indonesian Property Expert and Lippo Director Elected To Lead FIABCI Asia Pacific"	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
119	16 December 2010	288/LK-COS/XII/2010	IDX	Submission of the Press Release on the Financial Projection	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
120	17 December 2010	289/LK-COS/XII/2010	IDX	Informasi Disclosure on "LPKR on the Ground breaking of the 8th hospital in Makassar worth USD 26 million"	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission
121	29 December 2010	291/LK-COS/XII/2010	IDX	Report on the Result of the conversion of the preemptive rights to the shares of LPKR	IDX Regulation No. I-E Kep-306/BEJ/07-2004 Regarding Obligation of Information Submission

Corporate Governance Report

Below is a list of the Company's press releases throughout 2010:

List of Press Releases in 2010

No.	Date	News
1.	24 February	Siloam Hospital Launches "Siloam Medivac"
2.	3 March	PT Lippo Karawaci's Large Scale Integrated Development, Kemang Village, Tops Off First Construction
3.	18 March	St. Moritz's Rp 1 Trillion Luxurious Apartment Sold Out
4.	30 March	LPKR's Income in 2009 Reached Rp 2.6 Trillion and Net Profit Rp 388 Billion
5.	6 April	PT Lippo Karawaci Tbk Plans to Issue US Dollar Global Bonds
6.	4 May	LPKR Increases Capital by issuing 1.7 Billion New Shares to Strengthen its Capital Structure
7.	31 July	The St. Moritz Launched a New Tower, The New Royal Suite Tower, Prospective Consumers Have Been in Queue to Purchase
8.	2 August	The New Royal Suite Tower was Sold 60% Within 4 Hours
9.	3 August	PT Lippo Karawaci Tbk Booked a Rp 1.5 Trillion Revenue for Semester I 2010, Rose by 8%
10.	20 August	Roadshow Lippo Karawaci Attracts World-class Investors
11.	2 September	PT Lippo Karawaci Tbk Shares Love with 1,431 Orphans and Underprivileged residents of Kecamatan Kembangan, Distributing Parcels for Idul Fitri
12.	8 September	PT Lippo Karawaci Tbk Board Approves Dividend Policy
13.	15 September	PT Lippo Karawaci Tbk Ready to Divest Asset to First REIT
14.	1 October	PT Lippo Karawaci Tbk Obtains Bondholders' Approval to Pay Dividend
15.	1 October	The New Royal Suite Tower Exclusive Units at the St. Moritz Penthouses & Residences Launched
16.	4 October	PT Lippo Karawaci Senior Management Shares Growth Plan to Investors in UK and Europe
17.	5 October	PT Lippo Karawaci Tbk Transforming US\$ 3 Billion to US\$ 8 Billion
18.	11 October	LPKR's Q3 Revenue and Profit Up 27% and 29%, Residential/Township Sales Up 50.5%
19.	14 October	LPKR in Two Global Corporate Actions Worth Rp 4.51 Trillion
20.	20 October	LPKR to Refinance 2011 Bonds to Boost Growth. Expecting a Cumulative Saving of 2% – 5%
21.	25 October	LPKR Rp 2.379 Trillion Rights Issue Formally Launched to Fund Growth/Enhance Earnings
22.	3 November	LPKR Buys Top Jambi Hospital in US\$ 18 Million Investment to Boost Hospital Strategy. Anticipates Another Acquisition soon.
23.	10 November	SGX Approves First REIT Acquisition of Two Assets Affiliated to LPKR Worth SGD 205.5 Million
24.	11 November	LPKR Moving Forward on Its Transformational Journey Growing from US\$ 3 Billion to US\$ 8 Billion
25.	15 November	Health Minister Awards LPKR's Siloam Hospitals as the Only International Hospital in Indonesia
26.	15 November	LPKR Buys Top Balikpapan Hospital in US\$ 26 Million Investment to Boost Hospital Strategy
27.	29 November	99.8% Shareholders Overwhelmingly OK'd Rp 2.379 Trillion LPKR Rights Issue to Fund Hospitals, Malls, and Home Sales Strategy
28.	8 December	Indonesian Property Expert and Lippo Director Elected to Lead FIABCI Asia Pacific
29.	16 December	LPKR 2011 Projection: Total Profits Rp 701 Billion, Up 33.5%. Revenues Rp 3.725 Trillion, Up 24.1%

Investor Relations

In ensuring good relations with investors are maintained, the Company's Investor Relations is dedicated to sustaining transparency with valued investors, capital market authorities, analysts, rating agencies and other parties relevant to the Company's

business. As a means to support this function, the Company regularly participates in roadshows. Throughout 2010, the Company took part in 30 roadshows throughout Asia and across Europe and the United States.

List of Roadshows in 2010

Date	Event	Venue	Organiser
18 - 19 January	Nomura ASEAN Corporate Day	Singapore	Nomura
02 - 04 February	CITI 7 th Annual Asia Pacific Investor Conference 2010	Hong Kong	CITI
10 March	UBS Indonesia Conference 2010	Jakarta	UBS
19 - 21 April	APREA Property Leaders Forum 2010	Singapore	APREA
27 - 28 April	CITI Asia-Pacific Property Conference	Singapore	CITI
11 - 14 May	Hong Kong Investors Summit	Hong Kong	Morgan Stanley
19 - 21 May	4 th Annual Asian Stars Conference	Singapore	Bank of America Merrill Lynch (BoAML)
24 - 25 May	Daiwa Investment Conference	London	Daiwa
03 - 04 June	Financial & Property Conference 2010	Singapore	Daiwa
07 - 08 June	7th Asia Equity Forum	Singapore	Nomura
14 June	Non Deal Roadshow	Tokyo	Daiwa
04 August	CITI Indonesia Conference	Jakarta	CITI
06 August	ASEAN Corporate Conference	Hong Kong	BNP Paribas
09 - 12 August	Non-Deal Roadshow	Hong Kong, Singapore, Tokyo	BoAML
01 - 02 September	ASEAN & India Conference 2010	Singapore	UBS
10 - 20 September	Non-Deal Roadshow	Europe	BoAML
28 - 29 September	Non-Deal Roadshow	Hong Kong	BoAML
19 October	Indonesia Conference	Hong Kong	CITI
18 - 22 October	CLSA ASEAN Corporate Access Days	Europe	CLSA
25 - 26 October	Non-Deal Roadshow	HongKong, Singapore	BoAML
27 October	Macquarie Result Luncheon	Singapore	Macquarie
03 - 04 November	Real Indonesia Conference	Balikpapan	Macquarie
08 - 10 November	HSBC Asia Investor Forum	New York, Boston	HSBC
11 November	Investor Summit	Jakarta	IDX
09 - 10 November	9 th Annual Asia Pacific Summit	Singapore	Morgan Stanley
18 - 19 November	Daiwa Investment Conference	Hong Kong	Daiwa
29 - 30 November	Global Property Series Conference	Hong Kong	Macquarie
01 December	Deutsche Bank Indonesia Day	Jakarta	Deutsche Bank
01 - 04 December	Non-Deal Roadshow	New York	CLSA
02 - 03 December	Global Property Series Conference	New York	Macquarie

Corporate Governance Report

Code of Conduct

The Company has developed a code of ethics at work and in carrying out duties in dealing with the Company's partners in a set of code of conduct approved by the BOD.

All members of the Company, without exception, must adhere to the code of conduct to ensure that corporate values and principles are institutionalised and are in line with international standards so as to improve accountability and transparency and abide by existing regulations.

The code of conduct has been socialised to all members and is continuously reiterated at various events held for the Company members and during orientation for new members.

The following are highlighted in the code of conduct:

1. Integrity
Every staff member of the Company must uphold integrity and in every performance of their duties. Integrity demands honesty which is irreplaceable.
2. Gifts and other assistance
To maintain professionalism, staff members are prohibited from accepting gifts from any party for personal gain, family or other parties outside of the Company.
3. Conflict of interest
Staff members must avoid any situation that may cause conflict between the Company's and personal interest.
4. Human Resources
The Company is committed to providing equal opportunities to all staff members regardless of gender, ethnic group, or religious belief and strives to create a conducive working environment.

5. Confidential Information

All staff members are prohibited from disclosing confidential information or any information pertinent to the Company's businesses. To support this regulation, the Company requires that all staff members complete and sign an Information Disclosure Statement form, which is done every year or if deemed required by the BOD of the Company.

Openness

Ownership of Shares in the Company

Each member of the BOC and the BOD do not own shares in the Company.

Litigation

In 2010, there were no law suits/legal charges that significantly affect the Company's businesses.

Conflict of Interest

In 2010, there were no transactions that could result in conflict of interest as regulated by Bapepam-LK.

Business Risks

In the course of running its business activities, the Company is exposed to several business risks, which may affect the Company's performance. Based on their potential for having most significant impact on the Company's performance, the risks are identified as follows:

Risks Related to Property Business

1. Risk of Increased Interest Rate May Affect Demand for Property of the Company
Increase in interest rates in Indonesia has the potential to affect or hinder the flow of the Company's property development.
2. Risk in Property Market Fluctuation
The real estate industry in Indonesia is in a cycle that is affected by changes in the conditions of domestic and regional economies, which includes availability of funds, interest rates, demand for products such as housing, commercial property, retail or properties in industrial.

3. Discontinuation of Current Projects and Suspension of Planned Projects

The Company's success and financial performance depend upon its ability to identify, develop, market and sell projects combining source of funds and timely funding needs. The Company faces risk in the delay in obtaining the required permit, availability of raw materials, increase in construction cost, natural calamities, and dependency upon third party contractor as well as the risk of decline in market demand while projects are being developed.

4. Risk in Increased Competition in Indonesia's Property Market

The properties that will be developed in the future by the Company will face competition from other property developers in terms of location, facilities, supporting infrastructure, services and price. Increased competition amongst property developers may result in an increase in land acquisition price and cause oversupply of properties which will then affect the Company's profits.

5. Risk of Only Partially Obtaining the Permits to Operate the Company's Businesses

Each of the Company's business unit requires permits in order to operate. In the event where the Company fails to acquire such permits, there will be risks of being sanctioned by the Government such as closure of business, fines or jail sentence.

6. Risk of Being Dependent on Contracting Agencies

The Company appoints third party contractors to execute urban development projects, residential and retail, which among others consist of construction work, peeling and foundation, establishment and installation, interior design, air conditioning installation, elevator, park and

landscaping. Payment arrangements with contractors are mainly fixed amounts. However, if construction cost exceeds the agreed fixed/predetermined amount, contractors usually may renegotiate with the Company for an increase in payment and the Company must cover such additional cost so that the contractor can conclude the construction work. In addition to that, there lies a risk that the contractor may face financial difficulties or other challenges which may affect the contractor's capability to conclude the construction and subsequently cause a delay in the completion of the project or create additional costs that must be borne by the Company.

7. Risk in Development of New Property Construction

The development of new construction poses certain risk to the Company's business, such as short of stock in raw materials or quality manpower, technical issues, environment or geological factors. Strike, litigation, weather, flood or unanticipated increase in cost may result in a delay in the completion of the project and increase in cost.

Risks Related to Healthcare Business

1. Risk of Inability to Recruit and Maintain Medical Personnel

Operational activities of the Company's hospital business highly depend on the capabilities and skills of its doctors' medical personnel. The Company highly competes with other hospitals, especially those within close proximity to the Company's hospitals, in terms of recruiting and maintaining the doctors and medical personnel. According to regulations, the hospital is not yet permitted to outsource medical personnel who have not yet possessed a Practice License from the Ministry of Health of Indonesia.

Corporate Governance Report

2. Risk of Malpractice and Litigation toward the Company's Hospital Business

The Company's hospitals face risks of confronted claims both from medical and legal perspectives and/or action(s) from the authorities in relation to medical services provided by the Company's hospitals. When such claims occur, it may affect the reputation of the hospitals and/or the doctor(s) who are employed there by the Company.

3. Risk of Environmental Effluence Within the Company's Hospital Business

Operational activities of the Company require the use of certain materials/chemicals, process or installation that is environmentally regulated or require certain permits. Such materials/chemicals are part of medical sewage or toxic wastes, in which according to the Government's environmental regulations, the Company is required to manage such toxic wastes to avoid environmental pollution or endangering the public. The Company's mismanagement of such toxic wastes may result in the Company being sanctioned to pay fines or pay for damage made toward the public, natural resources or properties surrounding its hospitals.

4. Risk of Emerging External Factors that Implicate the Company's Healthcare Business Unit

The Company's Healthcare business unit depends upon a number of factors that are commonly faced by the healthcare industry. The Company views that challenges within the healthcare industry is providing quality service to patients while managing the costs well. Besides that, the Healthcare business unit and its outputs are affected by factors such as (i) development of technology and pharmacy that are able to reduce the need for medical service, (ii) demographical

changes, and (iii) changes in the distribution of medical service or other factors that may increase cost of medical service. The number of patients and revenue generated by medical facilities of the Company are affected by the economy as well as a cycle that is caused by several factors namely (i) unemployment rate, (ii) weather conditions and cycle of diseases, (iii) competition, and (iv) other factors such as a patient's decision to undergo certain medical treatment.

Risks Related to Retail Business

1. Risk of Business Crisis in the Retail Industry in Indonesia

Historically, the Company develops retail projects and commercial spaces based on strata title. The Company now develops property in retail and commercial, where the Company still possess both land and property rights in which retail and commercial spaces will be leased. The Company's financial performance highly relates to the economic condition and property industry in Indonesia, especially for the retail sector. Demand for retail and commercial spaces thus far is very much affected by the weakening of national, regional and local economic conditions; decrease in the financial conditions of major retail companies; consolidation of the retail sector in Indonesia; oversupply of retail spaces in certain regions in Indonesia; increase in consumerism through catalogues and the internet; change in the tenants' mode of sales from occupying retail spaces to e-commerce; changes in tax regulations; and changes in Government regulations.

2. Risk of Losing Anchor Tenant(s)

Each mall has anchor tenant(s). The Company's ability to sell and lease spaces in the Company's malls will decline if it loses an anchor tenant.

Risks Related to the Hotel Industry

A number of factors, which implicate the hotel industry and are beyond the Company's control, may bring out negative implications to the Company's Hospitality and Infrastructure business units such as: terrorism, emergence of contagious diseases, increase in air ticket prices and other costs or other factors that may reduce the amount of tourists or business travellers; increase in competition against other hotels that may reduce level of occupancy and revenue; increase in costs due to inflation, increment in employees' salaries or increase in other costs; conditions outside of Indonesia that are not conducive to the country's tourism climate and business travel, and economic conditions at national or regional where the Company's hotel is located; changes in the Government regulations that may affect validity of permits needed to operate the Company's hotel; and negative effects from the crisis in the hotel industry.

Other Risks

1. Risk of Funding Unavailability

The Company requires external funding to cover capital for business operations or purchase capital to expand business. The Company's ability to obtain funding and costs from funds will depend on the economic condition and capital markets, interest rates, availability of funds from banks or other creditors, the Bank of Indonesia's policies in terms of distribution of credit to the property sector as well as other factors.

2. Risk of Dependency on the Regional Government in the Renewal of the Company's Agreements

Continuity of some of the Company's agreements will depend on license renewal issued by the Regional Government. For instance, the Company operates the Aryaduta Hotel Pekanbaru in accordance with the Cooperation Agreement

No.55 dated 17 September 1993 (Build, Operate Transfer/BOT Agreement) between the Company and the Regional Government. The BOT Agreement provides rights for the Company to build and operate the hotel, but not land rights. The term for the BOT Agreement is 25 years, with an option for a 10-year renewal, however there is no guarantee that the Regional Government will approve the renewal of the BOT Agreement.

3. Risk of Fluctuation in Rupiah Exchange Rates Against Foreign Currencies

The Company is exposed to fluctuations in Rupiah exchange rates against foreign currencies such as US Dollar. Profit or loss from discrepancies in exchange rates will affect net profit of the Company. For the purpose of preparing a consolidated financial statement, accounts in the financial statement of the Company's subsidiaries that are located outside of Indonesia must be converted to Rupiah so there will be discrepancies in exchange rates. Fluctuation in Rupiah exchange rate against foreign currency, due to discrepancies in exchange rates, will bring about negative implications toward the Company's financial condition and output.

4. Additional Expenses Relating to Environmental Problems

The Company must adhere to the laws and policies that regulate the environment, which among others require owner of real estate to monitor and clean up toxic wastes from the property area. According to regulations, property owners must cover the cleaning cost of toxic wastes and the costs related to this are likely significant. Should there be negligence from the property owner's side in this regard, this will cause fines or other sanctions being imposed.

Audit Committee Report

Lippo Karawaci, 1 February 2011

To.
The Board of Commissioners
PT Lippo Karawaci Tbk
Menara Matahari 22nd Floor
7 Boulevard Palem Raya
Lippo Karawaci Central
Tangerang 15811

Dear Commissioners,

Re: Audit Committee Report

In compliance with the requirement stipulated in the Decree of the Chairman of the Capital Market Supervisory Board No. KEP-29/PM/2004 regarding the Establishment and Operational Guidance of the Audit Committee and the Decision of the Board of Directors of PT Bursa Efek Jakarta No. Kep-305/BEJ/07/2004 regarding the Listing of Stocks and Equities Other than Stocks issued by Listed Companies, we as the Audit Committee Report of activities held during 2010.

In conducting the audit, the Audit Committee studied the Company's financial statements, observed accounting policies, procedures and integrated control within the operational activities, and held intensive discussions with the management, internal audit and Public Accountant who audited on the Company's book.

To fulfill the obligation to disclose the report of the Audit Committee's review in the Company's Annual Report, we hereby state as follows:

1. To the best of our knowledge, the Company's Financial Statements were prepared in accordance with the generally accepted accounting principles in Indonesia.
2. Throughout 2010, the Company has continuously performed improvements and amendments on internal control to mitigate risks and to align with the Company's business complexity and diversity. In 2010, the Audit Committee directed the Company's internal audit to be more focused on operational audit, particularly those with largest impact to the Company's financial soundness, and to adhere to and comply with the Company's internal policy and procedure as well as the prevailing law and regulations.
3. The Board of Commissioners has appointed Aryanto, Amir Jusuf, Mawar dan Saptoto, an independent Registered Public Accountant to conduct an audit on the consolidated Financial Statements of PT Lippo Karawaci Tbk and its subsidiaries for the year ended December 31, 2010, pursuant to the authority granted by the Shareholders in the Annual General Shareholders Meeting held on May 3, 2010.

The Audit Committee duly submits this report.

Your sincerely,



Adrianus Mooy
Chairman



Lie Kwang Tak
Member



Isnandar R. Ali
Member

Audit Committee



Adrianus Mooy
Chairman

Mr. Adrianus Mooy, has dedicated his life in the service of the government of Indonesia. He formerly served as Governor of Indonesia's Central Bank, Ambassador to the European Communities, Alternate Governor for Indonesia at the Asian Development Bank, and Deputy Head of BAPPENAS, and has held various advisory roles as the Senior Advisor of Asian Development Bank, Indonesia's Central Bank, UNSFIR, SEACEN Center, United Nations ESCAP and the Government of Indonesia, as well as being a lecturer at the Faculty of Economics at Universitas Indonesia. Mr. Adrianus Mooy earned his Bachelor of Science in Economics from Universitas Gajah Mada, Yogyakarta and holds a Master of Science degree and a Ph.D degree in Economics from the University of Wisconsin, USA.



Lie Kwang Tak
Member

Mr. Lie Kwang Tak, posses wide experiences from many prominent roles he had assumed in a range of businesses, which allowed him to provide valuable insights to the Company's overall management and business operations. His previous prominent positions included President Commissioner of PT Trisenta Interior Manufacturing and Commissioner of PT Nusantara Cemerlang. In addition to being a member of the Audit Committee of the Company, He concurrently holds several other focal positions as the Commissioner of PT Trimas Garment Industry, Commissioner of PT Trisula Garment Industry, Director of Trisula Corporation, Director of Southern Cross Textile and Shareholder of PT BAS – Consultant. Mr. Lie Kwang Tak obtained his Bachelor of Accounting from Universitas Indonesia.



Isnandar R. Ali
Member

Mr. Isnandar Rachmat Ali, holds an extensive experience in managing a number of major business sectors which undoubtedly have brought added value to the Company's diverse business operations. He served a number of executive positions both in the Lippo Group and beyond such as Independent Commissioner of PT Lippo Securities, Director of Compliance of PT Tokai Lippo Bank, Vice President Director of PT Bank Bhumi Bahari as well as President Director and Commissioner of PT Hilex Indonesia. He earned his Bachelor Economics degree from Universitas Krisnadwipayana, pursued His postgraduate studies in Business Administration from Fullerton State University, Fullerton, California, USA and postgraduate studies in Management from Universitas Krisnadwipayana. He also obtained His doctorate from Universitas Negeri Jakarta.

Remuneration Committee Report

Lippo Karawaci, 25 January 2011

To.
The Board of Commissioners
PT Lippo Karawaci Tbk
Menara Matahari 22nd Floor
7 Boulevard Palem Raya
Lippo Karawaci Central
Tangerang 15811

Dear Commissioners,

Re: Remuneration Committee Audit

The establishment of the Remuneration Committee is part of the implementation of the Good Corporate Governance in providing a competitive remuneration package. The Remuneration Committee was established to assist the Board of Commissioners in performing its duties to determine the remuneration system and its implementation for the members of the Board of Commissioners and Directors.

Composition of the Remuneration Committee of PT Lippo Karawaci Tbk. ('Committee') is as follows:

Chairman : Theo L. Sambuaga
Member : Farid Harianto
Member : Jonathan L. Parapak
Member : Viven G. Sitiabudi

Responsibilities and duties of the Committee are as follows:

1. To conduct a formal meeting at least once a year.
2. To ensure an adequate remuneration system and to determine the remuneration for the Board of Commissioners and Directors of PT Lippo Karawaci Tbk, including the reward and fringe benefits, if applicable, for the members of the Board of Commissioners as well as the salary, bonus and parting package (in case of retirement or resignation) for the Board of Directors.
3. Resolutions are made by 3 votes out of 4, in a Committee meeting or by a circular letter. In the absence of a Committee member, the Chairman of the Committee (or two other Committee members if the Chairman is absent) shall ask the President Director, or another Director appointed by the President Director, to fill-in on the vacant position temporarily until the respective Committee member can resume his function, or until a new Committee member has been appointed by the Board of Commissioners.

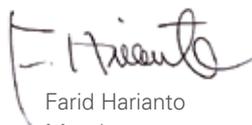
The Remuneration Committee prepared the remuneration budget for the Board of Commissioners and Directors based on the Company's performance and contribution of members, which reflect the performance of the Board of Commissioners and Directors.

The Remuneration Committee held a meeting on 1 November 2010 to determine the budget allocation for reward and fringe benefits for the Board of Commissioners as well as the salaries and other benefits for the Board of Directors. The gross remuneration for the Board of Commissioners and Director of the Company in 2010 amounted to Rp 26,299,353,314 (twenty six billion two hundred ninety nine million three hundred fifty three thousand three hundred fourteen).

Remuneration Committee of PT Lippo Karawaci Tbk.



Theo L. Sambuaga
Chairman



Farid Harianto
Member



Jonathan L. Parapak
Member



Viven G. Sitiabudi
Member

Remuneration Committee



Theo L. Sambuaga
Chairman

Mr. Theo L. Sambuaga has served as the Minister of National Housing and Minister of Labor where he gained abundant insights and experiences which can be beneficial for the real estate development project of the Company as he can provide differing points of view that add to success for the Company's planned projects. As a member of the People's Consultative Assembly, he is conversant with many of the socio-economic and regional issues that affect Indonesia. Mr. Theo L. Sambuaga obtained his undergraduate degree in Social and Political Studies from Universitas Indonesia, and graduate degree from the School of Advanced International Studies, Johns Hopkins University, USA.



Farid Harianto
Member

Mr. Farid Harianto has many years of experience in the financial industry. His experiences include the appointment as advisor to the Governor of Bank Indonesia. He concurrently serves as Commissioner of PT Unggul Indah Cahaya Tbk. His previous positions include, among others, Chairman of the Indonesian Rating Agency (PT PEFINDO), Vice Chairman of the Indonesian Banking and Restructuring Agency, and Commissioner of the Indonesia Clearing and Guarantee Corporation (PT KPEI). Mr. Farid Harianto's social positions include being a member of the Asian Executive Advisory Board of the Wharton School and Senior Advisor to the Institute for Human Virology and Cancer Biology at Universitas Indonesia, and consultant at several large corporations in Indonesia and international organizations. Mr. Farid Harianto obtained his undergraduate degree in Electrical Engineering from Institut Teknologi Bandung (ITB), while his Master degree in Applied Economic and his Ph.D with distinction was obtained from the Wharton School of the University of Pennsylvania, USA.

Viven G. Sitiabudi
Member

Mrs. Viven G. Sitiabudi has an outstanding career in many companies. Her experiences in general management, corporate planning and marketing brought the success to Lippo Karawaci. She is now also the Executive Director and CEO of the Lippo-Mapletree Indonesia Retail Trust Management Ltd. She pioneered PT Lippo Life Insurance and assumed the position of President Director until 1995. Under her leadership, PT Lippo Life Insurance successfully established its



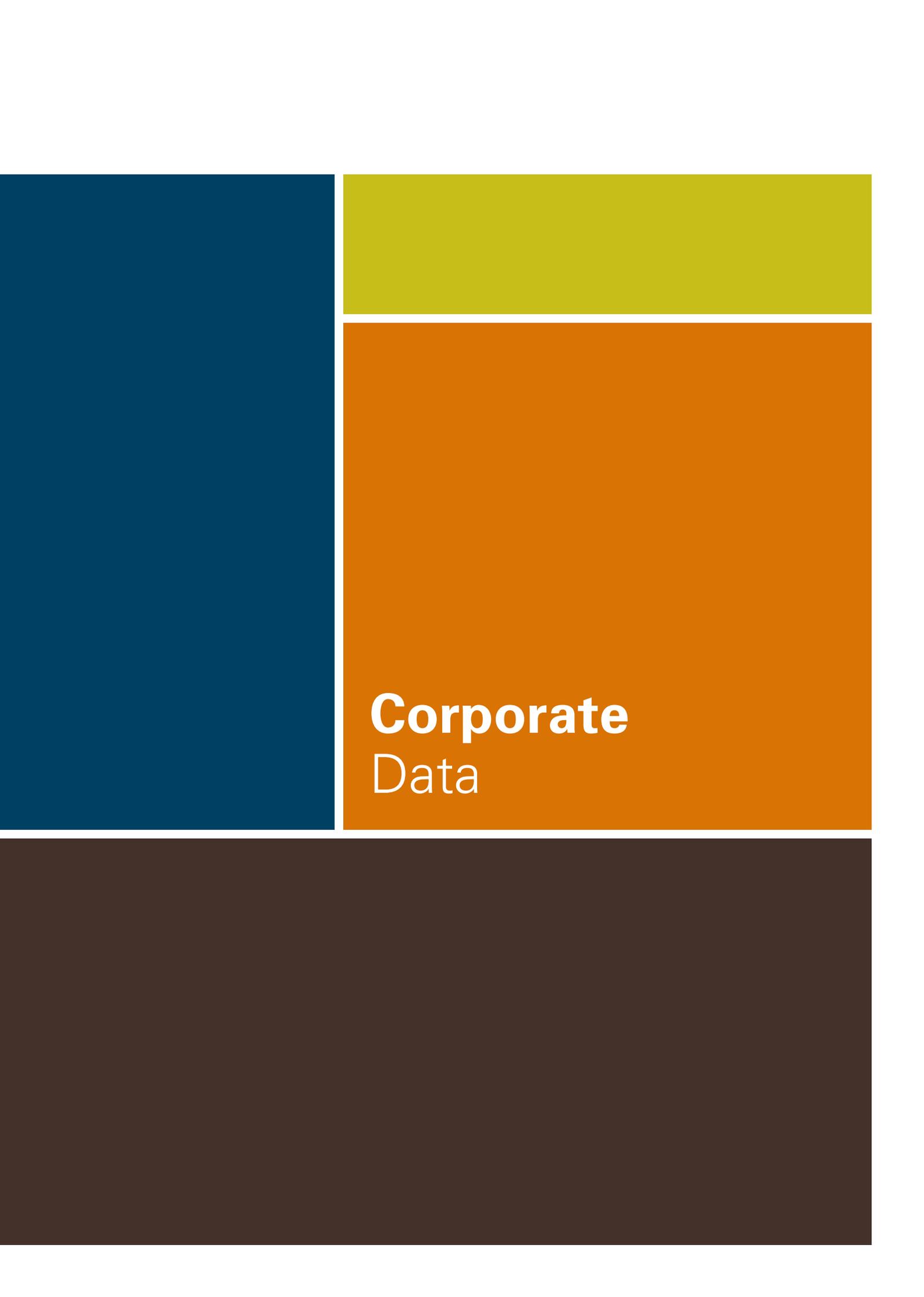
Jonathan L. Parapak
Member

Mr. Jonathan L. Parapak has extensive experience in large private and state-owned enterprises in Indonesia. His former positions include, among others, as President Director of PT Indosat Tbk and a member of the People's Consultative Assembly. In addition to his current position as Commissioner of Lippo Karawaci, he is also the Commissioner of PT AsiaNet and PT Broadband Multimedia. He had become a Commissioner of PT Multipolar Tbk and PT Matahari Putra Prima Tbk. Mr. Jonathan L. Parapak earned his Bachelor of Engineering and Master of Engineering Science degree from University of Tasmania, Australia.

position as one of the largest life insurance companies in Indonesia and initiated its Initial Public Offering. Previously, Mrs. Viven G. Sitiabudi was the CEO of Legal and General Australia's operations in Indonesia and Vice President Director of Allianz Life Indonesia. Mrs. Viven G. Sitiabudi graduated from the University of New South Wales, Australia with a degree in Computer Science and Statistics.





The image shows a cover design for 'Corporate Data'. It features a dark blue vertical bar on the left, a light green horizontal bar at the top right, a large orange rectangle in the center right containing the text 'Corporate Data', and a dark brown horizontal bar at the bottom. The text is in a white, sans-serif font.

Corporate
Data

Projects / Business Units Addresses

Urban Development



Lippo Village
Marketing Gallery,
Menara Matahari 1st Floor
7 Boulevard Palem Raya
Lippo Village Sentral
Tangerang 15811
Banten, Indonesia
Tel. 62 (21) 5420 3636
Fax. 62 (21) 5420 3535



Royal Serpong Village
Ruko WTC No. 5833, Jatiuwung
Jl. Raya Serpong No. 39 Serpong
Tangerang 15326
Banten, Indonesia
Tel. 62 (21) 537 6420
Fax. 62 (21) 537 6435



Easton Commercial Centre
Jl. Gn. Penderman Kav. 05
Lippo Cikarang
Bekasi 17550, Indonesia
Tel. 62 (21) 897 2484, 897 2488
Fax. 62 (21) 897 2039, 897 2493



Plaza Semanggi
Gedung Veteran 7th Floor
Kawasan Bisnis Granada
Jl. Jend. Sudirman Kav. 50
Jakarta 12930, Indonesia
Tel. 62 (21) 574 5501
Fax. 62 (21) 574 5503



Tanjung Bunga
Jl. Metro Tanjung Bunga Kav. 3-5
Tanjung Bunga
Makassar 90134
South Sulawesi, Indonesia
Tel. 62 (411) 811 3456
Fax. 62 (411) 811 3494

Large Scale Integrated Development



City of Tomorrow
Jl. Jend. Achmad Yani No.1
Surabaya
East Java, Indonesia
Tel. 62 (31) 827 3888
Fax. 62 (31) 827 3666



Kemang Village
Jl. Pangeran Antasari No. 36
Jakarta 12150, Indonesia
Tel. 62 (21) 725 5999
Fax. 62 (21) 726 6999



The St. Moritz Penthouses &
Residences
Jl. Boulevard Puri Indah Raya Bl. U1
Puri Indah CBD
West Jakarta, Indonesia
Tel. 62 (21) 5577 7775
Fax. 62 (21) 5835 8607

Retail Malls



Pejaten Village
 Jl. Warung Jati Barat No. 39
 Jati Padang, Pasar Minggu
 Jakarta, Indonesia
 Tel. 62 (21) 728 7011, 781 5818



City of Tomorrow
 Jl. Jend. Achmad Yani No. 288
 Surabaya 60234
 East Java, Indonesia
 Tel. 62 (31) 827 5888



Bandung Indah Plaza
 Jl. Merdeka No. 56
 Bandung 40115
 West Java, Indonesia
 Tel. 62 (22) 423 0850, 424 0336



Plaza Medan Fair
 Jl. Jend. Gatot Subroto No. 30
 Medan 20113
 North Sumatera, Indonesia
 Tel. 62 (61) 414 1888



PX Pavilion@The St. Moritz
 Jl. Boulevard Puri Indah Raya Bl. U1
 Puri Indah CBD
 West Jakarta, Indonesia
 Tel. 62 (21) 5835 1076



The Plaza Semanggi
 Kawasan Bisnis Granadha
 Jl. Jend. Sudirman Kav. 50
 Jakarta 12930, Indonesia
 Tel. 62 (21) 527 5878, 2553 6325



Istana Plaza
 Jl. Pasir Kaliki No. 121-123
 Bandung
 West Java, Indonesia
 Tel. 62 (22) 600 0404, 600 0100



WTC Matahari
 Jl. Raya Serpong No. 39, Serpong
 Tangerang 15326
 Banten, Indonesia
 Tel. 62 (21) 5315 5656



Pluit Village
 Jl. Pluit Raya Indah 3rd Floor
 Jakarta 14450, Indonesia
 Tel. 62 (21) 668 3888/3634 - 22



Gajah Mada Plaza
 Jl. Gajah Mada No. 19 - 26
 Jakarta 10310, Indonesia
 Tel. 62 (21) 6385 8888, 633 6866



Ekalokasari Plaza
 Jl. Siliwangi No. 123
 Bogor 16142
 West Java, Indonesia
 Tel. 62 (251) 831 8788, 838 7275



Mal Lippo Cikarang
 Jl. M.H. Thamrin
 Lippo Cikarang, Bekasi 17550
 West Java, Indonesia
 Tel. 62 (21) 897 2535 - 37



Sun Plaza
 Jl. H. Zainul Arifin No. 7
 Medan 20152
 North Sumatera, Indonesia
 Tel. 62 (61) 450 1000 / 888



Cibubur Junction
 Jl. Jambore No. 1
 Kec. Ciracas - Cibubur
 Jakarta 13720, Indonesia
 Tel. 62 (21) 8775 5678, 873 3339



Bellanova Country Mall
 Jl. M.H. Thamrin No. 8
 Bukit Sentul Selatan
 Bogor 16810
 West Java, Indonesia
 Tel. 62 (21) 8792 3888



Metropolis Town Square
 Jl. Hartono Raya, Modern
 Kota Modern
 Tangerang 15117
 Banten, Indonesia
 Tel. 62 (21) 5574 8384

Projects / Business Units Addresses

Retail Malls

DEPOK TOWN SQUARE

Depok Town Square
Jl. Margonda Raya No. 01
Pondok Beji
Depok 16424
West Java, Indonesia
Tel. 62 (21) 7887 0101



Tamini Square
Jl. Taman Mini Raya
Pinang Ranti
Jakarta, Indonesia
Tel. 62 (21) 8778 5888



Binjai Supermall
Jl. Soekarno Hatta No.14
Binjai 20731
North Sumatera, Indonesia
Tel. 62 (61) 882 5111
62 (61) 7734 7171/7373

PALLADIUM MALL

Grand Palladium Medan
Jl. Kapten Maulana Lubis No. 3
Petisan Tengah Medan 20112
North Sumatera, Indonesia
Tel. 62 (61) 451 7106



GTC Makassar
Ruko GA 8 No. 35-36
Jl. Metro Tanjung Bunga
Makassar 90134
South Sulawesi, Indonesia
Tel. 62 (411) 811 4088

GRAND MAL BEKASI

Grand Mal Bekasi
Jl. Jend. Sudirman
Medan Satria
Bekasi 17143
West Java, Indonesia
Tel. 62 (21) 885 5328



Kramat Jati Indah Plaza
Jl. Raya Bogor Km. 19
Kramat Jati
Jakarta 13510, Indonesia
Tel. 62 (21) 809 5558
62 (21) 809 5577



Malang Town Square
Jl. Veteran No. 2
Malang
East Java, Indonesia
Tel. 62 (341) 575 761



Palembang Square
Jl. Angkatan 45, R63 - R65
Palembang
South Sumatera, Indonesia
Tel. 62 (711) 380 001, 378 313-4

Healthcare



Siloam Hospitals

Siloam Hospitals
Lippo Village,
Indonesia's First
Internationally
Accredited Hospital



Siloam Hospitals Lippo Village
Jl. Siloam No. 6, Lippo Village 1600
Tangerang 15811
Banten, Indonesia
Tel. 62 (21) 546 0055
Fax. 62 (21) 546 0921

Siloam Hospitals



Siloam Hospitals Kebon Jeruk
Jl. Raya Perjuangan Kav. 8, Kebon Jeruk
Jakarta 11530, Indonesia
Tel. 62 (21) 530 0888
Fax. 62 (21) 530 0876

Siloam Hospitals

Siloam Hospitals Surabaya
Jl. Raya Gubeng No. 70
Surabaya 60281
East Java, Indonesia
Tel. 62 (31) 503 1333
Fax. 62 (31) 503 1533

Siloam Hospitals



Siloam Hospitals Lippo Cikarang
Jl. M.H. Thamrin Kav. 105, Lippo Cikarang
Bekasi 17550
West Java, Indonesia
Tel. 62 (21) 8990 1088
Fax. 62 (21) 8990 0022

Siloam Hospitals

Semanggi Specialist Clinic

Semanggi Specialist Clinic
Veteran Building 7th Floor, Plaza Semanggi
Jl. Jend. Sudirman Kav. 50
Jakarta 12930, Indonesia
Tel. 62 (21) 2553 9326
Fax. 62 (21) 2553 9325

Hotels

HOTEL ARYADUTA JAKARTA

Hotel Aryaduta Jakarta
Jl. Prapatan 44-48
Jakarta 10110, Indonesia
Tel. 62 (21) 2352 1234
Fax. 62 (21) 2351 8600

HOTEL ARYADUTA SEMANGGI

Hotel Aryaduta Semanggi
Jl. Garnisun Dalam No. 8
Karet Semanggi
Jakarta 12930, Indonesia
Tel. 62 (21) 251 5151
Fax. 62 (21) 251 4090

HOTEL ARYADUTA LIPPO VILLAGE

Hotel Aryaduta Lippo Village
Jl. Boulevard Jend. Sudirman No. 401
Lippo Village 1300
Tangerang 15611
Banten, Indonesia
Tel. 62 (21) 546 0101
Fax. 62 (21) 546 0201

HOTEL ARYADUTA MEDAN

Hotel Aryaduta Medan
Jl. Kapten Maulana Lubis No. 8
Medan 20112
North Sumatera, Indonesia
Tel. 62 (61) 457 2999
Fax. 62 (61) 457 1999

HOTEL ARYADUTA PEKANBARU

Hotel Aryaduta Pekanbaru
Jl. Diponegoro No. 34
Pekanbaru 28116
Riau, Indonesia
Tel. 62 (761) 44 200
Fax. 62 (761) 44 210

HOTEL ARYADUTA PALEMBANG

Hotel Aryaduta Palembang
Jl. POM IX, Palembang Square
Palembang 30137
South Sumatera, Indonesia
Tel. 62 (711) 383 838
Fax. 62 (711) 377 900

HOTEL ARYADUTA MAKASSAR

Hotel Aryaduta Makassar
Jl. Somba Opu No. 297
Makassar 90111
South Sulawesi, Indonesia
Tel. 62 (411) 870 555
Fax. 62 (411) 870 222



Shima Japanese Restaurant
Main Lobby - Aryaduta Hotel Jakarta
Jl. Prapatan No. 44-48,
Jakarta 10110, Indonesia
Tel. 62 (21) 3852233, 3844926,
62 (21) 2311234 ext. 88159/88199

Leisure



Benton Junction
Jl. Boulevard Palem Raya No. 38
Lippo Village
Tangerang 15811,
Banten, Indonesia
Tel. 62 (21) 547 2307 / 547 2308
Fax. 62 (21) 5421 1176



Permata Sports Club
Jl. Taman Permata No. 301
Lippo Village
Tangerang
Banten, Indonesia
Tel. 62 (21) 591 5966



Grand Bowling
Mall WTC Matahari 5th Floor
Jl. Raya Serpong No. 39, Serpong
Tangerang 15326
Banten, Indonesia
Tel. 62 (21) 5315 4730
Fax. 62 (21) 5315 4732



Imperial Klub Golf
Jl. Pulau Golf 2709
Lippo Village
Tangerang 15811
Banten, Indonesia
Tel. 62 (21) 546 0120
Fax. 62 (21) 546 0121



Puncak Resor
Jl. Hanjarwar, Desa Sukanagalih
Pacet, Cipanas
West Java, Indonesia
Tel. 62 (263) 515 001
Fax. 62 (263) 515 020



Balai Serpong
WTC Matahari - Serpong
Jl. Raya Serpong No. 39
Tangerang 15326
Banten, Indonesia
Tel. 62 (21) 5315 5656
Fax. 62 (21) 5315 5757

Managed by Hotel Aryaduta :



La Collina Italian Restaurant
San Diego Hills Memorial Park
Exit Tol Karawang Barat Km. 46
West Java, Indonesia
Tel. 62 (267) 845 3333
Fax. 62 (267) 845 4575



Grand Chapel
UPH Tower C 6th Floor
Lippo Village, Tangerang
Banten, Indonesia
Tel. 62 (21) 546 6623, 546 6239
Fax. 62 (21) 5420 2897



Water Boom Lippo Cikarang
Jl. Madiun Kav. 115
Lippo Cikarang
Bekasi
West Java, Indonesia
Tel. 62 (21) 8990 7814, 8990 9467
Fax. 62 (21) 8990 9469

Projects / Business Units Addresses

Infrastructure



Town Management Services
2121 Boulevard Gajah Mada # 01-01
Lippo Cyber Park, Lippo Village
Tangerang 15811
Banten, Indonesia
Tel. 62 (21) 5579 0190/91
Fax. 62 (21) 5579 7111/17



Potable & Waste Water Management
2121 Boulevard Gajah Mada # 01-01
Lippo Cyber Park, Lippo Village
Tangerang 15811
Banten, Indonesia
Tel. 62 (21) 5579 0190/91
Fax. 62 (21) 5579 7111/17



PT Dinamika Intertrans
2121 Boulevard Gajah Mada # 01-01
Lippo Cyber Park, Lippo Village
Tangerang 15811
Banten, Indonesia
Tel. 62 (21) 5579 0190/91
Fax. 62 (21) 5579 7111/12



Home Care Unit
2121 Boulevard Gajah Mada # 01-01
Lippo Cyber Park, Lippo Village
Tangerang 15811
Banten, Indonesia
Tel. 62 (21) 5579 0190/91
Fax. 62 (21) 5579 7111/17

Supporting Professional & Institutions

Registered Public Accountant

Aryanto, Amir Jusuf, Mawar & Saptoto (AAJ Associates)
Plaza ABDA 10th & 11th Floor
Jl. Jend. Sudirman Kav. 59
Jakarta 12190, Indonesia

Legal Consultant

Makes & Partners Law Firm
Menara Batavia 7th Floor
Jl. K.H. Mas Mansyur Kav. 126
Jakarta 10220, Indonesia

Share Registrar

PT Sharestar Indonesia
Citra Graha 7th Floor
Jl. Gatot Subroto Kav. 35-36
Jakarta 12950, Indonesia

Profile of the Board of Commissioners



Theo L. Sambuaga
President Commissioner

Mr. Theo L. Sambuaga, age 61, has served as the Minister of National Housing and Minister of Labor where he gained abundant insights and experiences which can be beneficial for the real estate development project of the Company as he can provide differing points of view that add to success for the Company's planned projects. As a member of the People's Consultative Assembly, he is conversant with many of the socio-economic and regional issues that affect Indonesia. Mr. Theo L. Sambuaga obtained his undergraduate degree in Social and Political Studies from Universitas Indonesia, and graduate degree from the School of Advanced International Studies, Johns Hopkins University, United State of America (USA).



Surjadi Soedirdja
Vice President Commissioner

Mr. Surjadi Soedirdja, age 72, in his extensive work experience has acquired a broad knowledge for urban development. He serves concurrently as a Senior Advisor to PT Krakatau Steel. He had served as Coordinating Minister for Political, Social and Security Affairs and as Minister of Home Affairs, and was also a former Governor of Jakarta. Prior to his political career, Mr. Surjadi Soedirdja had a distinguished career in the Indonesian Armed Forces, retiring with the rank of General.



Agum Gumelar
Independent Commissioner

Mr. Agum Gumelar, age 65, is a decorated Armed Forces General, with over 30 years of experience in managing large scale organizations and complex operations. He also has a sound reputation in developing and implementing national policies in the infrastructure, transportation and national security sectors. Mr. Agum Gumelar had served as both the Minister of Transportation and Telecommunications and the Coordinating Minister for Political Affairs, Social and Security. In addition to his military educations, Mr. Agum Gumelar also holds a Master of Science degree in Management from American World University, USA.



Tanri Abeng
Independent Commissioner

Mr. Tanri Abeng, age 68, brings his vast experience in the government sector, large multinational corporations and Good Corporate Governance to Lippo Karawaci. His former positions, among others, are as Commissioner of the Jakarta Stock Exchange, Minister of State-Owned Enterprises and member of the People's Consultative Assembly, other than serving as Chairman of PT Multi Bintang Indonesia and PT British American Tobacco Indonesia. He concurrently serves as President Commissioner of PT Telkom Indonesia Tbk, Chairman of the Executive Center for Global Leadership, Co-chairman of the Indonesia-Malaysia Business Council, and member of the Non-Aligned Movement Business Council. Mr. Tanri Abeng earned his MBA degree from the State University of New York, and completed the Advanced Management Program of Claremont Graduate School, Los Angeles, USA.

Profile of the Board of Commissioners



Farid Harianto

Independent Commissioner

Mr. Farid Harianto, age 58, has many years of experience in the financial industry. His experiences include the appointment as advisor to the Governor of Bank Indonesia. He concurrently serves as Commissioner of PT Unggul Indah Cahaya Tbk. His previous positions include, among others, Chairman of the Indonesian Rating Agency (PT PEFINDO), Vice Chairman of the Indonesian Banking and Restructuring Agency, and Commissioner of the Indonesia Clearing and Guarantee Corporation (PT KPEI). Mr. Farid Harianto's social positions include being a member of the Asian Executive Advisory Board of the Wharton School and Senior Advisor to the Institute for Human Virology and Cancer Biology at Universitas Indonesia, and consultant at several large corporations in Indonesia and international organizations. Mr. Farid Harianto obtained his undergraduate degree in Electrical Engineering from Institut Teknologi Bandung (ITB), while his Master degree in Applied Economic and his Ph.D with distinction was obtained from the Wharton School of the University of Pennsylvania, USA.



Jonathan L. Parapak

Independent Commissioner

Mr. Jonathan L. Parapak, age 68, has extensive experience in large private and state-owned enterprises in Indonesia. His former positions include, among others, as President Director of PT Indosat Tbk and a member of the People's Consultative Assembly. In addition to his current position as Commissioner of Lippo Karawaci, he is also the Commissioner of PT AsiaNet and PT Broadband Multimedia. He had become a Commissioner of PT Multipolar Tbk and PT Matahari Putra Prima Tbk. Mr. Jonathan L. Parapak earned his Bachelor of Engineering and Master of Engineering degree from University of Tasmania, Australia.



Adrianus Mooy

Independent Commissioner

Mr. Adrianus Mooy, age 74, has dedicated his life in the service of the government of Indonesia. He formerly served as Governor of Indonesia's Central Bank, Ambassador to the European Communities, Alternate Governor for Indonesia at the Asian Development Bank, and Deputy Head of BAPPENAS, and has held various advisory roles as the Senior Advisor of Asian Development Bank, Indonesia's Central Bank, UNSFIR, SEACEN Center, United Nations ESCAP and the Government of Indonesia, as well as being a lecturer at the Faculty of Economics at Universitas Indonesia. Mr. Adrianus Mooy earned his Bachelor of Science in Economics from Universitas Gajah Mada, Yogyakarta and holds a Master of Science degree and a Ph.D degree in Economics from the University of Wisconsin, USA.



Viven G. Sitiabudi

Commissioner

Mrs. Viven G. Sitiabudi, age 55, has an outstanding career in many companies. Her experiences in general management, corporate planning and marketing brought the success to Lippo Karawaci. She is now also the Executive Director and CEO of the Lippo-Mapletree Indonesia Retail Trust Management Ltd. She pioneered PT Lippo Life Insurance and assumed the position of President Director until 1995. Under her leadership, PT Lippo Life Insurance successfully established its position as one of the largest life insurance companies in Indonesia and initiated its Initial Public Offering. Previously, Mrs. Viven G. Sitiabudi was the CEO of Legal and General Australia's operations in Indonesia and Vice President Director of Allianz Life Indonesia. Mrs. Viven G. Sitiabudi graduated from the University of New South Wales, Australia with a degree in Computer Science and Statistics.

Profile of the Board of Directors



Ketut Budi Wijaya
President Director

Mr. Ketut Budi Wijaya, age 55, has brought his in-depth expertise in accounting and corporate finance to Lippo Karawaci. Prior to joining the Company, Mr. Ketut Budi Wijaya held various executive positions within the Lippo Group, including PT Matahari Putra Prima Tbk, PT Multipolar Tbk, and PT Bank Lippo Tbk. He had also worked for PT Bridgestone Tire Indonesia and Darmawan & Co. Public Accountants.



Tjokro Libianto
Director

Mr. Tjokro Libianto, age 51, is very knowledgeable in land development regulations and requirements for its successful development. He has been instrumental in negotiating most of the Lippo Group's land acquisitions and is expected to perform this function again in the future. He was formerly the Administrative and Finance Manager of PT Dwi Satya Utama in Surabaya, as well as PT Tifa Finance and PT Tifa Securities. Mr. Tjokro Libianto holds a degree in Accountancy from Universitas Brawijaya, Malang.



E. Yudhistira Susiloputro
Director

Mr. Yuke E. Susiloputro, age 51, has a long tenure in the property business. He started his career at PT Lippo Cikarang Tbk in 1992, and was appointed as President Director in 1999, and Commissioners of PT Lippo Cikarang Tbk in 2007. Mr. E. Yudhistira Susiloputro's social responsibilities include serving as Head of the New Township Development in the Indonesian Real Estate Association and the Chairman of the Indonesian Industrial Estate Association for Infrastructure Facilities Development. He is also the President Director of the International Zone Area (Special Economic Zone), Bekasi, West Java. In December 2010, he is appointed as the Vice President of the International Real Estate Federation FIABCI. Mr. E. Yudhistira Susiloputro earned a Bachelor of Architecture degree from the Southern California Institute of Architecture Santa Monica, California, USA.



Jopy Rusli

Director

Mr. Jopy Rusli, age 48, has used his architectural talent and experience to create and effectively market many of Lippo Karawaci's successful projects. A former Project Designer with Trittipio & Associates in San Diego, California, USA and Project Manager and Designer with the Pacific Architecture and Planning Group, San Diego, California, Mr. Jopy Rusli has also served as Director of PT Califa Pratama, a subsidiary of Gunung Sewu and Duta Anggada Realty. Mr. Jopy Rusli obtained his Bachelor's degree in Architecture from the University of Oregon, and has an MBA degree in Real Estate from the National University, San Diego, USA.



Djoko Harjono

Director

Mr. Djoko Harjono, age 52, started his career as Engineer in several reputable construction companies in United States (1983 - 1994). Prior to joining the Company in 2005 as Project Director, he has held several key positions within the Lippo Group since 1994 until 2002, and was appointed as Director of PT. Matahari Putra Prima Tbk for Property and Business Development in 2002 until 2005. Mr. Djoko Harjono earned his Bachelor of Science, Master of Business Administration and Master of Science in Civil Engineering from San Jose State University, California.

Profile of the Senior Executives



Gordon Benton, OBE

Mr. Gordon Benton, age 78, has extensive experience in urban planning, city management, conceptual architectural and construction design, and project and municipal management. Mr. Gordon Benton has a distinguished career in several countries, including Scotland, Kenya, Iran, the Indian sub-continent and many Southeast Asian countries. He also had the distinction of being named an Officer of the Most Excellent Order of the British Empire by Queen Elizabeth II. Mr. Gordon Benton is a member of the Singapore, Malaysian and Royal Institute of British Architects. In addition to having won several awards and citations in architectural design competitions in Pakistan, Kuala Lumpur, Singapore and Indonesia, he has been an active member of the St. Andrew's Societies in Brunei, Singapore and Indonesia.



Gershu Paul

Dr. Gershu Paul, age 51, brings his extensive knowledge of the public health sector and senior executive level experience in diverse sectors including change management to Lippo Karawaci. He has earned his Medical Degree from the University of Bangalore, India. In addition, he has a Diploma in Sports Studies, an MBA from the University of Otago, New Zealand and the Executive Program at Harvard Medical School, USA. He is also a member of the Royal Australasian College of Medical Administrators.



David Clare

Mr. David Clare, age 62, has extensive experience with commercial and membership based organisations from his broad exposure in the property, retail, leisure and tourism sectors in Australia and Asia. He currently serves as the Technical Advisor for Mall Management and Marketing of Lippo Karawaci's Retail Malls Division. Prior to joining the Company, his previous career experience included Director of PDC Consulting, Senior Director for Retail Asset Services of CB Richard Ellis in Queensland, Development General Manager of Skyrail-ITM (Hong Kong) Ltd, Chief Executive and Secretary of Royal National Agricultural and Industrial Association of Queensland Incorporated (RNA). He was also appointed as Queensland General Manager of the Gandel Group, Director and General Manager of Amposc Pty. Ltd., General Manager of Myer Centre Brisbane, Director of Hewsea Pty. Ltd., and Senior Centre Manager of Westfield Holdings Ltd. He was an Associate in Retail Management Institute at Australian Institute of Management, while also holding Licensed Real Estate Agent (Queensland) and Justice of the Peace for Queensland and New South Wales.



Mark Robert Farquhar

Mr. Mark Robert Farquhar, age 40, holds an outstanding record in project developments for local and international companies. Prior to joining Lippo Karawaci as Technical Advisor for Retail Leasing, he was the Senior National Director and Regional Senior Retail Committee of Savills South East Asia, the National Director for the Transaction Division, Associate Director for the Agency & Retail Division and Head of Commercial Department of Savills Vietnam Ltd. in Hanoi. He was also a Project Leasing Director of Jones Lang Lassalle Western Australia, State Asset Manager of Macquarie Bank as well as Portfolio Manager and Central/Leasing Manager of FPD Savills Western Australia who was in charged in leasing and management of shopping centre. He obtained his Bachelor of Commerce in Property & Finance from Curtin University of Western Australia. Mr. Mark Robert Farquhar also holds the Real Estate and Business Agents License from Real Estate Institute of Western Australia.

Profile of the Senior Executives



Jessy Quantero

Ms. Jessy Quantero, age 56, had served in several strategic positions within the Lippo Group since 1990 before serving as CEO of Aryaduta Hotel since 2009. After seven years of dedication in PT Bank Lippo Tbk with the last position as Deputy Regional Office Head, she was appointed as Director of PT Siloam Gleneagles Health Care Tbk., then as Director of Siloam HealthCare Group until 2006. Between 2006-2009, she served as Director of Kemang Village. Prior to joining Lippo Group, Ms. Jessy Quantero had worked as External Auditor at Price Waterhouse & Co., and General Manager at PT. Zindo Utama (Vespa Group). She earned her Degree in Accounting from Universitas Trisakti in 1988.



Juergen Fischer

Mr. Juergen Fischer, age 53, has far-reaching knowledge in hotel and tourism from his working experience in Europe, Middle East, Caribbean and Asia. He has been the Chief Operating Officer of Aryaduta Hotel since 2007. Prior to joining Aryaduta Hotel, he had been holding several managerial positions at Swiss-Belhotel International, Nakamanda Resort & Spa, Gloria International Hotels China, Aerowisata International Hotels and Legend Resort. He gained his working experience from well-known hotels such as Patra (Bali), Royal Garden Marriot (Thailand) and Dorint Sport Hotel (Biesdorf, Germany).



Mark Wong

Mr. Mark Wong, age 63, is an experienced banker, stockbroker and venture capitalist specializing in Indonesia financial markets in the last 30 years. He came to Indonesia as Country Representative for the five largest Singapore Banks in the mid 70's. He was involved in the ADB study which resulted in the establishment of the Indonesian Capital Markets and help co-found two securities companies. He participated in the formative years of the Indonesian Venture Capital industry and helped create the AMVI (Asosiasi Modal Ventura Indonesia) and later on facilitated its founding role in APVCA (Asia Pacific Venture Capital Alliance) in which he currently held board positions. Prior to joining Lippo Karawaci, Mr. Mark Wong was involved in a variety of merger and acquisition transactions and financial advisory. Besides being active in business, professional and community service organizations, he currently holds Board positions in the International Business Chamber and the Singapore Chamber of Commerce, which he co-founded. Mr. Mark Wong is a business graduate from the University of Singapore and University of Pennsylvania, USA.



Julie McCoughan

Ms. Julie McCaughan, age 48, has notable contribution in leading Siloam Hospitals Group to be an international standard hospital. She joined Lippo Karawaci as Director of Clinical Improvements at Siloam Hospitals Group since 2005. Ms. Julie McCaughan also plays a major role in the development of Universitas Pelita Harapan School of Nursing, and The Mochtar Riady Comprehensive Cancer Center in Central Jakarta. Prior to joining Siloam Hospitals, Ms. Julie McCaughan worked at St. John of God Healthcare (SJGHC), Murdoch, Western Australia for more than a decade and enhanced her capability while serving in various strategic assignment and position. She obtained a Master Degree in Business Administration from University of Newcastle, New South Wales, Australia in 2009 and certification on several medical specializations from prestigious hospitals in Australia.

Profile of the Senior Executives



Susanto

Mr. Susanto, age 41, is an experienced finance and accounting professional. Starting his career in Prasetio, Utomo & Co. – Arthur Andersen, he later joined Lippo Group in 2000 as Finance and Accounting Division Head of Lippo Karawaci. In 2001, he was appointed as Director of PT Lippo Cikarang Tbk and in August 2004, he was appointed as Chief Controller of Lippo Karawaci. Mr. Susanto holds an Accounting degree from STIE “YAI”, Jakarta.



Jenny Kuistono

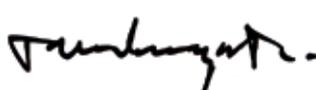
Mrs. Jenny Kuistono, age 48, has an impressive track record of excellent service within the Lippo Group. She was appointed to the position of Corporate Secretary of Lippo Karawaci in 2004. Adept and knowledgeable about the diverse operation of Lippo, she had worked as President Director and Commissioner of PT Sharestar Indonesia, Director of PT Multifiling Mitra Indonesia, General Manager of PT Jasa Century Permai Nusantara (JCPENNY) and was Director of PT Multipolar Tbk until July 2004. Mrs. Jenny Kuistono graduated from Universitas Trisakti, Jakarta with an Electronic Engineering degree.

Responsibility for the 2010 Annual Report

The Board of Commissioners and Board of Directors of PT Lippo Karawaci Tbk have reviewed and are fully responsible for this 2010 Annual Report, including the accompanying financial statements and related financial information.

Lippo Village, February 2011

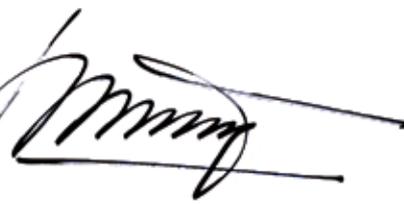
Board of Commissioners



Theo L. Sambuaga
President Commissioner



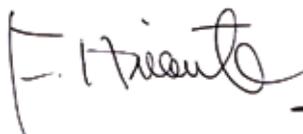
Surjadi Soedirdja
Vice President Commissioner



Agum Gumelar
Independent Commissioner



Tanri Abeng
Independent Commissioner



Farid Harianto
Independent Commissioner



Jonathan L. Parapak
Independent Commissioner



Adrianus Mooy
Independent Commissioner



Viven G. Sitiabudi
Commissioner

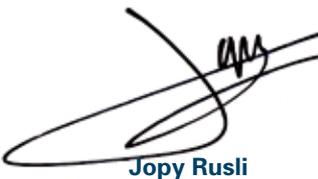
Board of Directors



Ketut Budi Wijaya
President Director



Tjokro Libianto
Director



Jopy Rusli
Director



E. Yudhistira Susiloputro
Director



Djoko Harjono
Director



The cover features a dark blue vertical bar on the left, an orange horizontal bar at the top right, a large brown rectangular area in the center-right, and a yellow-green horizontal bar at the bottom. The text "Financial Report" is positioned in the bottom-left corner of the brown area.

Financial
Report

RSM! AAJ Associates

PT LIPPO KARAWACI Tbk AND SUBSIDIARIES

Independent Auditor's Report
and
Consolidated Financial Statements
for the Years Ended
31 December 2010 and 2009

Aryanto, Amir Jusuf, Mawar & Saptoto
Registered Public Accountants



**DIRECTOR'S STATEMENT
ON
THE RESPONSIBILITY FOR PT LIPPO KARAWACI TBK
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2010**

We the undersigned:

- | | |
|---|--|
| 1. Name | : Ketut Budi Wijaya |
| Address | : Menara Matahari Lt. 22
Jln. Bulevar Palem Raya No. 7
Lippo Karawaci, Tangerang 15811 |
| Residential Address
(as in identity card) | : Jln. Percetakan Negara II/3
Johar Baru, Jakarta Pusat. |
| Telephone | : (021)2566 9000 |
| Title | : President Director |
| | |
| 2. Name | : Tjokro Libianto |
| Address | : Menara Matahari Lt. 22
Jln. Bulevar Palem Raya No. 7
Lippo Karawaci, Tangerang 15811 |
| Residential Address
(as in idemntity card) | : Kembang Agung V F 2/55
Rt 002/Rw 005 Kembangan Selatan
Jakarta Barat |
| Telephone | : (021)2566 9000 |
| Jabatan | : Director |

State that:

1. We are responsible for the preparation and the presentation of the consolidated financial statements of PT Lippo Karawaci Tbk ("the Company");
2. The Company's consolidated financial statements have been prepared and presented in accordance with generally accepted accounting principles in Indonesia;
3. a. All information contained in the Company's consolidated financial statements is complete and correct;
b. The Company's consolidated financial statements do not contain misleading material information or facts and do not omit material information or facts; and
4. We are responsible for the Company's internal control system.

This statement is issued to the best of our knowledge and belief.

Lippo Karawaci, 25 January 2011

PT Lippo Karawaci Tbk

A



Ketut Budi Wijaya
President Director

Tjokro Libianto
Director

This report is originally issued in Indonesian language

Number : R/020-E.AGA/9.2/2011

Kantor Akuntan Publik
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Independent Auditors' Report

The Stockholders, Commissioners and Directors

PT Lippo Karawaci Tbk

We have audited the accompanying consolidated balance sheets of PT Lippo Karawaci Tbk and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of PT Gowa Makassar Tourism Development Tbk, a subsidiary, for the years ended December 31, 2010 and 2009, which reflected total assets of Rp 358,990 million and Rp 305,636 million as of December 31, 2010 and 2009, respectively, and total revenue of Rp 118,479 million and Rp 63,013 million for the years then ended, respectively. Those financial statements were audited by other independent auditors, whose reports dated January 24, 2011 and January 28, 2010, respectively, expressed an unqualified opinion thereon. Those reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such subsidiary is based solely on the reports of such other independent auditors.

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

In our opinion, based on our audits and the reports of the other independent auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PT Lippo Karawaci Tbk and subsidiaries as of December 31, 2010 and 2009, and the results of their operations, their changes in stockholders' equity and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Indonesia.

RSM AAJ Associates

This report is originally issued in Indonesian language

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information in attachments I-IV in respect of PT Lippo Karawaci Tbk (parent company only) basic financial statements is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information has been subject to the auditing procedures applied in our audit of the consolidated financial statements and in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.



Didik Wahyudiyanto

Public Accountant License Number: 01.1.0774

Jakarta, January 25, 2011

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

PT LIPPO KARAWACI Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

As of December 31, 2010 and 2009

(Expressed In Full Rupiah, Unless Otherwise Stated)

ASSETS	Notes	2010 Rp	2009 Rp
Cash and Cash Equivalent	2.c, 2.d, 2.x, 3, 35, 37	3,660,087,191,120	1,533,259,921,843
Investments	2.c, 2.e, 2.x, 4, 9, 35, 37	534,223,727,332	498,496,367,809
Trade Accounts Receivable	2.c, 2.g, 2.x, 5, 35, 37		
Third Parties		656,604,474,581	530,422,288,809
<i>(Net of allowance for doubtful accounts of Rp 44,734,119,179 and Rp 52,696,124,794 as of December 31, 2010 and 2009, respectively)</i>			
Related Parties	2.f, 9	5,083,171,699	7,713,338,502
<i>(Net of allowance for doubtful accounts of nil and Rp 749,719,412 as of December 31, 2010 and 2009, respectively)</i>			
Other Accounts Receivable	2.c, 2.g, 2.s, 2.x, 6, 35, 37	141,624,955,538	183,522,948,292
<i>(Net of allowance for doubtful accounts of Rp 6,353,293,962 and Rp 7,135,675,394 as of December 31, 2010 and 2009, respectively)</i>			
Inventories	2.h, 2.m, 7	7,068,539,007,802	5,893,283,214,333
<i>(Net of allowance for decline in inventories value of Rp 39,505,683 as of December 31, 2010 and 2009, respectively)</i>			
Prepaid Taxes and Expenses	2.i, 2.l, 2.u	255,637,355,778	230,805,594,045
Advances	8	699,295,415,957	192,710,855,542
Due from Related Parties	2.f, 2.x, 9, 37	9,373,247,862	12,887,018,903
<i>(Net of allowance for doubtful accounts of Rp 12,255,328,472 and Rp 11,724,811,276 as of December 31, 2010 and 2009, respectively)</i>			
Deferred Tax Assets - Net	2.u, 17.b	72,636,806,041	61,129,611,748
Land for Development	2.h, 2.m, 10	953,759,187,924	985,301,853,498
Investment Properties	2.j, 2.l, 2.m, 2.n, 11	517,985,863,654	421,018,137,130
<i>(Net of accumulated depreciation of Rp 46,246,106,530 and Rp 24,766,419,985 as of December 31, 2010 and 2009, respectively)</i>			
Property and Equipment	2.k, 2.l, 2.n, 12	1,206,374,544,429	1,245,661,350,665
<i>(Net of accumulated depreciation of Rp 808,428,507,527 and Rp 720,751,144,553 as of December 31, 2010 and 2009, respectively)</i>			
Intangible Assets	2.o, 13	104,623,556,841	133,888,176,502
<i>(Net of accumulated amortization of Rp 134,504,453,123 and Rp 105,239,833,462 as of December 31, 2010 and 2009, respectively)</i>			
Other Assets	2.c, 2.x, 14, 33.a, 35, 37	269,536,413,368	197,543,333,175
TOTAL ASSETS		<u>16,155,384,919,926</u>	<u>12,127,644,010,796</u>

See the Accompanying Notes which are an integral part of these Consolidated Financial Statements.

**PT LIPPO KARAWACI Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)**

As of December 31, 2010 and 2009

(Expressed In Full Rupiah, Unless Otherwise Stated)

LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY	Notes	2010 Rp	2009 Rp
LIABILITIES			
Loans	2.c,2.m,2.p, 2.s, 2.x, 35, 37		
Third Parties	15	3,375,862,742,114	2,883,801,146,170
Trade Accounts Payable	2.c, 2.x, 35, 37		
Third Parties		265,820,833,435	284,355,158,707
Related Party	2.f, 9	9,710,280,000	10,152,000,000
Other Accounts Payable	2.c, 2.x, 35, 37	194,951,414,425	139,372,907,832
Accrued Expenses	2.c, 2.t, 2.x, 16, 35, 37	487,353,660,423	480,201,717,418
Taxes Payable	2.u, 17.c	202,293,996,406	148,238,887,532
Advance from Customers	2.t, 2.x, 18, 37	1,678,589,772,974	1,249,951,529,862
Customer Deposit	2.x, 37	27,417,395,136	15,710,783,162
Deferred Income	2.f, 2.t, 9, 19	910,929,546,289	906,835,381,734
Obligations Under Finance Lease	2.l	3,860,271	3,860,271
Due to Related Parties	2.f, 2.x, 9, 37	10,307,468,479	23,643,836,417
Deferred Gain on Sale and Leaseback Transactions	2.l, 20, 33.b	695,637,180,197	584,196,843,025
Estimated Liabilities on Employees' Benefits	2.q, 21	117,089,448,839	112,248,363,748
Total Liabilities		<u>7,975,967,598,988</u>	<u>6,838,712,415,878</u>
MINORITY INTERESTS	2.b	<u>469,508,974,272</u>	<u>401,690,095,653</u>
STOCKHOLDERS' EQUITY			
Capital Stock			
Par Value of Rp 100 per share			
Authorized Capital - 64,000,000,000 and 40,000,000,000 shares as of December 31, 2010 and 2009, respectively			
Issued and Fully Paid - 21,627,689,619 and 17,302,151,695 shares as of December 31, 2010 and 2009, respectively	22	2,162,768,961,900	1,730,215,169,500
Additional Paid in Capital - Net	23	3,244,737,189,310	1,304,222,206,548
Difference in Value from Restructuring Transactions between Entities Under Common Control - Net	2.b, 2.r, 24	19,535,347,265	19,535,347,265
Unrealized Gain on Changes in Fair Value of Available-for-Sale Financial Assets	2.e, 2.x, 4.a, 25, 37	25,583,562,051	58,597,260,712
Difference from Foreign Currency Translations	2.c	3,281,827,017	(3,814,354,758)
Retained Earnings			
Appropriated	26	4,000,000,000	3,000,000,000
Unappropriated		2,250,001,459,123	1,775,485,869,998
Total Stockholders' Equity		<u>7,709,908,346,666</u>	<u>4,887,241,499,265</u>
TOTAL LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY		<u>16,155,384,919,926</u>	<u>12,127,644,010,796</u>

See the Accompanying Notes which are an integral part of these Consolidated Financial Statements.

**PT LIPPO KARAWACI Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME**

For the Years Ended December 31, 2010 and 2009
(Expressed In Full Rupiah, Unless Otherwise Stated)

	Notes	2010 Rp	2009 Rp
NET SALES, SERVICES AND OTHER REVENUES	2.f, 2.t, 9, 27	3,125,312,604,025	2,565,101,010,425
COST OF SALES AND SERVICES	2.t, 28	1,601,542,288,803	1,378,533,339,426
GROSS PROFIT		1,523,770,315,222	1,186,567,670,999
OPERATING EXPENSES	2.t		
Selling	29.a	185,968,223,638	134,910,105,988
General and Administrative	29.b	616,442,769,777	570,950,794,065
Total Operating Expenses		802,410,993,415	705,860,900,053
INCOME FROM OPERATIONS		721,359,321,807	480,706,770,946
OTHER INCOME (EXPENSES)	2.t		
Gain (Loss) on Foreign Exchange - Net	2.c	92,714,434,789	(91,160,995,148)
Penalties Income - Net	30	6,738,739,974	5,852,775,140
Gain on Disposal of Property and Equipment	2.k, 12	6,173,682,595	265,958,104
Interest Income (Expense) - Net	31	(21,502,225,224)	10,819,166,632
Amortization Expenses - Net	2.l, 2.o, 2.x	(49,486,903,223)	(42,177,606,504)
Others - Net	24	(42,899,446,454)	147,131,301,067
Total Other Income (Expense) - Net		(8,261,717,543)	30,730,599,291
INCOME BEFORE EQUITY IN NET EARNINGS OF ASSOCIATES		713,097,604,264	511,437,370,237
EQUITY IN NET EARNINGS OF ASSOCIATES	2.e, 2.x, 4.b	6,156,047,506	15,220,649,633
INCOME BEFORE INCOME TAX EXPENSE		719,253,651,770	526,658,019,870
INCOME TAX (EXPENSE) BENEFIT	2.u, 17.a		
Current		(136,239,927,283)	(82,284,732,636)
Deferred		11,507,194,293	(7,887,894,906)
Total Income Tax Expense		(124,732,732,990)	(90,172,627,542)
INCOME BEFORE MINORITY INTERESTS		594,520,918,780	436,485,392,328
MINORITY INTERESTS IN NET INCOME OF CONSOLIDATED SUBSIDIARIES	2.b	(69,175,132,762)	(48,431,896,701)
NET INCOME		525,345,786,018	388,053,495,627
BASIC EARNINGS PER SHARE	2.v, 32	30.30	22.43

See the Accompanying Notes which are an integral part of these Consolidated Financial Statements.

PT LIPPO KARAWACI Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the Years Ended December 31, 2010 and 2009
 (Expressed In Full Rupiah, Unless Otherwise Stated)

Notes	Issued and Fully Paid in Capital	Additional Paid in Capital - Net	Difference in Value from Restructuring Transactions between Entities Under Common Control- Net	Unrealized Gain (Loss) on Changes in Fair Value of Available-for-Sale Financial Assets	Difference from Foreign Currency Translations	Retained Earnings		Total Stockholders' Equity
						Appropriated	Unappropriated	
	Rp	Rp	Rp	Rp	Rp	Rp	Rp	Rp
BALANCE AS OF DECEMBER 31, 2008	1,730,215,169,500	1,304,222,206,548	149,144,092,881	(145,379,229,804)	71,859,658,640	2,000,000,000	1,388,432,374,371	4,500,494,272,136
Unrealized Gain on Changes in Fair Value of Available-for-Sale Financial Assets	--	--	--	203,976,490,516	--	--	--	203,976,490,516
Difference in Value from Restructuring Transactions between Entities Under Common Control	--	--	(129,608,745,616)	--	--	--	--	(129,608,745,616)
Reserved Fund	--	--	--	--	--	1,000,000,000	(1,000,000,000)	--
Difference from Foreign Currency Translations	--	--	--	--	(75,674,013,398)	--	--	(75,674,013,398)
Net Income	--	--	--	--	--	--	388,053,495,627	388,053,495,627
BALANCE AS OF DECEMBER 31, 2009	1,730,215,169,500	1,304,222,206,548	19,535,347,265	58,597,260,712	(3,814,354,759)	3,000,000,000	1,775,485,869,998	4,887,241,499,265
Unrealized Loss on Changes in Fair Value of Available-for-Sale Financial Assets	--	--	--	(33,013,698,661)	--	--	--	(33,013,698,661)
Reserved Fund	--	--	--	--	--	1,000,000,000	(1,000,000,000)	--
Difference from Foreign Currency Translations	--	--	--	--	7,096,181,775	--	--	7,096,181,775
Limited Public Offering III - Net	432,553,792,400	1,940,514,982,762	--	--	--	--	--	2,373,068,775,162
Interim Dividend	--	--	--	--	--	--	(49,830,196,893)	(49,830,196,893)
Net Income	--	--	--	--	--	--	525,345,786,018	525,345,786,018
BALANCE AS OF DECEMBER 31, 2010	2,162,768,961,900	3,244,737,189,310	19,535,347,265	25,583,562,051	3,281,827,017	4,000,000,000	2,250,001,459,123	7,709,908,346,666

See the Accompanying Notes which are an integral part of these Consolidated Financial Statements.

PT LIPPO KARAWACI Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2010 and 2009
 (Expressed In Full Rupiah, Unless Otherwise Stated)

	2010 Rp	2009 Rp
CASH FLOWS FROM OPERATING ACTIVITIES		
Collection from Customers	3,421,406,787,564	3,281,496,666,236
Payment to Employees	(363,783,374,404)	(323,459,478,619)
Taxes Payment	(383,209,973,393)	(240,185,630,330)
Interest Payments - Net	(451,007,651,518)	(369,372,948,348)
Payment to Suppliers and Third Parties	(2,913,401,562,035)	(2,232,745,043,684)
Net Cash Flows Provided by (Used in) Operating Activities	<u>(689,995,773,786)</u>	<u>115,733,565,255</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Disposal of Property and Equipment	220,929,025,288	3,287,966,850
Dividend Receipt	37,314,903,005	36,271,003,286
Redemption of Investments and Promissory Note	9,400,000,000	10,950,000,000
Placement of Restricted Funds	(30,750,547,164)	(3,680,508,441)
Acquisition of Property and Equipment and Investment Properties	(330,627,012,618)	(164,967,043,144)
Net Cash Flows Used in Investing Activities	<u>(93,733,631,489)</u>	<u>(118,138,581,449)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Proceed from Limited Public Offering III	2,373,068,775,162	--
Net Proceed from Issuance Bond and Bank Loans	721,760,391,601	138,038,243,681
Payment of Obligations Under Finance Lease	--	(197,010,898)
Repayment of Promissory Notes	--	(26,458,030,357)
Cash Received from (Paid to) Related Parties	(3,005,038,778)	16,881,273
Dividend Payment	(49,830,196,893)	--
Repayment of Loans	(88,937,164,665)	(51,223,916,315)
Net Cash Flows Provided by Financing Activities	<u>2,953,056,766,427</u>	<u>60,176,167,384</u>
NET INCREASE IN CASH AND CASH EQUIVALENT	2,169,327,361,152	57,771,151,190
Effect of Foreign Exchanges on Cash and Cash Equivalent at the End of the Year	(42,500,091,875)	(224,428,577,022)
BEGINNING BALANCE OF CASH AND CASH EQUIVALENT	1,533,259,921,843	1,699,917,347,675
ENDING BALANCE OF CASH AND CASH EQUIVALENT	<u>3,660,087,191,120</u>	<u>1,533,259,921,843</u>
Cash and Cash Equivalent at the End of the Year consist of:		
Cash on Hand	5,063,225,418	3,787,993,087
Cash in Banks	502,535,718,067	124,379,295,036
Time Deposits	3,152,488,247,635	1,405,092,633,720
Total	<u>3,660,087,191,120</u>	<u>1,533,259,921,843</u>

See the Accompanying Notes which are an integral part of these Consolidated Financial Statements.

PT LIPPO KARAWACI Tbk AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2010 and 2009
(Expressed In Full Rupiah, Unless Otherwise Stated)

1. General

1.a. The Company's Establishment

PT Lippo Karawaci Tbk (the Company) was established under the name of PT Tunggal Reksakencana on October 15, 1990 based on Deed of Establishment No. 233, made in presence of Misahardi Wilamarta, S.H., a notary in Jakarta. The deed of establishment was approved by the Minister of Justice of the Republic Indonesia in his Decree No. C2-6974.HT.01.01.TH.91 dated November 22, 1991 and published in the State Gazette No. 62, Supplement No. 3593 on August 4, 1992. The Company's article of association have been amended several times, the latest by the Deed of Extraordinary General Meeting of Shareholders Resolution No. 42 dated December 24, 2010, made in presence of Unita Christina Winata, S.H., a notary in Tangerang, concerning the increase of the Company's authorized capital and issued and fully paid in capital. The deed was received by the Minister of Law and Human Rights of the Republic of Indonesia in his decree No.AHU-AH.01.10-00910.Tahun 2011 dated January 11, 2011.

In accordance with article 3 of the Company's articles of association, the Company's scope of activities include real estate, urban development, land purchasing and clearing, land cut and fill, land development and excavation; infrastructure development; planning, developing, leasing, selling, and managing of buildings, houses, offices and industrial estates, hotels, hospitals, commercial centers, sports centers as well as supporting infrastructure, including but not limited to golf courses, club houses, restaurants, other entertainment centers, medical laboratories, medical pharmacies and related facilities, directly or by investment or capital divestment; build and operate environment infrastructure, build and manage public facilities as well as accommodation services, operating activities in services consisting of public transportation, security services and other supporting services, except for legal and taxation services.

As at the reporting date, the main activities of the Company are conducting businesses related to Urban Development, Large Scale Integrated Development, Retail Malls, Healthcare, Hospitality and Infrastructure, and Property and Portfolio Management.

The Company is domiciled in 7 Boulevard Palem Raya # 22-23, Menara Matahari, Lippo Karawaci Central, Tangerang 15811, Banten - Indonesia.

1.b. The Company's Public Stock Offering

The Company's initial public offering of 30,800,000 shares was declared effective by the Chairman of Capital Market and Financial Institution Supervisory Agency (Bapepam-LK) (formerly Capital Market Supervisory Board) in his Decree No. S-878/PM/1996 dated June 3, 1996, and was listed at Indonesia Stock Exchange on June 28, 1996.

Subsequently, the Company offered 607,796,000 shares to its existing stockholders through Limited Public Offering I, as approved by the Decree of the Chairman of Bapepam-LK in his letter No. S-2969/PM/1997 dated December 30, 1997. These shares were listed in Indonesia Stock Exchange on January 16, 1998.

On July 30, 2004, the Company acquired and merged with several companies. As part of the merger, the Company issued 1,063,275,250 new shares, and then the Company's total outstanding shares became 2,050,943,750 shares. The increase of authorized, issued and fully paid capital was approved by the Minister of Law and Human Rights of the Republic of Indonesia in his Decree No. C-19039.HT.01.04.Th.04 dated July 30, 2004.

In 2004, the Company offered 881,905,813 common shares at par value of Rp 500 to the shareholders through Limited Public Offering II in connection with Preemptive Rights Issuance and issued 529,143,440 Warrants Series I as a compliment to shareholders that exercised their rights in the Limited Public Offering II. This offering was approved by the Decree of the Chairman of Bapepam-LK in his Letter No. S-3357/PM/2004 dated October 29, 2004. These shares were listed in Indonesia Stock Exchange on January 20, 2005.

PT LIPPO KARAWACI Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the Years Ended December 31, 2010 and 2009
 (Expressed In Full Rupiah, Unless Otherwise Stated)

On July 28, 2006, the Company exercised stock split from one share to two shares. The outstanding shares as of December 31, 2006 were 5,871,017,072 shares and have been listed in Indonesia Stock Exchange.

Based on Deed of Extraordinary General Meeting of Shareholders (EGMS) Resolution No. 72 dated November 30, 2007 made in presence of Unita Christina Winata, S.H., a notary in Tangerang, as amended by the Deed of EGMS Resolution No. 02 dated May 3, 2010 made in presence of same notary, the shareholders approved issuance of new shares in connection with Non Preemptive Rights Issuance (PRI) with maximum 10% of paid-in capital (previously: maximum 5%) or 1,730,215,169 shares. This Non PRI can be exercised all at once or partially in 2 years after the approval of EGMS (previously: 3 years).

On December 26, 2007, the Company exercised stock split from Rp 250 per share to Rp 100 per share. The outstanding shares as of December 31, 2007 were 17,302,151,695 shares (see Note 22) and have been listed in Indonesia Stock Exchange.

In December 2010, the Company offered 4,325,537,924 common shares at par value of Rp 100 to the shareholders through Limited Public Offering III. This offering has received an effective notice of registration statement through the letter of the Chairman of Bapepam-LK No. S-10674/BL/2010, dated November 29, 2010 and was approved by the shareholder through a resolution of the EGM on same date. On December 29, 2010 these shares were listed in Indonesia Stock Exchange.

1.c. The Company's Structure

The Company has ownership of more than 50%, either direct or indirectly, of the following subsidiaries:

Subsidiary	Domicile	Main Business Activity	Ownership Percentage	Ownership Percentage	Year of Operation Started	Total Assets			
						Directly	Indirectly	2010	2009
								Rp	Rp
Lippo Karawaci Finance B. V.	Netherlands	Investment, Trading and Services	100.00%	--	2006	632,579,344,913	2,421,548,122,631		
Sigma Capital Pte Ltd dan Subsidiary	Singapore	Investment	100.00%	--	--	2,476,049,606,236	--		
Sigma Trilium Pte Ltd	Singapore	Trading	--	100.00%	--	2,480,608,298,041	--		
Lippo Karawaci Corporation Pte. Ltd. and Subsidiaries	Singapore	Investment, Trading and Services	100.00%	--	--	79,187,319,423	28,444,628,924		
LK Reit Management Pte. Ltd. and Subsidiary	Singapore	Investment, Trading and Services	--	100.00%	--	79,224,388,113	28,437,549,019		
Bowsprit Capital Corp. Ltd.	Singapore	Investment, Trading and Services	--	80.00%	2006	79,224,381,132	28,431,023,255		
Jesselton Investment Ltd. and Subsidiaries	Malaysia	Investment, Trading and Services	100.00%	--	--	124,035,378,178	82,334,152,349		
Peninsula Investment Ltd. and Subsidiary	Malaysia	Investment, Trading and Services	--	100.00%	--	124,035,387,169	82,216,211,749		
Lippo Mappletree Indonesia RTM Ltd	Singapore	Investment, Trading and Services	--	60.00%	2007	123,917,428,178	82,098,252,349		
PT Primakreasi Propertindo and Subsidiaries	Tangerang	Real Estate	100.00%	--	--	1,457,840,502,027	864,826,871,968		
PT Mujur Sakti Graha and Subsidiaries	Tangerang	Real Estate	--	99.83%	--	65,094,751,048	91,689,980,414		
PT Surplus Multi Makmur and Subsidiary	Jakarta	Real Estate	--	90.00%	--	22,073,769,891	21,440,070,913		
PT Arta Sarana	Bandung	Investment, Trading and Services	--	81.00%	--	42,233,313,149	41,591,020,892		
PT PuriParagon	Tangerang	Development, Trading and Services	--	99.83%	--	587,202,942	588,715,942		
PT PluitParagon Mall	Tangerang	Development, Trading and Services	--	99.83%	--	587,672,942	588,715,942		
PT BaliParagon Mall	Tangerang	Development, Trading and Services	--	99.83%	--	587,677,941	588,715,941		
PT Kuta BeachParagon and Subsidiaries	Tangerang	Development, Trading and Services	--	99.83%	--	103,637,536,035	105,137,920,504		
PT Graha Buana Utama and Subsidiaries	Tangerang	Development, Trading and Services	--	99.83%	--	102,663,055,542	103,385,628,867		
PT Berkat Langgeng Jaya and Subsidiary	Tangerang	Development, Trading and Services	--	99.83%	--	102,624,475,042	103,347,048,367		
PT Pamor Paramita Utama	Jakarta	Development, Trading and Services	--	80.02%	--	92,239,996,617	92,962,569,948		
PT Titian Semesta Raya (formerly PT PejatenParagon Mall)	Tangerang	Development, Trading and Services	--	99.83%	--	587,677,941	588,715,941		
PT Tatabangun Nusanlara (formerly PT CibuburParagon Mall)	Tangerang	Development, Trading and Services	--	99.83%	--	587,672,941	588,715,941		
PT PalembangParagon Mall	Tangerang	Development, Trading and Services	--	99.83%	--	587,677,941	588,715,941		
PT MedanParagon Mall	Tangerang	Development, Trading and Services	--	99.83%	--	587,672,941	588,715,941		
PT Multiguna Selaras Maju (formerly PT BogorParagon Mall)	Tangerang	Development, Trading and Services	--	99.83%	--	1,207,258,295	588,715,941		
PT Lintas Lautan Cemerlang (formerly PT ThamrinParagon Mall)	Tangerang	Development, Trading and Services	--	99.83%	--	582,772,941	588,715,941		

PT LIPPO KARAWACI Tbk AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the Years Ended December 31, 2010 and 2009
(Expressed In Full Rupiah, Unless Otherwise Stated)

Subsidiary	Domicile	Main Business Activity	Ownership Percentage Directly	Ownership Percentage Indirectly	Year of Operation Started	Total Assets	
						2010	2009
						Rp	Rp
PT SurabayaParagon Mall	Tangerang	Development, Trading and Services	--	99.83%	--	5,001,945,000	588,715,941
PT SemarangParagon Mall	Tangerang	Development, Trading and Services	--	99.83%	--	10,001,945,000	588,715,941
PT LampungParagon Mall	Tangerang	Development, Trading and Services	--	99.83%	--	10,001,945,000	588,715,941
PT PontianakParagon Mall	Tangerang	Development, Trading and Services	--	99.83%	--	5,001,945,000	588,715,941
PT Graha Solusi Mandiri and Subsidiaries	Jakarta	Services	--	99.83%	--	283,592,670,223	164,902,262,221
PT Wijaya Wisesa Propertindo and Subsidiary	Jakarta	Development and Services	--	99.83%	--	282,851,627,569	159,413,251,806
PT Simprug Arteri Realty	Jakarta	Development, Trading and Services	--	99.83%	--	169,332,075,861	156,977,483,222
PT Kharisma Ekacipta Persada	Tangerang	Development, Trading and Services	--	99.83%	--	594,548,000	595,936,000
PT Menara Abadi Megah**	Tangerang	Development, Trading and Services	--	99.83%	--	--	590,762,500
PT Cipta Mahakarya Gemilang	Tangerang	Development, Trading and Services	--	99.83%	--	600,000,000	587,387,500
PT Mandiri Cipta Gemilang	Jakarta	Real Estate	--	99.83%	2003	1,001,295,265,806	995,590,357,865
PT Jaya Makmur Bersama	Jakarta	Development, Trading and Services	--	100.00%	--	2,185,114,678	2,000,000,000
PT Grand Villa Persada	Tangerang	Real Estate	--	99.83%	--	577,444,250	581,806,000
PT Mega Proyek Pertiwi	Tangerang	Real Estate	--	99.83%	--	578,147,000	580,400,000
PT Sentra Dwimandiri and Subsidiaries	Jakarta	Real Estate	100.00%	--	--	2,049,794,325,694	2,500,945,352,218
PT Prudential Development	Jakarta	Real Estate	--	100.00%	--	572,637,542	578,200,542
PT Muliasentosa Dinamika (has 4.48% ownership in PT Lippo Cikarang Tbk)	Tangerang	Real Estate	--	100.00%	1997	308,795,832,869	305,321,961,804
PT Sentra Realindo Development (has 4.62% ownership in PT Lippo Cikarang Tbk) and Subsidiaries	Tangerang	Home Improvement	--	100.00%	2001	56,832,112,554	141,853,657,236
PT Darma Sarana Nusa Pratama and Subsidiary	Tangerang	Real Estate	--	52.70%	1997	114,275,570,952	128,348,654,926
PT Tata Mandiri Daerah Villa Permata	Tangerang	Town Management	--	42.16%	2001	30,825,310	57,453,810
PT Golden Pradamas and Subsidiaries	Tangerang	Real Estate	--	100.00%	--	224,753,019,752	137,127,798,691
PT Mulia Bangun Semesta and Subsidiary	Jakarta	Real Estate	--	99.98%	2002	194,323,576,784	84,167,459,383
PT Villa Permata Cibodas	Tangerang	Real Estate	--	99.98%	1995	131,875,246,423	77,678,568,652
PT Puncak Resort International and Subsidiaries	Cianjur	Real Estate	--	100.00%	1994	75,343,212,255	75,157,423,301
PT Sentosa Seksama	Cianjur	Real Estate	--	100.00%	1994	23,234,895,364	23,235,147,364
PT Purimegah Swarga Buana	Cianjur	Real Estate	--	100.00%	1994	8,778,623,151	8,778,875,151
PT Adigraha Rancang Sempurna	Cianjur	Real Estate	--	100.00%	1994	7,206,481,631	7,206,733,965
PT Pesanggrahan Surpermata Agung	Cianjur	Real Estate	--	100.00%	1994	1,974,804,141	1,975,066,475
PT Dona Indo Prima	Cianjur	Real Estate	--	100.00%	--	50,000,000	50,000,000
PT Sukmaprima Sejahtera	Cianjur	Real Estate	--	100.00%	--	50,000,000	50,000,000
PT Sentra Asitama Realty Development	Tangerang	Installation and Water Treatment	--	100.00%	1994	81,281,303,685	70,954,428,516
PT Sentra Graha Mandiri	Tangerang	Real Estate	--	100.00%	--	33,316,901,392	33,317,753,392
PT Tata Mandiri Daerah Lippo Karawaci	Tangerang	Town Management	--	100.00%	1999	117,291,870,668	45,506,539,780
PT Saptapersada Jagatnusa	Tangerang	Bowling	--	100.00%	1998	10,229,072,988	9,741,845,370
PT Sejahtera Selaras	Jakarta	Real Estate	--	100.00%	--	18,631,139,118	19,336,819,118
PT Surya Makmur Alam Persada	Jakarta	Real Estate	--	100.00%	--	20,286,871,984	20,286,909,984
PT Bahtera Pratama Wirasakti	Jakarta	Real Estate	--	100.00%	--	15,741,785,860	15,742,951,819
PT Sentra Office Realty	Tangerang	Building Management	--	100.00%	1998	714,765,952	730,334,874
PT Dinamika Intertrans	Tangerang	Transportation	--	100.00%	1994	501,493,395	1,014,684,578
PT Imperial Karawaci Golf	Tangerang	Golf	--	100.00%	--	479,137,000	479,661,000
PT Agung Sepadan	Tangerang	Real Estate	--	100.00%	--	2,473,198,654	2,249,629,404
PT Prudential Townhouse Development	Jakarta	Real Estate	--	100.00%	--	91,219,153	184,231,263
PT Wahana Tatabangunan Cemerlang Matahari	Jakarta	Real Estate	--	100.00%	--	17,754,808	21,442,808
PT Wahana Tatabangunan Cemerlang	Jakarta	Real Estate	--	100.00%	--	18,624,066	19,712,066
PT Paragon City	Tangerang	Real Estate and Trading	--	100.00%	--	7,501,935,126	7,163,977,926
Bridgewater International Ltd and Subsidiaries	Seychelles	Investment	--	100.00%	2006	1,214,423,387,202	1,605,718,537,015
Platinum Strategic Investments Pte. Ltd. and Subsidiaries**	Singapore	Investment, Trading and Services	--	100.00%	--	--	78,786,085
Ultra Investments Pte. Ltd.**	Singapore	Investment, Trading and Services	--	100.00%	--	--	661,092,370
PT Graha Pilar Sejahtera**	Tangerang	Development, Transportation, Trading and Services	--	100.00%	--	--	12,462,210,172
PT Lippo Karawaci Infrastructure & Utilitas Division	Tangerang	Construction and Services	--	100.00%	--	233,199,000	234,432,000
Brightlink Capital Pte. Ltd.	Malaysia	Investment, Trading and Services	--	100.00%	--	66,859,401,774	69,900,831,573
Evodia Strategic Investment Ltd. and Subsidiaries	Malaysia	Investment, Trading and Services	--	100.00%	--	150,429,533	144,352,880
Great Capital Pte. Ltd. and Subsidiary	Singapore	Investment, Trading and Services	--	100.00%	--	75,216,435	72,178,041
Key Capital Pte. Ltd.	Singapore	Investment, Trading and Services	--	100.00%	--	37,611,708	36,092,370
Globalink Investments Pte. Ltd. and Subsidiary	Singapore	Investment, Trading and Services	--	100.00%	--	75,216,435	72,178,041
Fortuna Capital Pte. Ltd.	Singapore	Investment, Trading and Services	--	100.00%	--	37,611,708	36,092,370

PT LIPPO KARAWACI Tbk AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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Subsidiary	Domicile	Main Business Activity	Ownership Percentage	Ownership Percentage	Year of Operation	Total Assets	
						2010	2009
						Rp	Rp
Inglewood Properties Ltd.*	Cook Island	Trading	100.00%	--	--	--	9,400
Chesterfield Properties Ltd.*	Cook Island	Trading	100.00%	--	--	--	9,400
PT Wisma Jatim Propertindo and Subsidiaries	Jakarta	Services	100.00%	--	--	3,635,476,380,002	3,235,743,320,067
PT Maharama Sakti	Jakarta	Trading	--	100.00%	--	113,758,250	23,674,000
PT KemangParagon Mall and Subsidiaries	Tangerang	Development, Trading and Services	--	100.00%	--	1,222,664,290,150	960,603,852,344
PT Wahana Usaha Makmur and Subsidiaries	Jakarta	Real Estate	--	92.00%	--	1,222,588,508,657	960,527,788,264
PT Almaron Perkasa	Jakarta	Real Estate	--	92.00%	2005	1,165,467,237,362	895,854,138,488
PT Adhi Utama Dinamika	Jakarta	Real Estate	--	92.00%	--	58,359,253,960	57,722,170,544
PT Lippoindo Abadi and Subsidiaries	Jakarta	Trading	--	100.00%	--	236,147,769,530	215,437,539,074
PT Kemuning Satiatama (has 42.20% ownership in PT Lippo Cikarang Tbk) and Subsidiaries	Jakarta	Trading	--	100.00%	--	231,229,807,461	211,336,946,632
PT Megachandra Karyalestari	Jakarta	Trading	--	100.00%	1992*	294,850,466	294,586,447
PT Prudential Apartment Development	Jakarta	Services	--	100.00%	1993*	631,364,667	599,611,403
PT Sentra Kharisma Indah and Subsidiary	Jakarta	Services	--	80.00%	--	5,750,735	6,838,735
PT. Sentra Goldhill Bussinespark	Jakarta	Services	--	72.00%	--	3,329,600	3,329,600
PT Carakatama Dirgantara and Subsidiary	Jakarta	Trading	--	100.00%	--	73,447,484,301	74,351,654,423
PT Prudential Hotel Development	Tangerang	Trading and Services	--	100.00%	1994*	73,428,299,001	74,331,448,944
PT Aniasindo Sejati and Subsidiaries	Jakarta	Trading and Services	--	95.00%	--	256,072,204,309	263,066,170,802
PT Unitech Prima Indah and Subsidiary	Jakarta	Real Estate	--	94.68%	2004	223,585,477,468	261,803,490,105
PT Karya Cipta Pesona	Medan	Accommodation Services	--	100.00%	--	131,624,957,928	140,300,581,570
PT Metropolitan Leisure and Subsidiaries	Jakarta	Trading and Services	--	100.00%	--	76,903,130,556	75,400,392,603
PT Kurniasindo Sejahtera	Jakarta	Trading and Services	--	100.00%	--	1,370,068,764	1,371,166,007
PT Graha Tata Cemerlang Makassar (has 0.34% ownership in PT Lippo Cikarang Tbk)	Makassar	Real Estate	--	100.00%	2002	70,787,135,544	72,771,491,377
PT Guna Tata Carakatama	Makassar	Trading and Services	--	100.00%	2002	198,082,657	159,671,870
PT Lippo Land Cahaya Indonesia	Jakarta	Services	--	100.00%	2003	18,115,009,413	13,124,700,751
PT Lippoindo and Subsidiary	Jakarta	Trading	--	100.00%	--	127,241,295,095	122,925,606,826
PT Pendopo Niaga	Jakarta	Real Estate	--	100.00%	--	127,241,295,095	123,375,605,826
PT Larasati Anugerah	Jakarta	Trading	--	100.00%	--	236,147,769,530	15,462,220
PT Bathara Brahma Sakti	Tangerang	Trading and Services	--	100.00%	1992*	2,468,975,084	15,462,220
PT Realty Limaribu	Jakarta	Services	--	100.00%	1998*	369,814,852	370,352,622
PT Dwisindo Jaya	Jakarta	Trading	--	100.00%	--	79,786,676	80,384,279
PT Lippo Vacation and Subsidiary	Jakarta	Trading	--	100.00%	--	242,918,229,385	233,363,494,462
PT Jagat Pertama Nusantara	Jakarta	Real Estate	--	100.00%	2004	242,918,229,385	233,363,494,462
PT Wisma Sumut Propertindo	Jakarta	Services	--	100.00%	--	--	--
PT Mulia Mukti Persada Perkasa	Jakarta	Trading	--	100.00%	--	5,199,000	6,316,400
PT Kemang Village and Subsidiaries	Jakarta	Trading	--	100.00%	--	278,042,663,904	276,861,354,295
PT Menara Bhumimegah and Subsidiaries	Jakarta	Services	--	100.00%	2005	277,952,759,699	276,846,158,881
PT Jaya Usaha Prima and Subsidiaries	Jakarta	Real Estate	--	80.00%	--	88,698,163,627	86,890,672,809
PT Persada Mandiri Abadi and Subsidiaries	Jakarta	and Urban Development Real Estate	--	80.00%	2005	88,731,137,627	86,890,672,809
PT Kemang Village Management (formerly PT Pesona Indah Lestari)	Jakarta	Hotel and Tourism	--	80.00%	--	10,096,848,000	9,995,000,000
PT Prima Aman Sarana	Jakarta	Services	--	80.00%	--	1,550,275,017	491,000,000
PT Kemang Multi Sarana	Jakarta	Real Estate and Urban Development	--	80.00%	--	495,000,000	495,000,000
PT Menara Perkasa Megah and Subsidiaries	Jakarta	Real Estate and Urban Development	--	100.00%	2005	416,908,133,063	528,551,909,790
PT Pelangi Cahaya Intan Makmur and Subsidiaries	Sidoarjo	Trading	--	85.00%	--	419,628,357,708	447,563,030,878
PT Surya Mitra Jaya and Subsidiary	Sidoarjo	Trading and Services	--	85.01%	2005	419,931,340,307	447,572,273,177
PT Citra Harapan Baru	Surabaya	Accommodation Services	--	99.99%	--	2,000,000,000	2,000,000,000
PT Niaga Utama	Jakarta	Trading	--	100.00%	--	109,591,042	111,571,242
PT Mitra Kasih Karunia	Jakarta	Real Estate	--	100.00%	--	2,227,827,000	2,429,761,400
PT Kreasi Megatama Gemilang and Subsidiary	Tangerang	Development, Industry, Agribusiness, Transportation, Trading and Services	--	100.00%	--	18,568,721,613	27,430,151,165
PT Consulting & Management Service Division and Subsidiary	Tangerang	Services	--	100.00%	--	19,162,355,554	27,430,151,165
PT Kreasi Gemilang Perkasa (formerly PT BalamParagon Mall)	Tangerang	Development, Trading and Services	--	99.83%	--	2,075,920,801	588,715,941
PT Saputra Karya	Jakarta	Real Estate and Urban Development	--	100.00%	--	51,767,789,172	51,962,672,205
PT Grand Provitia and Subsidiary	Tangerang	Real Estate	--	100.00%	--	487,625,000	487,625,000
PT Grand Prima Propertindo	Tangerang	Real Estate	--	65.00%	--	12,875,000	12,875,000
PT Pacific Sejahtera	Tangerang	Real Estate	--	100.00%	--	17,317,400	17,317,400
PT Satriamandiri Idola Utama	Jakarta	Real Estate	--	100.00%	--	589,158,900	590,108,900
PT Mahakaya Abadi	Jakarta	Real Estate	--	100.00%	--	490,000,000	490,000,000
PT Persada Mandiri Dunia Niaga and Subsidiaries	Jakarta	Real Estate	--	100.00%	--	129,989,792,419	125,737,187,024

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Subsidiary	Domicile	Main Business Activity	Ownership Percentage Directly	Ownership Percentage Indirectly	Year of Operation Started	Total Assets	
						2010	2009
						Rp	Rp
PT Direct Power and Subsidiaries	Jakarta	Trading, Real Estate, Industry, Printing, Agribusiness, Transportation and Services	--	100.00%	--	115,150,774,145	114,635,104,088
PT Mitra Mulia Kreasi and Subsidiary	Jakarta	Development, Industry, Mining, Agribusiness, Transportation and Services	--	80.00%	--	51,092,390,908	56,838,322,303
PT Bellanova Country Mall	Bogor	Development, Transportation and Services	--	80.00%	--	50,996,024,908	56,822,373,803
PT Sarana Global Multindo and Subsidiaries	Jakarta	Development, Transportation and Services	--	100.00%	--	265,474,762,293	267,374,180,349
PT Guna Sejahtera Karya and Subsidiaries	Jakarta	Development, Industry, Agribusiness, Park and Services	--	100.00%	--	265,431,266,774	285,017,895,933
PT Citra Sentosa Raya and Subsidiaries	Jakarta	Trading, Real Estate, Industry, Agribusiness, Transportation and Services	--	100.00%	--	265,801,582,898	267,399,303,523
PT Gading Nusa Utama	Jakarta	Trading, Development, Industry, Gardens, Agribusiness and Services	--	99.60%	--	3,149,343,900	3,150,931,900
Rosenet Limited and Subsidiaries	British Virgin Island	Investment	--	100.00%	--	264,305,151,736	265,858,753,136
Seapejaten Pte. Ltd. and Subsidiary	Singapore	Investment	--	100.00%	--	264,805,151,736	266,358,753,136
PT Panca Permata Pejaten	Jakarta	Trading, Development and Real Estate	--	100.00%	2008	264,892,379,903	267,697,269,861
Continental Investment Ltd.	Malaysia	Investment, Trading and Services	--	100.00%	--	22,477,500	19,592,702
PT Sandiego Hills Memorial Park and Subsidiary	Tangerang	Trading, Development, Transportation and Services	--	100.00%	2006	309,426,625,564	288,903,400,072
PT Pengelola Memorial Park (formerly PT RiauParagon Mall)	Tangerang	Development, Trading and Services	--	100	--	588,715,941	588,715,941
PT CB Commercial	Tangerang	Development, Trading and Services	--	100.00%	--	586,879,045	587,648,404
PT Kemilau Karyacipta Persada	Tangerang	Development, Trading and Services	--	100.00%	--	2,467,151,000	2,467,939,000
PT Bumi Indah Pertiwi	Tangerang	Development, Trading and Services	--	100.00%	--	2,039,467,400	589,717,500
PT Lippo Cikarang Tbk and Subsidiaries	Bekasi	Real Estate	--	51.64%	1989	1,670,186,556,526	1,550,521,235,190
PT Great Jakarta Inti Development	Bekasi	Management and Real Estate	--	51.64%	1992	130,670,667,728	124,497,416,772
PT Tunas Pundi Baru	Bekasi	Management	--	51.60%	2010	14,768,516,629	--
PT Erabaru Realindo	Bekasi	Real Estate	--	51.64%	--	16,980,287,500	16,980,287,500
PT Dian Citimarga	Bekasi	Public	--	51.64%	1993	30,261,195	27,837,062
PT Kreasi Dunia Keluarga	Bekasi	Transportation, Recreation Services	--	51.38%	1993	3,817,135,487	5,638,906,007
Pan Asian Investment Ltd. and Subsidiary	Vanuatu	Trading	--	100.00%	--	6,790,208,086	6,790,161,356
Cromwell Investment Ltd.	Vanuatu	Trading	--	100.00%	--	16,930	16,930
Indigo Investment Fund Ltd.	Cook Island	Investment	--	100.00%	--	17,982	9,400
Banksia Holdings Ltd.	Cook Island	Trading	--	100.00%	--	8,991	9,400
PT Megapratama Karya Persada and Subsidiaries	Tangerang	Investment, Trading and Services	100.00%	--	--	778,429,334,016	582,584,147
PT Siloam International Hospitals and Subsidiaries	Jakarta	Healthcare	--	100.00%	--	778,303,291,607	2,855,585,493
PT Arlitasindo Permai Semesta	Jakarta	Healthcare	--	100.00%	--	2,411,189,792	8,834,636,559
PT Perdana Kencana Mandiri	Jakarta	Development, Trading, Industry and Services	--	100.00%	--	2,855,311,500	3,569,130,180
PT Multiselaras Anugrah	Tangerang	Development, Trading and Services	--	100.00%	--	2,686,843,025	3,291,884,778
PT Nusa Medika Perkasa	Bekasi	Healthcare	--	71.00%	--	849,214,066	825,901,888
PT Siloam Graha Utama and Subsidiary	Jakarta	Development, Transportation, Trading and Services	--	100.00%	--	297,312,374,317	248,999,000
PT East Jakarta Medika	Bekasi	Healthcare	--	85.50%	2002	297,068,375,317	61,962,443,261

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Subsidiary	Domicile	Main Business Activity	Ownership Percentage Directly	Ownership Percentage Indirectly	Year of Operation Started	Total Assets	
						2010	2009
						Rp	Rp
PT Eramulia Pratamajaya and Subsidiaries	Jakarta	Healthcare	99.99%	0.01%	--	80,765,165,404	20,401,000
PT Siloam Karya Sejahtera	Jakarta	Trading and Services	--	100.00%	--	26,848,599,088	100,000,000
PT Siloam Dinamika Perkasa	Jakarta	Development, Transportation, Trading and Services	--	100.00%	--	27,287,229,822	248,999,000
PT Siloam Sarana Karya	Jakarta	Healthcare	--	100.00%	2005	3,823,569,397	4,515,017,488
PT Siloam Tata Prima	Surabaya	Development, Transportation, Trading and Services	--	100.00%	--	26,653,057,078	248,999,000
PT Mahaduta Purnama	Jakarta	Development, Transportation, Trading and Services	--	100.00%	--	49,048,805,314	45,854,763,237
PT Buana Mandiri Selaras	Jakarta	Development and Services	--	100.00%	--	40,925,150,010	38,824,358,594
PT Serasi Adikarsa	Jakarta	Services	0.01%	99.99%	--	20,898,000	20,401,000
PT Sentra Star Dinamika	Jakarta	Healthcare Services	--	100.00%	--	19,793,000	20,401,000
PT Abadi Jaya Sakti and Subsidiaries	Tangerang	Investment, Trading and Services	100.00%	--	--	579,931,300	587,457,200
PT Tigamitra Ekamulia and Subsidiary	Jakarta	General	0.01%	99.99%	1998	2,578,920	--
PT Shimatama Graha	Jakarta	Restaurant, Bar, Catering, Etc	--	100.00%	1989	859,400,618	825,206,857
PT Aryaduta International Management and Subsidiaries	Jakarta	Management Services	--	100.00%	1998	10,977,241,804	6,502,282,735
PT Aryaduta Surabaya Management	Surabaya	Services	--	100.00%	--	590,648,178	591,683,178
PT Aryaduta Medan Management	Medan	Services	--	100.00%	--	590,851,000	598,445,000
PT Aryaduta Karawaci Management	Tangerang	Services	--	100.00%	--	590,971,062	592,015,062
PT Aryaduta Makassar Management	Makassar	Services	--	100.00%	--	595,248,449	596,249,449
PT Aryaduta Residences	Jakarta	Services	--	100.00%	--	1,771,451,047	1,522,264,626
PT Aryaduta Hotels & Resort	Jakarta	Services	--	100.00%	--	584,463,500	586,044,595
PT Graha Jaya Pratama and Subsidiary	Tangerang	Real Estate	100.00%	--	--	678,437,900	582,606,500
PT Tataguna Cemerlang	Jakarta	Trading, Real Estate, and Development	--	100.00%	--	100,006,000	100,006,000
PT Aresta Amanda Lestari (has 0.31% ownership in PT Gowa Makassar Tourism Development Tbk)	Jakarta	General Trading	--	99.99%	--	204,379,650	3,952,496,108
PT Aresta Permata Utama (has 3.45% ownership in PT Gowa Makassar Tourism Development Tbk)	Jakarta	General Trading	--	99.99%	--	2,204,855,750	2,207,242,300
PT Fajar Usaha Semesta (has 4.73% ownership in PT Gowa Makassar Tourism Development Tbk)	Jakarta	General Trading	--	99.99%	--	3,022,718,666	3,023,950,600
PT Fajar Raya Cemerlang (has 4.58% ownership in PT Gowa Makassar Tourism Development Tbk)	Jakarta	General Trading	--	99.99%	--	2,923,731,973	2,929,560,300
PT Fajar Abadi Aditama (has 3.45% ownership in PT Gowa Makassar Tourism Development Tbk)	Jakarta	General Trading	--	99.99%	--	2,206,741,750	2,252,449,343
PT Nuansa Indah Lestari and Subsidiaries	Jakarta	General Trading	--	100.00%	--	47,179,654,493	38,378,663,103
PT Metropolitan Permai Semesta and Subsidiaries	Jakarta	General Trading	--	89.74%	--	48,968,945,993	40,163,168,103
PT Makassar Permata Sulawesi (has 32.5% ownership in PT Gowa Makassar Tourism Development Tbk)	Makassar	General Trading	--	88.66%	--	46,963,247,615	38,156,381,725
PT Gowa Makassar Tourism Development Tbk	Makassar	Real Estate and Property	4.92%	45.33%	1997	358,990,245,776	305,635,686,223

* Liquidated
 ** Transferred

On July 7, 2009, two subsidiaries namely PT Graha Jaya Pratama and PT Maharama Sakti acquired 99.83% and 0.17% ownership of PT Tataguna Cemerlang, respectively.

Sigma Capital Pte. Ltd. and Sigma Trilium Pte. Ltd. were established on March 22, 2010 in Singapore.

On November 8, 2010, all ownership in Platinum Strategic Investment Pte. Ltd., a subsidiary, was sold.

On December 1, 2010, all ownership in PT Menara Abadi Megah, a subsidiary, was sold.

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

Based on Deed of Annual General Meeting of Shareholders Resolution No. 3 dated May 3, 2010, made in presence of Unita Christina Winata, S.H., a notary in Tangerang and Deed of Annual General Meeting of Shareholders Resolution No. 10/2009 dated April 24, 2009, made in presence of Saifuddin Arief, S.H., M.H., a notary in Tangerang, the Board of Commissioners and Directors composition as of December 31, 2010 and 2009 are as follows:

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	2010	2009
Board of Commissioners:		
President Commissioner	: Theo L. Sambuaga	--
Vice President Commissioner	: Surjadi Soedirdja*	Surjadi Soedirdja*
Independent Commissioner	: Tanri Abeng	Theo L. Sambuaga
Independent Commissioner	: Agum Gumelar	Tanri Abeng
Independent Commissioner	: Farid Harianto	Farid Harianto
Independent Commissioner	: Jonathan Limbong Parapak	Agum Gumelar
Independent Commissioner	: Adrianus Mooy	Jonathan Limbong Parapak
Independent Commissioner	: --	Adrianus Mooy
Commissioner	: Gouw Vi Ven (Viven G. Sitiabudi)	Gouw Vi Ven (Viven G. Sitiabudi)

	2010	2009
Directors:		
President Director	: Ketut Budi Wijaya	Eddy Harsono Handoko
Director	: Tjokro Libianto	Tjokro Libianto
Director	: Jopy Rusli	Ketut Budi Wijaya
Director	: Elia Yudhistira Susiloputro	Jopy Rusli
Director	: Djoko Harjono	Yuke Elia Susiloputro

* also as Independent Commissioner

The audit committee composition as of December 31, 2010 and 2009 are as follows:

	2010	2009
Chairman	: Adrianus Mooy	Theo L.Sambuaga
Member	: Isnandar Rachmat Ali	Jeffrey G.Turagan
Member	: Lie Kwang Tak	Jusuf A.Tjondrolukito

The Company's corporate secretary as of December 31, 2010 and 2009 is Jenny Kuistono.

On September 7, 2009, Mr. Ning Gaoning, Mr. Charley Song Lin, and Mr. Jiang Wei have been resigned from their position as President Commissioner, and Commissioners of the Company. The resignation has been announced to public based on Letter to Bapepam-LK No. 109/LK-COS/XI/2009 dated November 6, 2009.

Total remuneration of the Company's Commissioners and Directors for the years ended December 31, 2010 and 2009 are as follows:

	2010 Rp	2009 Rp
Board of Commissioners	10,836,824,253	10,580,891,736
Directors	15,462,529,061	14,455,993,455
Total	26,299,353,314	25,036,885,191

As of December 31, 2010 and 2009, the Company and subsidiaries have 4,067 and 4,035 permanent employees, respectively (unaudited).

PT LIPPO KARAWACI Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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2. Summary of Significant Accounting Policies

2.a. Basis of Measurement and Preparation of Consolidated Financial Statements

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in Indonesia, consisting of among others, the Statements of Financial Accounting Standard (PSAK) established by the Indonesian Institute of Accountants, and Bapepam-LK regulations.

The basis of measurement in the preparation of these consolidated financial statements is by using the historical cost concept, except for investments in certain securities which are carried at fair value, and inventories which are carried at the lower of cost or net realizable value. The consolidated financial statements are prepared using the accrual method, except for statements of cash flows.

The consolidated balance sheets are presented based on the unclassified method in accordance with PSAK No. 44 "Accounting for Real Estate Development Activities".

The consolidated statements of cash flows are prepared using the direct method by classifying cash flows into operating, investing and financing activities.

The reporting currency used in the preparation of the consolidated financial statements is Rupiah (Rp).

2.b. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries which are presented in Note 1.c.

The consolidated financial statements have been prepared on the basis of entity concept. All significant related intercompany accounts, transactions and profits among the consolidated companies have been eliminated to reflect the financial position and result of operations as a whole entity.

2.c. Foreign Currency Transactions and Translation of Financial Statements

Transactions involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. On the balance sheets date, monetary assets and liabilities denominated in foreign currencies were adjusted to reflect the rates of exchange prevailing at the time, with the following conversion rates:

	2010 Rp	2009 Rp
USD 1	8,991	9,400
SGD 1	6,981	6,699
EUR 1	11,956	13,510
JPY 100	11,029	10,170
AUD 1	9,143	8,432

The accounts of foreign subsidiaries were translated into Rupiah at the middle rate of exchange prevailing at balance sheet date for balance sheet accounts and the average rate during the year for statement of income accounts. The differences resulting from the translations of the financial statements of subsidiaries which are an integral part of the Company are debited or credited to "Gain (Loss) On Foreign Exchanges" in the consolidated financial statements, while for the subsidiaries which are not an integral part of the Company, are debited or credited to "Difference from Foreign Currency Translations".

2.d. Cash Equivalent

Cash equivalent consists of time deposits with maturities of not more than or equal to 3 (three) months since the date of placement, not restricted and are not used as collateral to any liabilities.

PT LIPPO KARAWACI Tbk AND SUBSIDIARIES
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2.e. Investments

Investments consist of placement in certain securities, equity instruments in other companies and investments in associated.

▪ **Certain Securities and Equity Instruments in Other Companies**

Placements in securities without fair value are carried at cost. Placements in securities, which have a readily determinable fair value consists of debt and equity securities are classified into the following 3 (three) categories:

– Trading

Securities in this category are bought and held for the purpose of selling them in the near future, which are usually indicated by high frequency of purchase and sale transactions. These securities are held for the purpose of profit-taking in the short term. These securities are carried at their fair value. Unrealized gains or losses are recognized in the current year consolidated statement of income.

– Held to Maturity

Debt securities classified as held to maturity are carried at cost net of unamortized discount or premium. Losses are recognized in the current year consolidated statement of income for the impairment in the carrying value of the securities.

– Available for Sale

Investments in securities which cannot be classified as “Trading” or “Held to Maturity” are carried at fair value. Any unrealized gain or loss from adjustment to fair value on the date of consolidated balance sheet is credited or debited under “Unrealized Gain (Loss) on Changes in Fair Value of Available-for-Sale Marketable Securities” account as a separate component of consolidated stockholders’ equity.

Investments in equity instruments with ownership less than 20% where the fair market value are not readily determinable are carried at acquisition cost (cost method).

Accounting policies for investments in certain securities and equity instruments in other companies above have been revised when PSAKs No. 50 (Revised 2006) regarding “Financial Instruments: Presentation and Disclosure” and No. 55 (Revised 2006) regarding “Financial Instruments: Recognition and Measurement” become effective for financial statement beginning on or after January 1, 2010 which is applied prospectively (see Note 2.x).

▪ **Investment in Associates**

Investments with ownership from 20% up to 50%, either direct or indirect, are carried at acquisition cost by adding or deducting with the Company’s share in net earnings or losses of the investee from the date of acquisition in proportion to the percentage of ownership and less the dividend received (equity method).

2.f. Transaction with Related Parties

The Company has transactions with certain parties which are regarded as having related party relationships as defined by PSAK 7 on “Related Party Disclosures”.

Related parties are defined under PSAK 7 as follows:

- a. Enterprises that, through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (including holding companies, subsidiaries and fellow subsidiaries);
- b. Associated companies;
- c. Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them significant influence over the enterprise, and close members of the family of any such individuals (close members of a family are defined as those members who are able to exercise influence or can be influenced by such individuals in their transactions with the reporting enterprise);

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- d. Key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the reporting enterprise, including commissioners, directors and managers of the enterprise and close members of the families of such individuals; and
- e. Enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) above, or over which such a person is able to exercise significant influence. This definition includes enterprises owned by commissioners, directors or major stockholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

2.g. Trade Accounts Receivable

Trade accounts receivable are recognized initially at fair value and subsequently measured at amortized cost using effective interest method, less allowance for impairment.

An allowance for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade accounts receivables is impaired. The amount of allowance is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of income. When a trade accounts receivables is uncollectible, it is written-off against the allowance account for receivables. Subsequent recoveries of amounts previously written-off are credited against the consolidated statement of income.

2.h. Inventories and Land for Development

Real estate inventories, which mainly consist of acquisition cost of land under development, shopping center, residential houses, shophouses, office buildings, and apartments, including buildings (houses) under construction, are carried at the lower of cost or net realizable value. Cost is determined by using the average method. Cost of land under development includes cost of land improvement and development, capitalized interest and other financing charges obtained to finance the acquisition and development of land until completed. The cost of residential houses and shophouses consist of actual construction cost.

Inventories of healthcare business (e.g. medicines, medical supplies and others) are carried at the lower of cost or net realizable value. Cost is determined by using the average method. Allowance for decline in inventories value is provided based on a review of inventory status at the end of year.

Inventories of hotel business (e.g. food, beverages and others) are carried at the lower of cost or net realizable value. Cost is determined by using the first-in-first-out method (FIFO). Allowance for decline in inventories value is provided based on a review of inventory status at the end of year.

Land for development which are owned by the Company and subsidiaries is classified as "Land for Development". Upon the commencement of development and construction of infrastructure, the carrying cost of land under development will be transferred to the respective real estate inventories or property and equipment accounts, whichever is most appropriate.

2.i. Prepaid Expenses

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

2.j. Investment Properties

Investment properties owned or held under a finance lease 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.

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Investment property is carried at cost less its accumulated depreciation and any accumulated impairment losses (cost model). Land is not depreciated and presented at acquisition cost. Building is depreciated using straight line method based on its estimated useful lives (20 years). The cost of repairs and maintenance is charged to operation as incurred, whilst significant renovations and additions are capitalized.

2.k. Property and Equipment

Property and equipment after initial recognition accounted using cost model. Property and equipment are carried at cost less their accumulated depreciation and any accumulated impairment losses, if any. Land are carried at cost and not depreciated. Depreciation is computed by using the straight line method based on the estimated useful lives of the assets, as follows:

	<u>Years</u>
Building, Infrastructure, and Renovations	: 4 - 40
Parks and Interiors	: 5
Golf Course and Club House	: 20
Transportation Equipment and Vehicles	: 4 - 8
Furniture, Fixtures and Office Equipment	: 3 - 10
Tools and Medical Equipment	: 3 - 10
Machinery and Project Equipment	: 3 - 10
Bowling Machinery	: 10
Playground Areas	: 5

The cost of repairs and maintenance is charged to operation as incurred, whilst significant renovations and additions are capitalized. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in the consolidated statement of income for the year.

Unutilized property and equipment are presented as a component of other assets and carried at the lower of its carrying value or net realizable value.

Construction in progress represents expenditure incurred directly to infrastructure development and property and equipment preparation. Expenditure including borrowing cost on loan used for developing assets during the construction period. Construction in progress will be transferred to the appropriate property and equipment account when the construction is completed and ready for its intended use.

2.l. Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. Leases are classified as operating leases if substantially all the risks and rewards of ownership are not transferred to the lessee.

At the commencement of the lease term, a finance lease is recognized as an asset and a liability in the balance sheet at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognized as an asset. The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned.

A sale and leaseback transaction involves the sale of an asset and leasing back the same asset. If a sale and leaseback transaction is a finance lease, any excess of sales proceeds over the carrying value should not be immediately recognized as income in the financial statements of a seller (lessee), but it should be deferred and amortized over the lease period.

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If a sale and leaseback transaction is an operating lease, and it is clear that the transaction is established at fair value, any profit and loss should be recognized immediately. If the sale price is below fair value, any profit or loss should be recognized immediately except that the loss is compensated by future lease payments at below market price, it should be deferred and amortized in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value should be deferred and amortized over the period for which the asset is expected to be used.

2.m. Borrowing Cost

Interest and other financing charges incurred on loan and debt obtained to finance the acquisition and development of land and building construction are capitalized to the respective real estate inventories. Capitalization ceases upon completion of all activities related to the acquisition and development of land, or upon completion of the construction and the assets are ready for their intended use.

2.n. Impairment of Non-Financial Assets

Recoverable of assets value shall be estimated whenever events and changes of circumstances indicating carrying value may not be recoverable. Impairment in non-financial asset is recognized as loss in the consolidated statements of income.

2.o. Intangible Assets

The difference between acquisition cost and fair value of net assets of subsidiaries acquired (goodwill) is amortized by using straight-line method up to 20 (twenty) years.

Acquisition cost of accounting software, is deferred and amortized by using the straight-line method based on the estimated of economic useful lives of 5 (five) years.

2.p. Bond Issuance Cost

Bond issued is classified into category of financial liabilities measured at amortized cost (see Note 2.x). Therefore, bond issuance cost deducted directly from proceeds in order to describe net proceeds of the bonds. The difference between the net proceeds and the nominal value represents premium or discount which is amortized over the term of the bonds by using the effective interest rate method.

2.q. Estimated Liabilities on Employees' Benefits

The Company recognized provisions for estimated liabilities on employees' benefits in accordance with Labor Law No. 13/2003 dated March 25, 2003 and PSAK 24 (Revised 2004) "Employees' Benefits".

Short-term employees' benefits are recognized at an undiscounted amount when employees have rendered their services to the Company during the accounting period.

Post employment benefit was recognized at discounted amount when the employees have rendered their service to the Company during the accounting period. Liabilities and expenses are measured using actuarial techniques which include constructive obligation that arises from the Company's common practices. In calculating liabilities, the benefit must be discounted using the projected unit credit method.

Termination benefit is recognized when, and only when, the Company is committed to either:

- (a) Terminate the employment of an employee or group of employees before the normal retirement date;
- (b) Provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

2.r. Difference in Value from Restructuring Transactions between Entities Under Common Control

The restructuring transactions between entities under common control, such as transfers of assets, liabilities, shares or other ownership instruments by re-organizing entities within the same group, does not represent changes of ownership in terms of economic substance, thus should not result in gain or loss for the group companies as a whole or for the individual entity in the group.

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Since restructuring transactions with entities under common control do not result in changes in term of economic substance of ownership in transferred assets, liabilities or other ownership instruments, the transferred assets or liabilities (in legal form) should be recorded at book value in a manner similar to business combination transactions using the pooling of interest method.

The difference between transfer price and book value does not represent goodwill. Such difference is recorded in an account entitled "Difference in Value from Restructuring Transactions between Entities Under Common Control" and presented as a component of stockholders' equity.

2.s. Derivative Financial Instruments

The Company adopted Statement of Financial Accounting Standard (PSAK) No. 50 (Revised 2006) regarding "Financial Instruments: Presentation and Disclosure" and PSAK No. 55 (Revised 2006) regarding "Financial Instruments: Recognition and Measurement".

In implementing risk management to the volatility of foreign currency, the Company has entered into several derivatives agreements with certain third parties.

Derivatives Instrument recognized based on its fair value and classified as financial asset and/or financial liabilities. Changes in the fair value is recognizes as gain or loss for the period on the consolidated statement of income.

2.t. Revenue and Expense Recognition

The Company and subsidiaries recognize revenues from the sale of real estate using the full accrual method. Revenues of real estate sales will be fully recognized if the following conditions for each type of sale are met.

For sale of parcel of vacant land, the criteria that should be met are as follows:

- a. The payments received from the buyer have reached 20% of the agreed selling price and the amount is non-refundable;
- b. The collectability of the sales price is reasonably assured;
- c. The receivables from the sale is not subject to future subordination against other loans which will be obtained by the buyer;
- d. The process of land development has been completed thus the seller is not obliged to develop the sold lots such as the obligation to construct lot of land or obligation to develop main infrastructure promised by the seller, in accordance with the sales and purchase agreement or any regulation requirements; and
- e. The sale consists only of the vacant land, without any obligation of the seller in the construction of the buildings upon the land sold.

For sale of residential houses, shophouses and other similar types of buildings, including parcel of land, the criteria that should be met are as follows:

- a. The sale is consummated;
- b. The collectability of the sales price reasonably assured;
- c. The receivables from the sale is not subject to future subordination against other loans which will be obtained by the buyer; and
- d. The seller has transferred to the buyer the usual risks and rewards of ownership through a transaction representing in substance is a sale and the seller does not have substantial continuing involvement with such property.

If a real estate sale fails to meet the all criteria of full accrual method, revenue recognition is deferred and the transaction is recognized using the deposit method until all of the conditions of full accrual method fulfilled.

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The revenue from shopping centers and apartments are recognized based on percentage of completion method, if all of the following criteria are met:

- a. The construction process has already beyond preliminary stage, that is the building foundation has been completed and all of the requirements to start the construction have been fulfilled;
- b. Total payments received from the buyer is at least 20% of the contract sales price and that such amount is not refundable; and
- c. The amount of revenue and cost of the unit property can reasonably be estimated.

The method used to determine the level of development activity completion is based on percentage of actual activities accomplished to total development activities need to be accomplished.

Cost of land lots sold is determined based on estimated acquisition cost of the land plus other estimated expenditures for its improvements and developments. The cost of residential houses and shophouses sold is determined based on actual cost incurred and estimated cost to complete the work. The estimated cost to complete is included under "Accrued Expenses". The difference between the estimated cost and the actual cost of construction or development is charged to "Cost of Sales" in the current year.

Revenues from medical services are recognized when medical services are rendered or when medical supplies are delivered to patients.

Rental revenue and other services is recognized based on their respective rental periods and when the services are rendered to the customers. Rental and membership paid in advances are presented as deferred income and recognized as revenue over the period benefited.

Expenses are recognized when incurred (accrual basis).

2.u. Income Tax

Final Income Tax

Final income tax expense is recognized proportionally with the accounting income recognized during the year. The difference between the final income tax paid and the final tax expense in the consolidated statement of income is recognized as prepaid tax or tax payable. If the income is subjected to final income tax, the differences between the financial statement carrying value of existing assets and liabilities and their tax bases are not recognized as deferred tax assets or liabilities.

Non-Final Income Tax

All temporary differences arising between tax bases of assets and liabilities and their carrying value are recognized as deferred tax using the liability method. Currently or substantially enacted tax rates are used to determine deferred income tax.

Deferred tax assets relating to carry forward unused tax losses are recognized to the extent that it is probable the future taxable profit will be available against which the unused tax losses can be utilized. Amendments to tax obligations are recorded when an assessment is received or, if appealed against, when the results of the appeal are determined.

Current tax is recognized based on taxable income for the year, in accordance with current tax regulations.

2.v. Earning Per Share

Basic earning per share (EPS) is computed by dividing the residual net income (income or loss after tax less preferred stock dividend) available to common stockholders' with the weighted average number of common stocks during 1 (one) reporting period, while diluted EPS is computed by dividing the residual net income (income or loss after tax less preferred stock dividend) available to common stockholders with the weighted average number of common stocks during 1 (one) reporting period plus dilutive potential common stocks.

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2.w. Segment Information

Primary segment information of the Company and subsidiaries are presented based on business segment group. Business segment is a distinguishable component and results in a different products or services based on different industry or a product group or service, especially for customers outside the Company's entity.

The Company organized its business into six (6) business segment:

- (i) Urban Development, which comprises, among other, activities in real estate, urban development, land acquisition and clearing, land development and excavation, infrastructure development.
- (ii) Large Scale Integrated Development, which comprises, among other, activities in real estate in large scale integrated development project and its infrastructure development.
- (iii) Retail Malls, which comprises among other, activities in real estate in development and management of shopping center.
- (iv) Healthcare, which comprise activities in health services.
- (v) Hospitality and Infrastructure, which comprises, among others, activities in hotels, restaurants, town management and water and sewage treatment, recreation center, transportation and maintenance services.
- (vi) Property and Portfolio Management, which comprises, among others, activities in management services.

The geographical segment represents the Company's distinguishable components which provide products or services within a particular economic environment and this component contains risks and returns that are different from those components which operate in other economic environments.

2.x. Financial Assets and Liabilities

Financial Assets

Financial assets are classified into 4 categories, as follows (i) financial assets at fair value through profit or loss, (ii) loans and receivables, (iii) held-to-maturity financial assets and (iv) available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial asset which held for trading. Financial asset is classified as held for trading if it is acquires principally for the purpose of selling or repurchasing it in the near term and for which there is evidence of recent actual pattern of short term profit taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loan and receivables are initially recognized at fair value plus transaction cost and subsequently measured at amortized cost using the effective interest rate method.

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity, other than:

- a. Those that are designated as at fair value through profit or loss upon initial recognition;
- b. Those that are designated as available for sale; and
- c. Those that meet the definition of loans and receivables.

These are initially recognized at fair value including transaction cost and subsequently measured at amortized cost, using the effective interest rate method.

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(iv) Available-for-sale financial assets

Available-for-sale financial assets are non derivative financial assets that are intended to be held for indefinite period of time, which might be sold in response to needs for liquidity or changes in interest rates, exchange rates or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognized at fair value, plus initial recognized at fair value, plus transaction costs, and measured subsequently at fair value with gains and losses being recognized in the consolidated statement of changes in equity, except for impairment losses and foreign exchanges gains and losses, until the financial assets is derecognized. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognized in the equity section will be recognized in the consolidated statements of income. However, interest income is calculated using the effective interest method, and foreign currency gain or losses on monetary assets classified as available-for-sale is recognized in the consolidated statements of income.

Financial liabilities

Financial liabilities are classified into the category of (i) financial liabilities measured at fair value through profit or loss and (ii) financial liabilities measured at amortized cost.

(i) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are financial liabilities which held for trading. A financial liability is classified as held for trading if it is acquired principally for the purpose of selling or repurchasing it in the near term and for which there is evidence of a recent actual pattern of short term profit taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments.

(ii) Financial liabilities measured at amortized cost

Financial liabilities that are not classified as financial liabilities at fair value through profit or loss are categorized and measured at amortized cost.

Fair value estimation

The fair value of financial instruments traded in active markets is determined based on quoted market prices at the balance sheet date.

Investments in equity securities that do not have readily determinable fair values are stated at cost.

The fair value of other financial instruments that are not traded in active markets is determined using standard valuation techniques. The Company uses discounted cash flow methods and assumption based on market conditions existing at the balance sheet date to determine fair value for other financial instruments.

2.y. Use of Estimates

The preparation of the consolidated financial statements is in accordance with generally accepted accounting principles in Indonesia, which requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of the contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Due to inherent uncertainty in the estimation determination, the actual amount of assets, liabilities, revenues and expenses reported in the future might possibly be different from these estimates.

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3. Cash and Cash Equivalent

	2010	2009
	Rp	Rp
Cash on Hand		
(including 2010: USD 32,614, SGD 22,675, EUR 4,605, JPY 113,800, AUD 6,419 and 2009: USD 25,495, SGD 8,746, EUR 3,005, JPY 13,800, AUD 10,717)	5,063,225,418	3,787,993,087
Cash in Banks		
Third Parties		
<u>Rupiah</u>		
PT Bank CIMB Niaga Tbk	67,899,337,216	54,405,180,998
PT Bank Negara Indonesia (Persero) Tbk	27,019,168,345	7,053,234,377
PT Bank Central Asia Tbk	18,072,023,981	7,882,206,744
PT Bank Mandiri (Persero) Tbk	8,938,951,317	3,763,288,487
PT Bank OCBC NISP Tbk	5,705,991,399	5,758,010,224
PT Bank Mega Tbk	5,487,108,526	3,162,254,152
PT Bank Permata Tbk	4,889,620,144	2,026,884,378
PT Bank Panin Tbk	4,642,252,107	1,097,346,232
PT Bank Rakyat Indonesia (Persero) Tbk	4,086,250,203	2,086,031,764
PT Bank Internasional Indonesia Tbk	3,134,006,870	1,517,791,994
PT Bank Danamon Indonesia Tbk	2,707,330,012	723,993,896
PT Bank Tabungan Negara (Persero) Tbk	844,162,206	870,249,925
PT Bank UOB Buana	747,432,770	649,844,178
PT Bank Agroniaga Tbk	465,278,289	414,399,209
Standard Chartered Bank	88,514,013	216,058,294
Others	136,805,201	188,475,039
<u>Foreign Currencies</u>		
DBS Bank, Singapore (2010: USD 30,943, SGD 35,111,817 and 2009: USD 30,943, SGD 31,738)	245,393,806,826	503,480,165
PT Bank CIMB Niaga Tbk (2010: USD 5,492,228 and 2009: USD 543,645)	49,380,619,726	5,110,259,815
OCBC Bank, Singapore (2010: SGD 3,198,902 and 2009: SGD 2,174,883)	22,331,537,166	14,569,541,485
PT Bank Mega Tbk (2010: USD 1,882,335, SGD 9,764 and 2009: USD 70,932, SGD 12,785)	16,992,235,576	752,407,072
Credit Suisse, Singapore (2010: USD 376,751, SGD 1,063,653 and 2009: SGD 4,453)	10,812,728,838	29,829,173
PT Bank OCBC NISP Tbk (2010: USD 6,687, SGD 256,194, EUR 6,847 and 2009: USD 246,033, SGD 1,276,176, EUR 4,549)	1,930,508,395	10,923,271,653
PT Bank International Indonesia Tbk (2010: SGD 25,429 and 2009: SGD 20,927)	177,517,476	140,190,911
Deutchbank, Amsterdam (USD 23,043, EUR 14,223)	--	408,764,837
Others	652,531,465	126,300,034
Total Cash in Banks	502,535,718,067	124,379,295,036

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	2010 Rp	2009 Rp
Time Deposits		
Third Parties		
<u>Rupiah</u>		
PT Bank CIMB Niaga Tbk	1,686,217,347,826	52,302,566,286
PT Bank Negara Indonesia (Persero) Tbk	745,550,000,000	5,200,000,000
PT Bank Mega Tbk	26,500,000,000	25,000,000,000
PT Bank Mayapada International Tbk	4,600,000,000	--
PT Bank Internasional Indonesia Tbk	245,813,680	--
PT Bank Rakyat Indonesia (Persero) Tbk	--	2,000,000,000
<u>Foreign Currencies</u>		
Raiffeisen Bank International, Singapore (USD 75,000,000)	674,325,000,000	--
OCBC Bank, Singapore (2010: SGD 2,000,000 and 2009: SGD 1,500,000)	13,962,000,000	10,048,500,000
Bank of India, Singapore (2010: USD 87,824 and 2009: USD 87,627, SGD 1,774,207)	789,624,145	12,709,105,089
Credit Suisse, Singapore (2010: USD 21,154 and 2009: USD 137,755,404)	190,197,217	1,294,900,797,583
PT Bank CIMB Niaga Tbk (2010: USD 12,041 and 2009: USD 11,879)	108,264,767	111,664,762
PT Bank Negara Indonesia (Persero) Tbk (USD 300,000)	--	2,820,000,000
Total Time Deposits	<u>3,152,488,247,635</u>	<u>1,405,092,633,720</u>
Total Cash and Cash Equivalent	<u>3,660,087,191,120</u>	<u>1,533,259,921,843</u>

Interest rates and maturity period for time deposits are as follows:

	2010	2009
Interest Rates		
Rupiah	5.25% - 8.00%	6.00% - 8.00%
Foreign Currencies	0.20% - 3.60%	0.20% - 3.60%
Maturity Period	3 Month	3 Month

4. Investments

	2010 Rp	2009 Rp
Available for Sale		
Real Estate Investment Trust (REIT)	406,294,289,217	371,362,012,359
Equity Instruments in Other Companies	58,357,521,011	58,359,888,675
Investment in Associates	69,571,917,104	68,774,466,775
Total of Investments	<u>534,223,727,332</u>	<u>498,496,367,809</u>

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a. Real Estate Investment Trust (REIT)

	2010 Rp	2009 Rp
Acquisition Cost		
First REIT (FREIT)		
(2010: 66,545,888 units and 2009: 59,074,742 units)	319,341,196,911	278,952,825,074
Lippo-Mapletree Indonesia Retail Trust (LMIRT)		
(2010: 21,292,758 units and 2009: 14,434,703 units)	63,555,036,845	38,501,183,467
Foreign Exchange Differences	(236,194,673)	(2,739,944,977)
Accumulated Unrealized Gain (Loss):		
Charged to Profit and Loss	(1,949,311,917)	(1,949,311,917)
Credited to Equity	25,583,562,051	58,597,260,712
Total Investment in Real Estate Investment Trust	406,294,289,217	371,362,012,359

This account represents investments in REITs which is listed in Singapore Stock Exchange.

b. Equity Instruments in Other Companies

	Domicile	2010 Rp	2009 Rp
Cost Method			
PT Supermal Karawaci	Tangerang	57,372,704,000	57,372,704,000
PT East Jakarta Industrial Park	Jakarta	766,935,000	766,935,000
PT Spinindo Mitradaya	Jakarta	160,000,000	160,000,000
Others	--	57,882,011	60,249,675
Total Investment in Others Companies		58,357,521,011	58,359,888,675

c. Investment in Associates

	Domicile	Percentage of Ownership %	2010			Carrying Value Rp
			Acquisition Cost Rp	Accumulated Equity in Net Earnings (Losses) Rp	Accumulated Dividend Received Rp	
Equity Method						
PT Surya Cipta Investama	Bekasi	49.81	32,964,983,496	3,355,154,767	--	36,320,138,263
PT Hyundai Inti Development	Bekasi	45.00	6,155,423,370	79,160,538,069	(72,568,730,625)	12,747,230,814
PT Menara Inti Development	Bekasi	40.00	100,000,000	8,985,038,844	(1,512,000,000)	7,573,038,844
PT Tritunggal Sentra Utama	Surabaya	20.00	583,500,000	1,784,653,241	--	2,368,153,241
PT Lippo Indorent	Jakarta	50.00	200,000,000	826,853,442	--	1,026,853,442
PT Lippo Hyundai Development	Jakarta	40.00	16,216,500,000	(16,216,500,000)	--	--
PT Bumi Lemahabang Permai	Bekasi	30.00	37,500,000	(37,500,000)	--	--
Sub Total			56,257,906,866	77,858,238,363	(74,080,730,625)	60,035,414,604
Cost Method						
PT Medika Sehat Lestari *	Jakarta	25.00	4,999,994,000	--	--	4,999,994,000
PT Dunia Air Indah *	Bekasi	100.00	3,781,609,500	--	--	3,781,609,500
PT Adnansindo Intiprima *	Jakarta	30.00	300,000,000	--	--	300,000,000
PT Swadaya Teknopolis *	Bekasi	99.99	249,999,000	--	--	249,999,000
PT Ilmu Intiswadaya *	Jakarta	20.00	100,000,000	--	--	100,000,000
PT Bekasi Mega Power *	Bekasi	100.00	49,900,000	--	--	49,900,000
PT Tirta Sari Nirmala*	Bekasi	100.00	40,000,000	--	--	40,000,000
PT Chandramulia Adidharma*	Bekasi	100.00	15,000,000	--	--	15,000,000
Sub Total			9,536,502,500	--	--	9,536,502,500
Total Investment in Associates			65,794,409,366	77,858,238,363	(74,080,730,625)	69,571,917,104

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	Domicile	Percentage of Ownership	2009			Carrying Value
			Acquisition Cost	Accumulated Equity in Net Earnings (Losses)	Accumulated Dividend Received	
		%	Rp	Rp	Rp	Rp
Equity Method						
PT Multifiling Mitra Indonesia	Bekasi	49.81	500,000,000	36,820,138,263	(1,000,000,000)	36,320,138,263
PT Hyundai Inti Development	Bekasi	45.00	6,155,423,370	73,299,230,977	(67,724,873,862)	11,729,780,485
PT Menara Inti Development	Bekasi	40.00	100,000,000	8,985,038,844	(1,512,000,000)	7,573,038,844
PT Tritunggal Sentra Utama	Surabaya	20.00	583,500,000	1,784,653,241	--	2,368,153,241
PT Lippo Indorent	Jakarta	50.00	200,000,000	826,853,442	--	1,026,853,442
PT Lippo Hyundai Development	Jakarta	40.00	16,216,500,000	(16,216,500,000)	--	--
PT Bumi Lemahabang Permai	Bekasi	30.00	37,500,000	(37,500,000)	--	--
Sub Total			<u>23,792,923,370</u>	<u>105,461,914,767</u>	<u>(70,236,873,862)</u>	<u>59,017,964,275</u>
Cost Method						
PT Medika Sehat Lestari *	Jakarta	25.00	4,999,994,000	--	--	4,999,994,000
PT Dunia Air Indah *	Bekasi	100.00	3,781,609,500	--	--	3,781,609,500
PT Adhansindo Intiprima *	Jakarta	30.00	300,000,000	--	--	300,000,000
PT Tunas Pundi Bumi **	Bekasi	99.92	250,000,000	--	--	250,000,000
PT Swadaya Teknopolis *	Bekasi	99.99	249,999,000	--	--	249,999,000
PT Ilmu Intiswadaya *	Jakarta	20.00	100,000,000	--	--	100,000,000
PT Bekasi Mega Power *	Bekasi	100.00	49,900,000	--	--	49,900,000
PT Sentra Star Dinamika *	Jakarta	100.00	12,500,000	--	--	12,500,000
PT Serasi Adikarsa *	Jakarta	100.00	12,500,000	--	--	12,500,000
Sub Total			<u>9,756,502,500</u>	<u>--</u>	<u>--</u>	<u>9,756,502,500</u>
Total Investment in Associates			<u>33,549,425,870</u>	<u>105,461,914,767</u>	<u>(70,236,873,862)</u>	<u>68,774,466,775</u>

* Dormant

** Consolidated in 2010

The Company's investments in dormant companies are accounted using cost method because the fair value of the investments cannot be determined.

On September 2, 2010, PT Wisma Jatim Propertindo, a subsidiary, swapped its share in PT Multifiling Mitra Indonesia as paid in capital in establishment of PT Surya Cipta Investama.

5. Trade Accounts Receivable

	2010	2009
	Rp	Rp
Third Parties		
Urban Development:		
Land Lots	36,522,738,817	147,819,589,866
Residential Houses and Shophouses	85,623,090,499	43,717,555,287
Memorial Park	29,373,886,548	22,196,810,597
Asset Enhancements	1,847,572,394	2,225,043,213
Sub Total	<u>153,367,288,258</u>	<u>215,958,998,963</u>
Large Scale Integrated Development:		
Apartments	25,620,888,057	17,185,704,345
Asset Enhancements	5,955,895,249	1,664,332,570
Sub Total	<u>31,576,783,306</u>	<u>18,850,036,915</u>
Retail Malls:		
Shopping Centers	129,245,814,631	161,726,157,037
Asset Enhancements	22,871,814,202	21,206,620,901
Others	172,295,775	1,597,041,821
Sub Total	<u>152,289,924,608</u>	<u>184,529,819,759</u>

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	<u>2010</u> Rp	<u>2009</u> Rp
Healthcare:		
Inpatient and Outpatient	73,174,728,266	53,928,641,624
Hospitality and Infrastructure:		
Town Management and Water Treatment	72,451,745,585	72,396,821,878
Hotels and Restaurants	22,024,183,551	12,401,532,482
Recreations and Sports	5,020,547,825	20,430,000
Others	7,140,675,642	2,120,102,428
Sub Total	<u>106,637,152,603</u>	<u>86,938,886,788</u>
Property and Portfolio Management:		
Management Fee	184,292,716,719	22,912,029,554
Sub Total Trade Accounts Receivable from Third Parties	701,338,593,760	583,118,413,603
Less: Allowance for Doubtful Accounts	(44,734,119,179)	(52,696,124,794)
Total Trade Accounts Receivable from Third Parties - Net	<u>656,604,474,581</u>	<u>530,422,288,809</u>
Related Parties		
Healthcare:		
Inpatient and Outpatient	5,083,171,699	8,463,057,914
Less: Allowance for Doubtful Accounts	--	(749,719,412)
Total Trade Accounts Receivable from Related Parties - Net	<u>5,083,171,699</u>	<u>7,713,338,502</u>
Total Trade Accounts Receivable - Net	<u>661,687,646,280</u>	<u>538,135,627,311</u>

The trade accounts receivable schedule from the date of the invoice is as follows:

	<u>2010</u> Rp	<u>2009</u> Rp
Third Parties		
Current	485,797,044,845	417,087,766,330
Over Due		
Up to 3 Months	75,533,741,629	51,909,567,294
> 3 months - 6 months	27,492,332,406	14,614,180,170
> 6 months - 1 year	19,257,330,509	15,792,056,039
> 1 year	93,258,144,371	83,714,843,770
Sub Total	701,338,593,760	583,118,413,603
Less: Allowance for Doubtful Accounts	(44,734,119,179)	(52,696,124,794)
Total Trade Accounts Receivable from Third Parties - Net	<u>656,604,474,581</u>	<u>530,422,288,809</u>
Related Parties		
Current	--	--
Over Due		
Up to 3 Months	2,506,470,079	5,649,473,534
> 3 months - 6 months	1,187,728,745	1,685,406,083
> 6 months - 1 year	753,186,728	378,932,945
> 1 year	635,786,147	749,245,352
Sub Total	5,083,171,699	8,463,057,914
Less: Allowance for Doubtful Accounts	--	(749,719,412)
Total Trade Accounts Receivable from Related Parties - Net	<u>5,083,171,699</u>	<u>7,713,338,502</u>
Total Trade Accounts Receivable - Net	<u>661,687,646,280</u>	<u>538,135,627,311</u>

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The movements of allowance for doubtful accounts are as follows:

	2010 Rp	2009 Rp
Third Parties		
Beginning Balance	52,696,124,794	50,541,325,142
Addition	--	2,154,799,652
Reversal	(7,962,005,615)	--
Ending Balance	44,734,119,179	52,696,124,794
Related Parties		
Beginning Balance	749,719,412	425,479,259
Addition	--	324,240,153
Reversal	(749,719,412)	--
Ending Balance	--	749,719,412

Addition or reversal of allowance for doubtful account of related parties is based on review of the status of debtors at the end of the year.

Trade accounts receivable of the Company with a minimum value of Rp 340.6 billion have been pledged as collateral for loans obtained from PT Bank Negara Indonesia (Persero) Tbk (see Notes 15.a).

Management believes that the allowance for doubtful account is adequate to cover the possibility of uncollectible trade accounts receivable.

6. Other Accounts Receivable

	2010 Rp	2009 Rp
Third Parties		
Promissory Notes (2010: USD 4,000,000 and 2009: USD 5,000,000)	35,964,000,000	47,000,000,000
Call Spread Option (see Note 33.c)	16,992,504,426	59,625,000,000
Dividend	16,387,970,632	6,484,632,000
Tenant Association for Apartments, Condominium and Shopping Centers	13,766,739,915	17,534,917,609
Security Services	6,431,088,288	5,153,546,411
Others (each less than Rp 5 billion)	58,435,946,239	54,860,527,666
Sub Total	147,978,249,500	190,658,623,686
Less: Allowance for Doubtful Accounts	(6,353,293,962)	(7,135,675,394)
Total Other Accounts Receivable - Net	141,624,955,538	183,522,948,292

Promissory note represents non-interest bearing promissory notes received from PT Makassar Hotel Network for sales of Aryaduta Hotel Makassar in 2008. The notes were issued by PT Makassar Capital (MC) with total amount of USD 6,000,000. First promissory note amounted to USD 3,000,000 had due on December 31, 2008 and was extended based on Rescheduling Agreement (RA) dated April 22, 2009. Based on RA, MC shall pay to the Company on installment basis whereby the last installment should be paid on October 22, 2009. Up to December 31, 2010, MC had made installment of USD 2,000,000 and the balance of USD 4,000,000 is in process to be extended.

Receivable from Tenant Association for Apartments, Condominium and Shopping Centers represents receivables of maintenance, security, electricity and water.

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Dividend represents dividend receivables of Bridgewater International Pte Ltd, Bowsprit Capital Corp Ltd. and Lippo-Mapletree Indonesia Retail Trust, subsidiaries, for its investment in REIT (see Note 4).

Security services represents receivable from PT Artha Sarana Prima for providing security services in Lippo Village area.

The Company and subsidiaries' management believe that allowance for doubtful accounts is adequate to cover the possibility of uncollectible other accounts receivable.

7. Inventories

	2010	2009
	Rp	Rp
Urban Development:		
Land under Development	3,176,257,613,520	2,698,584,813,735
Residential Houses and Shophouses	563,789,954,872	407,508,361,146
Shopping Centers	--	14,072,796,365
Apartments	40,353,799,109	2,305,270,670
Others	6,526,120,007	47,905,574,290
Sub Total	<u>3,786,927,487,508</u>	<u>3,170,376,816,206</u>
Large Scale Integrated Development:		
Land under Development	805,150,121,700	635,663,932,698
Shopping Centers	459,661,068,085	320,196,763,316
Apartments	587,146,043,382	301,429,812,259
Sub Total	<u>1,851,957,233,167</u>	<u>1,257,290,508,273</u>
Retail Malls:		
Shopping Centers	818,936,315,818	773,763,065,158
Land under Development	574,938,160,855	660,234,946,706
Sub Total	<u>1,393,874,476,673</u>	<u>1,433,998,011,864</u>
Healthcare:		
Medical Supplies		
Pharmaceutical	15,509,577,921	20,370,946,660
Non-pharmaceutical	6,089,197,145	3,811,545,576
Non-Medical Supplies	9,808,800,576	3,454,919,291
Sub Total	<u>31,407,575,642</u>	<u>27,637,411,527</u>
Hospitality and Infrastructure:		
Hotels and Restaurants	3,346,698,197	3,494,340,585
Recreation and Sports	869,272,842	381,260,993
Others	195,769,456	144,370,568
Less: Allowance for Decline in Inventories Value	(39,505,683)	(39,505,683)
Sub Total	<u>4,372,234,812</u>	<u>3,980,466,463</u>
Total Inventories - Net	<u>7,068,539,007,802</u>	<u>5,893,283,214,333</u>

In 2009, land under development amounted to Rp 101,874,921,232 and Rp 25,692,667,232 has been reclassified to investment properties and property and equipment (see Notes 11 and 12), respectively, and shopping centre amounted to Rp 190,093,899,163 has been reclassified to investment properties (see Note 11).

In 2010, land under development amounted to Rp 117,603,913,069 has been reclassified to investment properties (see Notes 11), and property and equipment has been reclassified to inventory amounted to Rp 221,894,237,841 (see Note 12).

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Interests and other borrowing costs from bonds (see Note 15.e), loan obtained from PT Bank Negara Indonesia Tbk and PT Bank Agroniaga Tbk (see Notes 15.a and 15.b), premium on hedging in 2009 (see Note 33.c) have been capitalized into land under development for the years ended December 31, 2010 and 2009 amounted to Rp 416,256,671,864 and Rp 368,320,630,270, respectively.

As of December 31, 2010, land under development consisted of land covering a net area of approximately 29 hectares in Kelapa Dua and Bencong Village, 11 hectares in Jalan Lingkar Luar Barat - Puri Kembangan, 15 hectares in Mampang Prapatan District, 3 hectares in Simprug, South Jakarta, 21 hectares in West Panunggangan Village, 30 hectares in Binong Village, 2 hectares in Kelapa Indah Village, 15 hectares in Bonang Village, 20 hectares in Sukanagalih Village, 4 hectares in Pondok Jagung Village, 103 hectares in Margakaya Village, Telukjambe, Karawang, 123 hectares in Cibatuh Village, 15 hectares in Serang Village, 35 hectares in Sukaresmi Village, 162 hectares in Cicau Village, 3 hectares in Kuta, Bali, 37 hectares in Tanjung Merdeka Village, 24 hectares in Macini Sombala Village, 15 hectares in Tamanyeleng Village, 32 hectares in Barombong Village and 14 hectares in Mariso District.

Land under development with total area of 109,145 sqm and property inventories are pledged as collateral for loan of the Company obtained from PT Bank Negara Indonesia (Persero) Tbk (see Note 15.a). Land under development owned by PT Lippo Cikarang Tbk, a subsidiary, totaling to 21.9 hectares are pledged for credit facilities obtained from PT Bank ICBC Indonesia (see Note 33.a).

The Company's and subsidiaries' inventories have been insured against all risks, based on a certain insurance policy package of PT Lippo General Insurance Tbk, affiliated and PT Asuransi Bintang Tbk, third party with the sum insured of Rp 3,481 billion and USD 4,600,000 as of December 31, 2010 and 2009, respectively. The Company and subsidiaries' management believe that the sum insured is adequate to cover any possible losses.

The Company and subsidiaries' management were in opinion that there is no impairment in the carrying value of inventories as of December 31, 2010.

8. Advances

	2010 Rp	2009 Rp
Advance for Investments:		
PT Anugerah Bahagia Abadi	255,000,000,000	--
PT Guchi Kencana Emas	57,443,246,813	--
PT Prawira Tata Semesta	46,655,579,000	--
Sub Total	359,098,825,813	--
Advanced for Construction	225,838,118,982	57,918,398,184
Advance for Land Acquisition	57,284,570,705	34,594,475,705
Others	57,073,900,457	100,197,981,653
Total	699,295,415,957	192,710,855,542

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9. Transaction and Balances with Related Parties

The details of the account balance with related parties are as follows:

	2010 Rp	2009 Rp	Percentage from Total Assets/Liabilities/ Net Sales	
			2010 %	2009 %
Investment in Associates				
PT Surya Citra Investama	36,320,138,263	--	0.22	--
PT Multifiling Mitra Indonesia Tbk	--	36,320,138,263	--	0.30
PT Hyundai Inti Development	12,747,230,814	11,729,780,485	0.08	0.10
PT Menara Inti Development	7,573,038,844	7,573,038,844	0.05	0.06
PT Medika Sehat Lestari	4,999,994,000	4,999,994,000	0.03	0.04
PT Dunia Air Indah	3,781,609,500	3,781,609,500	0.02	0.03
PT Tritunggal Sentra Utama	2,368,153,241	2,368,153,241	0.01	0.02
PT Lippo Indorent	1,026,853,442	1,026,853,442	0.01	0.01
Others	754,899,000	974,899,000	0.00	0.01
Total Investment in Associates	69,571,917,104	68,774,466,775	0.42	0.57
Trade Accounts Receivable				
Inpatient and Outpatient	5,083,171,699	8,463,057,914	0.03	0.07
Less: Allowance for Doubtful Accounts	--	(749,719,412)	--	(0.01)
Total Trade Accounts Receivable - Net	5,083,171,699	7,713,338,502	0.03	0.06
Due from Related Parties				
PT Bumi Lemahabang Permai	9,917,213,291	10,090,713,609	0.06	0.08
PT Duta Mas Kharisma Indah	4,891,935,451	4,891,935,451	0.03	0.04
Employees and Directors	1,975,306,724	1,525,294,539	0.01	0.01
Others (each below Rp 1 billion)	4,844,120,868	8,103,886,580	0.03	0.07
Total	21,628,576,334	24,611,830,179	0.13	0.20
Less: Allowance for Doubtful Accounts	(12,255,328,472)	(11,724,811,276)	(0.08)	(0.10)
Total Due from Related Parties - Net	9,373,247,862	12,887,018,903	0.05	0.10
Trade Accounts Payable				
PT First Media Tbk	9,710,280,000	10,152,000,000	0.12	0.15
Due to Related Parties				
PT Dunia Air Indah	3,790,587,326	3,790,587,326	0.05	0.06
PT Cahaya Harapan	2,799,999,500	2,799,999,500	0.04	0.04
PT Tirta Graha Sentana	1,620,804,400	1,620,804,400	0.02	0.02
PT Gita Multi Sarana	599,731,672	1,900,238,838	0.01	0.03
PT Bumi Lemahabang Permai	224,811,968	10,478,277,605	0.00	0.15
Others (each below Rp 1 billion)	1,271,533,613	3,053,928,748	0.01	0.04
Total Due to Related Parties	10,307,468,479	23,643,836,417	0.13	0.34
Deferred Income				
PT Matahari Putra Prima Tbk	776,312,009,263	770,539,981,820	9.73	11.27
Net Sales, Services and Other Revenues				
PT Matahari Putra Prima Tbk	13,453,525,173	13,775,229,612	0.43	0.54

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The transactions were conducted on equal normal business terms as transactions with third parties unless otherwise disclosed. The significant transactions with related parties are as follows:

Related Parties	Relationship with the Company	Transactions
PT Matahari Putra Prima Tbk	Under Common Control	Deferred income and net sales
PT Bumi Lemahabang Permai	Under Common Control	Non-interest bearing of intercompany charges, advance in connection with the cancellation of land
PT Surya Cipta Investama	Associate	Investment in shares of stock
PT Lippo Indorent	Associate	Investment in shares of stock
PT Hyundai Inti Development	Associate	Investment in shares of stock
PT Multifiling Mitra Indonesia Tbk	Associate	Investment in shares of stock
PT Tritunggal Sentra Utama	Associate	Investment in shares of stock
PT Menara Inti Development	Associate	Investment in shares of stock
PT Medika Sehat Lestari	Associate	Investment in shares of stock
PT Duta Mas Kharisma Indah	Under Common Control	Non-interest bearing of intercompany charges
PT Dunia Air Indah	Associate	Investment in shares of stock and non-interest bearing of intercompany charges
PT Gita Multi Sarana	Under Common Control	Non-interest bearing of intercompany charges
PT Tirta Graha Sentana	Under Common Control	Non-interest bearing of intercompany charges
PT Cahaya Harapan	Under Common Control	Intercompany advances
PT First Media Tbk	Under Common Control	Rental of lease line

Receivable from PT Bumi Lemahabang Permai (BLP) represents receivable of PT Lippo Cikarang Tbk (LC), a subsidiary, which mainly consists of non-interest intercompany accounts arisen from operational cost, unsecured and no fixed repayment period.

Payable to BLP represents non-interest bearing of intercompany charges, unsecured and no fixed repayment period.

10. Land for Development

	2010		2009	
	Area sqm	Value Rp	Area sqm	Value Rp
The Company	1,001,010	203,350,714,722	1,001,010	203,350,714,722
Subsidiaries				
PT Lippo Cikarang Tbk	3,567,083	395,545,217,623	4,212,516	429,274,551,224
PT Gowa Makassar Tourism Development Tbk	2,066,224	137,533,188,653	2,133,077	134,646,765,913
PT Muliasantosa Dinamika	803,413	112,455,747,318	803,413	112,455,747,318
PT Erabaru Realindo	692,082	16,961,287,500	692,082	16,961,287,500
PT Sentragraha Mandiri	239,759	33,313,592,430	239,759	33,313,592,430
PT Sejatijaya Selaras	121,543	18,620,363,550	136,909	19,324,757,255
PT Bahtera Pratama Wirasakti	83,405	15,695,452,595	83,405	15,690,813,603
PT Surya Makmur Alam Persada	71,303	20,283,623,533	71,303	20,283,623,533
Total Land for Development	8,645,822	953,759,187,924	9,373,474	985,301,853,498

Land for development of the Company and subsidiaries are located at Curug Wetan Village, Curug Kulon, Sukabakti in Curug District; Serdang Wetan Village, Rancagong in Legok District; Ciakar Village, Serdang Kulon, Cukang Galih, Tangerang Regency, Banten; Cipambuan Village in Citeureup District, Bogor Regency, West Java; Sukaresmi, Cibatu, Cicau, Sukamukti, Sirnajati, Jayamukti in Lemahabang District, South Cikarang; Tanjung Merdeka Village, Barombong, Maccini Sombala, Tamanyeleng, Mariso, Benteng Somba Opu in Makassar, South Sulawesi.

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Site development permits of each land have been obtained from their respective local governors.

Interest expense and other borrowing cost of loan obtained from PT Bank Agroniaga Tbk had been capitalized into land for development for the years ended December 31, 2010 and 2009 amounted to Rp 1,535,688,268 and Rp 2,519,600,987, respectively (see Note 15.b).

Land for development of PT Gowa Makassar Tourism Development Tbk, a subsidiary, with area of 183,480 sqm is pledged as collateral for loan obtained from PT Bank Agroniaga Tbk (see Note 15.b).

11. Investment Properties

	2010				
	Beginning Balance	Reclassification	Addition	Deduction	Ending Balance
	Rp	Rp	Rp	Rp	Rp
Acquisition Cost					
Land	101,874,921,232	2,622,511,200	--	--	104,497,432,432
Building	343,909,635,883	115,824,901,869	--	--	459,734,537,752
Total Acquisition Cost	<u>445,784,557,115</u>	<u>118,447,413,069</u>	<u>--</u>	<u>--</u>	<u>564,231,970,184</u>
Accumulated Depreciation					
Building	24,766,419,985	--	21,479,686,545	--	46,246,106,530
Total Accumulated Depreciation	<u>24,766,419,985</u>	<u>--</u>	<u>21,479,686,545</u>	<u>--</u>	<u>46,246,106,530</u>
Carrying Value	<u>421,018,137,130</u>				<u>517,985,863,654</u>
	2009				
	Beginning Balance	Reclassification	Addition	Deduction	Ending Balance
	Rp	Rp	Rp	Rp	Rp
Acquisition Cost					
Land	--	101,874,921,232	--	--	101,874,921,232
Building	23,335,343,246	319,076,205,879	1,498,086,758	--	343,909,635,883
Total Acquisition Cost	<u>23,335,343,246</u>	<u>420,951,127,111</u>	<u>1,498,086,758</u>	<u>--</u>	<u>445,784,557,115</u>
Accumulated Depreciation					
Building	6,019,788,807	--	18,746,631,178	--	24,766,419,985
Total Accumulated Depreciation	<u>6,019,788,807</u>	<u>--</u>	<u>18,746,631,178</u>	<u>--</u>	<u>24,766,419,985</u>
Carrying Value	<u>17,315,554,439</u>				<u>421,018,137,130</u>

In 2009, the Company had reclassified inventories, and property and equipment to investment properties amounted to Rp 291,968,820,395 and Rp 128,982,306,716, respectively (see Notes 7 and 12). In 2010, the Company had reclassified inventories, and property and equipment to investment properties amounted to Rp 117,603,913,069 and Rp 843,500,000, respectively. Those inventories and property and equipment were reclassified to investment properties when they were intended to generate rental revenue.

Rental revenue earned from investment properties amounted to Rp 70,390,281,725 and Rp 43,924,788,193 for the years ended December 31, 2010 and 2009, respectively.

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Depreciation charges are allocated as follows:

	2010 Rp	2009 Rp
Cost of Sales and Services	12,200,180,872	11,187,015,539
General and Administrative Expense	9,279,505,673	7,559,615,639
Total Depreciation Expense	21,479,686,545	18,746,631,178

The Company's investment properties has been insured against fire damage and other risks to PT Lippo General Insurance Tbk, related party, with sum insured amounted to Rp 341.7 billion and Rp 341.1 billion as of December 31, 2010 and 2009. The Company and subsidiaries' management were in opinion that the sum insured is adequate to cover any possible losses.

12. Property and Equipment

	2010				Ending Balance Rp
	Beginning Balance Rp	Addition Rp	Deduction Rp	Correction/ Reclassification Rp	
Acquisition Cost					
Direct Ownership					
Land	302,826,803,774	741,108,095	13,365,000,000	(843,500,000)	289,359,411,869
Building, Infrastructure and Renovations	498,376,261,259	27,399,979,052	38,663,844,292	14,355,924,661	501,468,320,680
Parks and Interiors	20,296,594,123	573,569,767	--	--	20,870,163,890
Golf Course and Club House	166,999,719,857	1,259,502,376	--	(76,377,444)	168,182,844,789
Transportation Equipment and Vehicles	22,522,232,431	5,251,480,727	631,132,432	329,759,902	27,472,340,628
Furniture Fixtures and Office Equipment	307,406,423,244	21,467,800,152	673,543,146	607,064,013	328,807,744,263
Tools and Medical Equipment	245,291,159,735	156,347,049,627	25,658,135	2,327,321,951	403,939,873,178
Machinery and Project Equipment	137,120,945,513	6,366,565,350	172,947,900	9,460,276,296	152,774,839,259
Bowling Machinery	14,385,991,861	--	--	--	14,385,991,861
Playground Areas	3,536,633,375	--	--	(400,887,283)	3,135,746,092
Sub Total	1,718,762,765,172	219,407,055,146	53,532,125,905	25,759,582,096	1,910,397,276,509
Assets under Finance Lease	1,896,813,500	--	--	(1,704,983,500)	191,830,000
Construction in Progress	245,752,916,546	111,219,957,472	--	(252,758,928,571)	104,213,945,447
Total Acquisition Cost	1,966,412,495,218	330,627,012,618	53,532,125,905	(228,704,329,975)	2,014,803,051,956
Accumulated Depreciation					
Direct Ownership					
Building, Infrastructure and Renovations	100,677,427,451	27,303,087,873	16,523,081,980	(402,342,271)	111,055,091,073
Parks and Interiors	14,735,083,023	2,308,032,868	--	--	17,043,115,891
Golf Course and Club House	106,170,433,407	9,353,186,350	--	(220,293,290)	115,303,326,467
Transportation Equipment and Vehicles	18,435,563,379	1,000,625,335	566,852,432	394,716,693	19,264,052,975
Furniture Fixtures and Office Equipment	218,090,815,403	34,265,032,618	95,117,205	71,975,993	252,332,706,809
Tools and Medical Equipment	173,943,979,066	23,227,836,770	16,699,802	(5,372,713,050)	191,782,402,984
Machinery and Project Equipment	70,208,162,956	13,393,457,873	36,715,010	483,296,145	84,048,201,964
Bowling Machinery	14,241,375,456	30,657,816	--	--	14,272,033,272
Playground Areas	3,502,354,774	504,034	--	(367,112,716)	3,135,746,092
Sub Total	720,005,194,915	110,882,421,537	17,238,466,429	(5,412,472,496)	808,236,677,527
Assets under Finance Lease	745,949,638	--	--	(554,119,638)	191,830,000
Total Accumulated Depreciation	720,751,144,553	110,882,421,537	17,238,466,429	(5,966,592,134)	808,428,507,527
Carrying Value	1,245,661,350,665				1,206,374,544,429

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	2009				
	Beginning Balance	Addition	Deduction	Reclassification	Ending Balance
	Rp	Rp	Rp	Rp	Rp
Acquisition Cost					
Direct Ownership					
Land	277,162,421,101	--	--	25,664,382,673	302,826,803,774
Building, Infrastructure and Renovations	452,058,334,631	9,179,349,713	--	37,138,576,915	498,376,261,259
Parks and Interiors	18,824,198,232	2,126,038,181	1,833,863,205	1,180,220,915	20,296,594,123
Golf Course and Club House	165,267,762,953	1,731,956,904	--	--	166,999,719,857
Transportation Equipment and Vehicles	22,161,709,470	749,713,360	431,165,399	41,975,000	22,522,232,431
Furniture Fixtures and Office Equipment	282,981,655,769	22,736,104,114	1,824,046,714	3,512,710,075	307,406,423,244
Tools and Medical Equipment	226,049,606,584	14,024,439,452	177,976,901	5,395,090,600	245,291,159,735
Machinery and Project Equipment	126,911,846,439	9,117,625,704	482,307,615	1,573,780,985	137,120,945,513
Bowling Machinery	14,380,816,861	--	--	5,175,000	14,385,991,861
Playground Areas	3,135,746,093	400,887,282	--	--	3,536,633,375
Sub Total	1,588,934,098,133	60,066,114,710	4,749,359,834	74,511,912,163	1,718,762,765,172
Assets under Finance Lease	2,072,498,780	--	175,685,280	--	1,896,813,500
Construction in Progress	297,405,203,208	103,402,841,676	3,115,607,813	(151,939,520,525)	245,752,916,546
Total Acquisition Cost	1,888,411,800,121	163,468,956,386	8,040,652,927	(77,427,608,362)	1,966,412,495,218
Accumulated Depreciation					
Direct Ownership					
Building, Infrastructure and Renovations	78,706,983,396	22,424,060,548	--	(453,616,494)	100,677,427,450
Parks and Interiors	12,644,357,458	2,526,996,607	436,271,042	--	14,735,083,023
Golf Course and Club House	97,170,658,218	8,999,775,189	--	--	106,170,433,407
Transportation Equipment and Vehicles	17,929,632,843	880,392,007	393,271,802	18,810,331	18,435,563,379
Furniture Fixtures and Office Equipment	181,258,186,498	37,433,725,684	761,824,908	160,728,130	218,090,815,404
Tools and Medical Equipment	155,377,560,613	18,624,199,212	56,543,724	(1,237,035)	173,943,979,066
Machinery and Project Equipment	58,364,303,485	11,939,383,860	152,641,812	57,117,423	70,208,162,956
Bowling Machinery	14,210,685,557	30,689,899	--	--	14,241,375,456
Playground Areas	3,128,481,424	373,873,350	--	--	3,502,354,774
Sub Total	618,790,849,492	103,233,096,356	1,800,553,288	(218,197,645)	720,005,194,915
Assets under Finance Lease	660,268,682	188,164,036	102,483,080	--	745,949,638
Total Accumulated Depreciation	619,451,118,174	103,421,260,392	1,903,036,368	(218,197,645)	720,751,144,553
Carrying Value	1,268,960,681,947				1,245,661,350,665

Depreciation charges are allocated as follows:

	2010 Rp	2009 Rp
General and Administrative Expenses	65,881,266,199	73,155,741,395
Cost of Sales and Services	29,808,662,072	24,076,809,613
Selling Expenses	15,192,493,266	6,188,709,384
Total Depreciation Charges	110,882,421,537	103,421,260,392

The disposal of property and equipment represents sale of assets with details as follows:

	2010 Rp	2009 Rp
Acquisition Cost	53,532,125,905	8,040,652,927
Accumulated Depreciation	17,238,466,429	1,903,036,368
Carrying Value	36,293,659,476	6,137,616,559
Written off - Carrying Value	--	(3,115,607,813)
Selling Price	220,929,025,288	3,287,966,850
Gain on Disposal	184,635,365,812	265,958,104
Deferred Gain on Sale and Leaseback Transaction (Note 20)	178,461,683,217	--
Gain on Disposal Credited to Statement of Income	6,173,682,595	265,958,104

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PT East Jakarta Medika (EJM) sold land and building of Siloam Cikarang Hospital (the Property) to PT Graha Pilar Sejahtera (GPS) at the selling price of SGD 33,333,333 and leaseback the Property (see Note 33.b). In relation of this transaction, EJM recognized gain on sale Property amounted to Rp 5,949,923,669 and deferred gain on sale and leaseback amounted to Rp 178,461,683,217.

Construction in progress mainly represents Sekolah Pelita Harapan (SPH), Lippo Cikarang City Walk and Hypermart Cyber Park. As of December 31, 2010, the assets has reached 95%, 90% and 80% of the total contract amount, respectively, and is expected to be completed on January 2011, March 2011 and February 2011, respectively. Management believes that there are no obstacles in the completion of the construction.

In 2009, the Company had reclassified construction in progress amounted to Rp 128,982,306,716 to investment properties (see Note 11), inventories and other assets to property and equipment amounted to Rp 25,692,667,232 and Rp 26,080,228,767, respectively (see Notes 7 and 14).

In 2010, the Company had reclassified property and equipment to investment properties (see Note 11) amounted to Rp 843,500,000 and to inventories amounted to Rp 221,894,237,841 (see Note 7).

Land and building with areas of 82,478 sqm and 781 sqm located at Tanjung Merdeka, Makassar were pledged as collateral for loan obtained by PT Gowa Makassar Tourism Development Tbk, a subsidiary, from PT Bank Agroniaga Tbk (see Note 15.b).

There is no borrowing cost capitalized into property and equipment.

All the Company and subsidiaries' property and equipment have been insured to PT Lippo General Insurance Tbk, related party, PT Asuransi Bintang Tbk and PT Maskapai Asuransi Sonwelis, third parties against fire damage and other risks, with sum insured amounted to Rp 1,547 billion, SGD 35,584,286 million and USD 33,359,623 million and Rp 1,610 billion, SGD 44,475,972 million and USD 38,986,442 million as of December 31, 2010 and 2009, respectively. The Company and subsidiaries' management were in opinion that the sum insured is adequate to cover any possible losses.

The Company and subsidiaries' management were in opinion that there is no impairment in the carrying value of property and equipment as of December 31, 2010.

13. Intangible Assets

	2010 Rp	2009 Rp
Excess of Acquisition Cost over the Subsidiaries' Net Assets	234,065,201,770	234,065,201,770
Acquisition Cost of Software	5,062,808,194	5,062,808,194
Total	239,128,009,964	239,128,009,964
Less: Accumulated Amortization	(134,504,453,123)	(105,239,833,462)
Total Intangible Assets - Net	104,623,556,841	133,888,176,502

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The excess of acquisition cost over the subsidiaries' net assets represents the difference arising from acquisition of PT Nuansa Indah Lestari, PT Aresta Amanda Lestari, PT Aresta Permata Utama, PT Fajar Usaha Semesta, PT Fajar Raya Cemerlang, PT Fajar Abadi Aditama, PT Gowa Makassar Tourism Development Tbk by the Company for Rp 96,070,942,680; acquisition of PT Unitech Prima Indah by PT Ariasindo Sejati, a subsidiary, for Rp 5,470,663,157; acquisition of PT Pendopo Niaga by PT Lipposindo, a subsidiary, for Rp 246,980,535, acquisition of PT Jagat Pertala Nusantara by PT Lippo Vacation, a subsidiary, for Rp 17,621,494,991; acquisition of PT Menara Perkasa Megah by PT Wisma Jatim Propertindo, a subsidiary, for Rp 1,151,986,397; acquisition of PT Menara Bhumimegah by PT Kemang Village, a subsidiary, for Rp 1,707,831,551; acquisition of PT Persada Mandiri Dunia Niaga by PT Wisma Jatim Propertindo, a subsidiary, for Rp 1,542,978,254; acquisition of PT Almaron Perkasa by PT Wahana Usaha Makmur, a subsidiary for Rp 6,114,426,687; acquisition of PT Direct Power by PT Wisma Jatim Propertindo, a subsidiary, for Rp 9,258,357,865; acquisition PT Mujur Sakti Graha by PT Prima Kreasi Propertindo, a subsidiary, for Rp 1,165,878,505; and acquisition of PT Graha Solusi Mandiri by PT Primakreasi Propertindo, a subsidiary, for Rp 38,067,060,305. The addition in 2008 represents acquisition of PT Adhi Utama Dinamika by PT Wahana Usaha Makmur and PT Almaron Perkasa, both are subsidiaries, for Rp 24,783,975,543; acquisition of PT Pamor Paramitha Utama by PT Berkat Langgeng Jaya, a subsidiary, for Rp 10,027,716,935; acquisition of PT Berkat Langgeng Jaya by PT KutaBeach Paragon, a subsidiary, for Rp 3,111,072,589; acquisition of PT Buana Mandiri Selaras by PT Mahaduta Purnama, a subsidiary, for Rp 1,173,290,123, and acquisition of PT Nusa Medika Perkasa by PT Perdana Kencana Mandiri, PT Multiselaras Anugrah, and PT Aritasindo Permai Semesta, all subsidiaries, for Rp 16,550,545,653 (see Note 1.c).

14. Other Assets

	2010 Rp	2009 Rp
Deferred Charges	143,749,535,621	97,145,321,393
Restricted Funds	93,352,635,515	62,258,089,351
Project Advances	11,834,755,354	9,095,177,007
Others	20,599,486,878	29,044,745,424
Total Other Assets	269,536,413,368	197,543,333,175

Deferred charges represents the Company's training and development of professional employees for preparation of Mochtar Riady Comprehensive Cancer Center operation, and marketing and sales expenditures incurred by PT Almaron Perkasa and PT Mandiri Cipta Gemilang, subsidiaries, for Kemang Village and St. Moritz project, respectively. The cost will be amortized systematically in accordance with recognition of revenue from the abovementioned projects.

Restricted fund represents the Company and subsidiaries' time deposits placement in relation to mortgages agreements (KPR and KPA) entered by the Company and subsidiaries with their respective banks. These deposits earn an equal interest to the Rupiah's denominated time deposits owned by the Company and subsidiaries (see Note 3).

In 2009, the Company had reclassified project advances into property and equipment amounted to Rp 26,080,228,767 (see Note 12).

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15. Loans

	<u>2010</u> Rp	<u>2009</u> Rp
Third Parties		
Banks		
a. PT Bank Negara Indonesia (Persero) Tbk	448,172,201,824	492,770,821,896
b. PT Bank Agroniaga Tbk	11,450,000,000	24,650,000,000
c. PT Bank CIMB Niaga Tbk	--	30,128,666,664
d. PT Bank Permata Tbk	--	1,009,877,929
	<u>459,622,201,824</u>	<u>548,559,366,489</u>
Non Bank		
e. Bonds (2010: USD 336,854,000 and 2009: USD 250,000,000)	<u>2,916,240,540,290</u>	<u>2,335,241,779,681</u>
Total Loans	<u>3,375,862,742,114</u>	<u>2,883,801,146,170</u>

a. PT Bank Negara Indonesia (Persero) Tbk

- Based on Deed of Credit Agreement No. 34 dated October 30, 2006 made in presence of H. Zamri, S.H., a notary in Jakarta, which was renewed by Deed of Credit Agreement No. 46 dated March 29, 2007 of the same notary, the Company obtained a Working Capital Credit facility with maximum amount of Rp 250,000,000,000 and bears an annual interest rate of 13.5%. This loan was used to finance property and other businesses, except for land acquisition and matured on October 29, 2007. Furthermore, based on Deed of Credit Agreement No. 44 dated March 29, 2007 made in presence of H. Zamri, S.H., a notary in Jakarta, the Company obtained additional Working Capital Credit facility with maximum amount of Rp 20,000,000,000 resulting in total Working Capital Credit facility amounted to Rp 270,000,000,000. This loan bears an annual interest rate of 13.5% and matured on October 29, 2007. These loans have been extended to October 29, 2008. Based on Amendment of Credit Agreement Nos. 34 and 44 dated November 3, 2009, respectively, these loans were extended starting from October 30, 2008 to June 12, 2010 and can be extended with written approval of both parties. Based on amendment of Credit Agreement Nos. (4) 34 and (3) 44, these loan have been extended to June 12, 2011.

The outstanding balance of these loans as of December 31, 2010 and 2009 amounted to Rp 238,922,201,824 and Rp 243,020,821,896, respectively.

- Based on Deed of Credit Agreement No. 45 dated March 29, 2007 made in presence of H. Zamri, S.H., a notary in Jakarta, the Company obtained a term loan credit facility with maximum amount of Rp 270,000,000,000. This loan bears an annual interest rate of 13.5%. The loan was used to finance the Company's projects in Urban Development, Large Scale Integrated Development, Retail Malls, Healthcare and Hospitality and Infrastructure, except for land acquisition and will mature on March 29, 2011.

The outstanding balance of this loan as of December 31, 2010 and 2009 amounted to Rp 209,250,000,000 and Rp 249,750,000,000, respectively.

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Both facilities are secured by collaterals as follows:

- 14 (fourteen) parcels of land with area of 109,145 sqm, consist of part of Right to Build (HGB) Nos. 2588, 2591, 2592, 2623, 2684, 2685, 2686, 2696, 2722, 3089, 3088, 3638, 1810, and 1811 registered under the name of PT Mandiri Cipta Gemilang, a subsidiary;
- Property and other trade accounts receivable (excluding account receivable from land sold) amounted to Rp 340.6 billion.

Interests and other borrowing costs capitalized into inventories as of December 31, 2010 and 2009 amounted to Rp 59,735,186,913 and Rp 70,563,940,969, respectively (see Note 7).

Based on loan agreement the Company, among others, needs to maintain as follows:

- Current ratios minimum 1 x;
- Debt equity ratios maximum 2.7 x; and
- Debt service coverage minimum 100%.

b. PT Bank Agroniaga Tbk

Based on Credit Agreement No. 73 dated June 23, 2004 which has been extended up several times, latest by Credit Agreement Letter No. AB/cr.S/043/PPK/IX/2010 dated September 30, 2010, PT Gowa Makassar Tourism Development Tbk (GMTD), a subsidiary, obtained an approval alteration of credit facility became as follows:

- Pinjaman Tetap Reguler (PTR I) – Non Revolving amounted to Rp 16,500,000,000
- Pinjaman Tetap Reguler (PTR II) – Revolving amounted to Rp 7,000,000,000

This facility is secured by collaterals as follows:

- 13 (thirteen) parcel of land with area of 183,480 sqm, consist of Right to Build (HGB) Nos. 20001, 20002, 20003, 20004, 20005, 20006, 20007, 20008, 20009, 20010, 20011, 20012 and 20013 located in Barombong Village, Tamalate District, Makassar, South Sulawesi Province registered under the name of GMTD.
- Land and building with area of 82,478 sqm and 781 sqm, respectively, based on HGB No. 20588 located in Tanjung Merdeka, Tamalate District, Makassar, South Sulawesi Province registered under the name of GMTD.

Interest expense and other borrowing cost capitalized into inventories for the years ended December 31, 2010 and 2009 amounted to Rp 1,731,605,478 and Rp 2,817,869,151, respectively (see Note 7) and capitalized into land for development for the years ended December 31, 2010 and 2009 amounted to Rp 1,535,688,268 and Rp 2,519,600,987, respectively (see Note 10).

There are no restrictive financial ratio which should be maintained by GMTD.

As of December 31, 2010 and 2009, the outstanding balance of this loan amounted to Rp 11,450,000,000 and Rp 24,650,000,000, respectively.

c. PT Bank CIMB Niaga Tbk

- Based on Credit Agreement No. 351/CBG/JKT/05 dated December 21, 2005, the Company obtained Special Transaction Credit Facility with maximum amount of Rp 46,000,000,000, with annual interest rate of 18%. This loan was used to finance renovation of Aryaduta Hotel Jakarta and Imperial Aryaduta Hotel & Country Club, Karawaci Tangerang, and matured on December 21, 2009. This facility is secured by Right to Build (HGB) Nos. 352 and 353 located in Gambir Village, Gambir District, Center Jakarta, DKI Jakarta, registered under the Company's name (see Note 12). The balance has been fully paid on December 1, 2009.

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- Based on credit agreement No. 045/CBG/JKT/07 dated February 22, 2007, which was renewed by credit agreement No. 158/AMD/CBG/JKT/08, PT Surya Mitra Jaya (SMJ), a subsidiary, obtained:
 - Bank Guarantee Facility with maximum amount of Rp 25,000,000,000.
 - Special Transaction Credit facility with maximum amount of Rp 82,853,833,333, and bears an annual interest rate of 14.5%. This loan was used to finance development of “City of Tomorrow” project.

Both facilities will mature on December 1, 2010.

These facilities were secured by collaterals as follows:

- One parcel of land with area of 26,655 sqm, consists of Right to Build (HGB) No. 417 located at Dukuh Menanggal Village, Gayungan District, Surabaya, East Java registered under SMJ's name and including building of “City of Tomorrow” project with minimum value of Rp 180,000,000,000.
- Fiduciary of accounts receivable from sales of apartment units, mall and office space with minimum of 120% from total facility.

There are no restrictive financial ratio which should be maintained by SMJ.

The outstanding balance of these loans as of December 31, 2010 and 2009 amounted to nil and Rp 30,128,666,664, respectively. The balance has been fully paid on December 1, 2010.

d. PT Bank Permata Tbk

The loan obtained by PT East Jakarta Medika (EJM), a subsidiary, on August 29, 2003, which was renewed by credit agreement No. 33 dated October 31, 2008, represented Term Loan Facility with maximum amount of Rp 4,174,187,326, bears an annual interest rate of 15% and will mature on April 13, 2010. This facility was secured by one parcel of land with area of 9,900 sqm including its building, with Right to Build (HGB) No. 623 located in Cibatu Village, Bekasi registered under EJM's name (see Note 12).

On April 2010, this loan has been fully paid by EJM.

e. Bonds

	2010	2009
	Rp	Rp
Nominal (2010: USD 336,854,000 and 2009: USD 250,000,000)	3,028,654,314,000	2,350,000,000,000
Bond Issuance Cost - Net	<u>(112,413,773,710)</u>	<u>(14,758,220,319)</u>
Total	<u>2,916,240,540,290</u>	<u>2,335,241,779,681</u>
Bond Issuance Costs	185,559,382,173	65,176,216,045
Less: Accumulated Amortization	<u>(73,145,608,463)</u>	<u>(50,417,995,726)</u>
Unamortized Bond Issuance Cost	<u>112,413,773,710</u>	<u>14,758,220,319</u>

On March 9, 2006, Lippo Karawaci Finance B.V., a subsidiary, issued unsecured bonds with nominal value of USD 250,000,000 and annual interest rate of 8.875% at Singapore Stock Exchange. The bond has 5 years period and will due on March 9, 2011. Payments of interest will be conducted every 6 months. As of December 31, 2010 and 2009, the outstanding accrued interest expense amounted to USD 1,828,390 and USD 7,043,246 (equivalent Rp Rp 16,439,050,893 and Rp 66,206,514,544), respectively. On May 11, 2010, part of bonds amounted to USD 183,754,000 was exchanged with bonds issued by Sigma Capital Pte. Ltd., a subsidiary. As of December 31, 2010, the outstanding balance of this bond amounted to USD 66,246,000 (equivalent Rp 595,617,786,000).

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In relation to exchange offer program of bonds, on May 11, 2010, Sigma Capital Pte. Ltd., a subsidiary, issued unsecured bonds with nominal value of USD 270,608,000 and bear an annual interest rate of 9% at Singapore Stock Exchange. The bond has 5 years period and will due on April 30, 2015. Payments of interest will be conducted every 6 months. As of December 31, 2010, accrued interest expense amounted to USD 4,059,120 (equivalent Rp 36,495,547,920).

Interest expense and other borrowing cost capitalized into inventories for the years ended December 31, 2010 and 2009 amounted to Rp 354,789,879,473 and Rp 227,516,292,878, respectively (see Note 7).

This bonds have been rated B+ by Standard & Poor's, B1 by Moody's and B+ by Fitch.

The Company has to comply with certain restrictions under bond covenants as stipulated in Offering Circular.

The Company has entered into Non Deliverable USD Call Spread Option facility agreements with certain third parties to hedge foreign exchange fluctuation risk on this foreign currency bond (see Note 33.c).

f. Promissory Notes

PT Lippo Cikarang Tbk, a subsidiary, issued bearing promissory notes with an annual interest rate of 15% that were managed by Asia Growth Investment Limited, Malaysia. On October 22, 2008, promissory notes amounted to Rp 20,959,804,688 has been extended to December 24, 2009. The promissory notes have been fully paid on December 14, 2009.

g. PT Ciptadana Multifinance

On August 7, 2006, PT Lippo Cikarang Tbk, a subsidiary, and PT Ciptadana Multifinance entered into factoring facility agreement with maximum facility of Rp 75,000,000,000 for the period up to August 7, 2011 and bears an annual interest rate of 18%. This loan has been fully paid on September 28, 2009. In 2009 total interest expense was Rp 513,673,506, respectively.

16. Accrued Expenses

	2010 Rp	2009 Rp
Estimated Cost for Construction	310,549,884,908	293,457,380,934
Interest	56,279,388,686	66,216,576,330
Transfer of Ownership Tax	25,183,410,755	17,707,646,952
Endowment Care Fund	21,596,987,047	13,687,001,535
Hedging Premium	10,752,187,050	17,378,354,476
Electricity, Water and Telephone	8,067,017,486	5,146,188,493
Professional Fees	5,615,267,862	6,558,340,233
Salaries and Employees' Benefits	3,173,775,373	4,887,253,232
Others	46,135,741,256	55,162,975,233
Total Accrued Expenses	487,353,660,423	480,201,717,418

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17. Taxation

a. Income Tax Expense

	2010 Rp	2009 Rp
Current	(136,239,927,283)	(82,284,732,636)
Deferred		
Arising from Temporary Differences	11,507,194,293	(3,738,310,739)
Arising from Changes of Tax Rate	--	(4,149,584,167)
	<u>11,507,194,293</u>	<u>(7,887,894,906)</u>
Total Income Tax Expense	<u>(124,732,732,990)</u>	<u>(90,172,627,542)</u>

Reconciliation between income before income tax expense as presented in the consolidated statements of income, and the Company's taxable income is as follows:

	2010 Rp	2009 Rp
Income before Income Tax Expense as Presented in Consolidated Statements of Income	719,253,651,770	526,658,019,870
<i>Deduct:</i>		
Income from Subsidiaries	(610,693,325,200)	(213,046,788,353)
Elimination of Transactions Related to Consolidated Subsidiaries	(6,156,047,506)	(83,751,065,962)
Income before Income Tax from Sales of Land and Building Subject to Final Income Tax	<u>(14,955,833,487)</u>	<u>(83,760,441,741)</u>
The Company's Commercial Income - Net of Subject to Final Tax	<u>87,448,445,577</u>	<u>146,099,723,814</u>
Temporary Differences		
Depreciation of Assets Under Finance Lease	--	182,210,702
Interest on Finance Lease Obligations	--	17,065,925
Amortization of Deferred Income	(14,185,984)	563,570,795
Provision for Doubtful Accounts	(3,228,299,711)	105,738,101
Salaries and Employees' Benefits	(3,702,784,553)	10,191,068,101
Depreciation of Direct Ownership of Property and Equipment	(4,007,616,777)	(7,101,820,387)
Deferred Gain on Sale and Leaseback Transactions	<u>(7,303,446,744)</u>	<u>(7,303,446,744)</u>
Sub Total	<u>(18,256,333,769)</u>	<u>(3,345,613,507)</u>
Permanent Differences		
Donation and Representation	180,252,616	1,125,467,187
Vehicles Rent Expense	--	765,042,750
Income Subject to Final Tax:		
Interest Income	(22,233,891,317)	(21,409,246,669)
Rent	(61,319,112,280)	(3,002,247,682)
Others	--	(130,244,641,385)
Sub Total	<u>(83,372,750,981)</u>	<u>(152,765,625,799)</u>
The Company's Estimated Tax Loss	<u>(14,180,639,173)</u>	<u>(10,011,515,492)</u>

In 2009, there is a difference between the estimated taxable income (tax loss) above with Annual Tax Return (SPT Tahunan) are reported by the Company to the tax office due to additional tax corrections were reported in the Annual Tax Return. Whereby, on the date of completion of the consolidated financial statements 2009, the annual tax return has not been reported by the Company to the tax office. Tax effect of this difference is considered immaterial.

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Calculation of estimated current income tax and tax payable is as follows:

	2010 Rp	2009 Rp
The Company		
Estimated Tax Loss	(14,180,639,173)	(10,011,515,492)
Income Tax from Sales and Rent of Land and Building Subject to Final Income Tax	11,429,627,348	15,090,692,309
Subsidiaries		
Income Tax from Sales and Rent of Land and Building Subject to Final Income Tax	65,536,807,331	52,661,190,734
Taxable Income - Non Final	193,518,277,804	71,975,150,622
Current Income Tax	59,273,492,604	14,532,849,593
Tax Credit	(3,783,355,696)	(6,472,057,984)
Consolidated Income Tax Payable - Current Year	55,490,136,908	8,060,791,609
Prior Year Income Tax Article 29	41,785,218,763	58,308,312,931
Consolidated Income Tax Article 29	97,275,355,671	66,369,104,540

Reconciliation between tax expense and the multiplication of the consolidated income before income tax with the prevailing tax rate is as follows:

	2010 Rp	2009 Rp
Income before Income Tax Expense According to the Consolidated Statements of Income	719,253,651,770	526,658,019,870
<i>Deduct:</i>		
Income of Subsidiaries	(610,693,325,200)	(213,046,788,353)
Elimination of Transactions Related to Consolidated Subsidiaries	(6,156,047,506)	(83,751,065,962)
Income before Income Tax from Sales of Land and Building Subject to Final Income Tax	(14,955,833,487)	(83,760,441,741)
The Company's Commercial Income - Net	87,448,445,577	146,099,723,814
Income Tax Expense at Effective Tax Rate	(21,862,111,394)	(40,907,922,668)
Income Subject to Final Tax - Net	5,558,472,829	5,994,589,067
Interest Income	15,329,778,070	840,629,351
Vehicles Rent Expense	--	(214,211,970)
Donation and Representation	(45,063,154)	(315,130,812)
Tax Loss	(3,545,159,793)	(2,803,224,339)
Deferred Tax Arising from Changes of Tax Rate/Correction	(8,984,304,337)	(4,149,584,167)
Others	--	36,468,499,588
Income Tax Expense of the Company	(13,548,387,779)	(5,086,355,950)
Final Income Tax Expense of the Company	(11,429,627,348)	(15,090,692,309)
Total Income Tax Expense of the Company	(24,978,015,127)	(20,177,048,259)
Current Tax Expense of the Subsidiaries	(59,273,492,604)	(14,532,849,593)
Final Income Tax Expense of the Subsidiaries	(65,536,807,331)	(52,661,190,734)
Deferred Tax Expense of the Subsidiaries	25,055,582,072	(2,801,538,956)
Total Income Tax Expense of the Subsidiaries	(99,754,717,863)	(69,995,579,283)
Total Income Tax Expense	(124,732,732,990)	(90,172,627,542)

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b. Deferred Tax Asset – Net

Detail of deferred tax assets and liabilities as presented in the consolidated balance sheets as of December 31, 2010 and 2009 is as follows:

	January 1, 2009	Charged to Consolidated Statements of Income	December 31, 2009
	Rp	Rp	Rp
The Company			
Allowance for Doubtful Accounts	4,195,819,052	(423,117,516)	3,772,701,536
Estimated Liabilities on Employees' Benefits	15,461,387,156	891,189,830	16,352,576,986
Amortization of Deferred Income from Sale and Lease Back Transactions	26,466,480,803	(4,661,556,058)	21,804,924,745
Amortization of Deferred Expense	(153,827,747)	157,374,243	3,546,496
Depreciation	(6,303,635,253)	(1,050,246,449)	(7,353,881,702)
	<u>39,666,224,011</u>	<u>(5,086,355,950)</u>	<u>34,579,868,061</u>
Subsidiaries	<u>29,351,282,643</u>	<u>(2,801,538,956)</u>	<u>26,549,743,687</u>
Deferred Tax Assets - Net	<u>69,017,506,654</u>	<u>(7,887,894,906)</u>	<u>61,129,611,748</u>
	January 1, 2010	Charged to Consolidated Statements of Income	December 31, 2010
	Rp	Rp	Rp
The Company			
Allowance for Doubtful Accounts	3,772,701,536	(807,074,928)	2,965,626,608
Estimated Liabilities on Employees' Benefits	16,352,576,986	(10,835,548,730)	5,517,028,256
Amortization of Deferred Income from Sale and Lease Back Transactions	21,804,924,745	(1,825,861,686)	19,979,063,059
Amortization of Deferred Expense	3,546,496	(3,546,496)	--
Depreciation	(7,353,881,702)	(76,355,939)	(7,430,237,641)
	<u>34,579,868,061</u>	<u>(13,548,387,779)</u>	<u>21,031,480,282</u>
Subsidiaries	<u>26,549,743,687</u>	<u>25,055,582,072</u>	<u>51,605,325,759</u>
Deferred Tax Assets - Net	<u>61,129,611,748</u>	<u>11,507,194,293</u>	<u>72,636,806,041</u>

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c. Taxes Payable

	<u>2010</u> Rp	<u>2009</u> Rp
Income Tax		
Article 29	97,275,355,671	66,369,104,540
Article 26	23,047,376,387	3,218,727,600
Article 21	8,363,788,639	17,989,032,740
Article 23	2,488,509,563	2,231,051,555
Article 4 (2) - Final	1,746,541,587	9,709,730,205
Value Added Tax	41,307,611,464	35,167,814,042
Transfer of Ownership Tax	25,116,502,547	10,763,765,476
Hotel and Restaurant Tax	2,341,188,903	2,130,554,318
Entertainment Tax	607,121,645	659,107,056
Total Taxes Payable	<u>202,293,996,406</u>	<u>148,238,887,532</u>

The Company received Under Payment Tax Assessment Letters (SKPKB) for Income Tax Article 23, Income Tax Article 26 and Value Added Tax amounted to Rp 16.2 billion, Rp 73.1 billion and Rp 18.7 billion, respectively for fiscal year 2007, meanwhile for fiscal year 2008, the Company also received SKPKB for Income Tax Article 21, Income Tax Article 23, Income Tax Article 26, Income Tax Article 4(2) and Income Tax Article 29 amounting to Rp 759 million, Rp 1.6 billion, Rp 7.1 billion, Rp 778 million, Rp 11.45 billion, respectively. The Company objected for all SKPKB.

On October 25, 2010, the Company received a Decision Letter No. KEP-1037/WPJ.07/2010 and No: KEP 1039/WPJ.07/2010 from tax office which rejected the Company's objection on SKPKB. The Company filed an appeal to such decision for income tax article 26 and until the completion date of the consolidated financial statements, the Company has not received the decision from Tax Court.

18. Advance from Customers

	<u>2010</u> Rp	<u>2009</u> Rp
Third Parties		
Apartment	742,933,483,836	912,523,410,782
Residential Houses and Shophouses	392,699,251,812	220,077,739,095
Land Lots	317,524,174,081	116,565,223,813
Shopping Centers	225,432,863,245	785,156,172
Total Advance from Customers	<u>1,678,589,772,974</u>	<u>1,249,951,529,862</u>

Details of the percentage of advances from customer to sales price on December 31, 2010 and 2009:

	<u>2010</u> Rp	<u>2009</u> Rp
100%	1,011,478,106,884	986,378,042,915
50% - 99%	257,375,012,910	163,309,724,843
20% - 49%	341,937,536,831	55,388,242,672
below 20%	67,799,116,349	44,875,519,432
Total	<u>1,678,589,772,974</u>	<u>1,249,951,529,862</u>

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19. Deferred Income

	2010 Rp	2009 Rp
Related Parties		
Rent (see Note 9)	776,312,009,263	770,539,981,820
Third Parties		
Rent	80,478,700,928	74,415,216,467
Excess of Net Assets over Acquisition Cost - Net	45,143,095,372	48,513,341,709
Guest and Patients' Deposits	8,995,740,726	13,366,841,738
	<u>134,617,537,026</u>	<u>136,295,399,914</u>
Total Deferred Income	<u>910,929,546,289</u>	<u>906,835,381,734</u>

20. Deferred Gain on Sale and Leaseback Transaction

	2010 Rp	2009 Rp
Acquisition Cost	474,480,916,099	422,526,532,426
Accumulated Depreciation	127,538,766,701	111,094,459,359
Carrying Value	346,942,149,398	311,432,073,067
Proceeds	1,246,965,217,595	1,027,043,534,378
Less: Gain Credited to Statement of Income	5,949,923,669	--
Deferred Gain on Sale and Leaseback Transactions	894,073,144,528	715,611,461,311
Foreign Exchange	(5,840,960,634)	15,561,063,486
Accumulated Amortization	<u>(192,595,003,697)</u>	<u>(146,975,681,772)</u>
Deferred Gain on Sale and Leaseback - Net	<u>695,637,180,197</u>	<u>584,196,843,025</u>

Deferred gain on sale and leaseback transactions is amortized proportionally over 15 years of lease period using the straight line method (see Note 33.b).

21. Estimated Liabilities on Employees' Benefits

The Company and subsidiaries appointed independent actuaries to determined and recognized liabilities on employees' benefits in accordance with the existing manpower regulations. Estimated liabilities on employees' benefits as of December 31, 2010 was calculated by PT Jasa Aktuaria Japa and PT Dayamandiri Dharmakonsilindo whose reports dated January 12, 2011, respectively while as of December 31, 2009 was calculated by PT Dayamandiri Dharmakonsilindo and PT Dian Artha Tama whose reports dated January 20, 2010 and January 28, 2010, respectively. Management is in the opinion that the estimate of employees' benefits is sufficient to cover such liabilities.

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Employees' benefits expense recognized in the consolidated statements of income:

	<u>2010</u> Rp	<u>2009</u> Rp
Current Service Cost (Acquired Benefits during the Current Year)	13,006,764,963	12,698,127,342
Interest Expense	10,545,127,338	10,342,305,265
Past Service Cost (Non Vested)	547,581,358	553,125,581
Recognized Actuarial (Gain) Loss	(1,657,723,099)	(1,865,796,972)
Expected Return from Program of Assets	--	(1,944,856,902)
Total Employees' Benefits Expense	<u>22,441,750,560</u>	<u>19,782,904,314</u>

Employee benefits expense is recorded as part of the cost of salaries and employee benefits (see Note 29.b).

Reconciliation of changes on liabilities recognized in consolidated balance sheets:

	<u>2010</u> Rp	<u>2009</u> Rp
Liabilities at Beginning of the Year	112,248,363,748	101,446,624,605
Payment of Employees' Benefit in Current Year	(17,973,978,002)	(3,923,859,946)
Company's Contribution	373,312,533	(5,057,305,225)
Recognized Employees' Benefit Expense in Current Year	22,441,750,560	19,782,904,314
Estimated Employees' Benefits Liabilities as at Balance Sheets Date	<u>117,089,448,839</u>	<u>112,248,363,748</u>

Present value of liability, related current service cost and past service cost has been calculated by independent actuaries by using the following assumptions:

	<u>2010</u>	<u>2009</u>
Interest Rates	: 10%	10%
Salary Increase Projection Rate	: 8%	8%
Mortality Rate	: Indonesia – II	Indonesia – II 1999
Permanent Disability Rate	: 10% x TMI – II	None
Withdrawal Rate	: 1% for age 18 – 44, 0% for age 45 – 54	1% for age 18 – 44, 0% for age 45 – 54
Proportion Method Intake of Normal Pension Method	: None	None
Method	: Projected Unit Credit	Projected Unit Credit

The Company and subsidiaries have established defined benefit pension plans covering all their permanent employees. Pension contribution expense charged to consolidation statements of income amounted to Rp 8,637,333,629 and Rp 7,898,523,590 in 2010 and 2009, respectively.

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22. Capital Stock

The Company's stockholders composition as of December 31, 2010 and 2009 are as follows:

Stockholders	2010		
	Total Shares	Percentage Ownership %	Issued and Fully Paid Rp
Pacific Asia Holdings Ltd	1,680,257,812	7.77	168,025,781,200
Fidelity Magellan Fund	1,227,975,625	5.68	122,797,562,500
Capital Bloom Investment Ltd	1,138,293,750	5.26	113,829,375,000
Others (each less than 5%)	17,581,162,432	81.29	1,758,116,243,200
Total	21,627,689,619	100.00	2,162,768,961,900

Stockholders	2009		
	Total Shares	Percentage Ownership %	Issued and Fully Paid Rp
PT Metropolis Propertindo Utama	1,900,000,000	10.98	190,000,000,000
Pacific Asia Holdings Ltd	1,836,706,250	10.62	183,670,625,000
Capital Bloom Investment Ltd	1,138,293,750	6.58	113,829,375,000
Others (each less than 5%)	12,427,151,695	71.82	1,242,715,169,500
Total	17,302,151,695	100.00	1,730,215,169,500

In December 2010, the Company issued 4,325,537,924 new shares (see Note 1.b) through Limited Public Offering III. On December 29, 2010, these shares were listed in Indonesia Stock Exchange.

23. Additional Paid-in Capital – Net

	Rp
Rights Issue I	
Premium on Stock	87,283,750,000
Stock Issuance Cost	(11,844,180,664)
Sub Total	<u>75,439,569,336</u>
Rights Issue II	
Premium on Stock	485,048,197,150
Stock Issuance Cost	(7,442,812,013)
Sub Total	<u>477,605,385,137</u>
Premium on Exercising Warrant Series I	<u>659,475,970,000</u>
Excess of Market Value Over Par Value of Stock Issued in Business Combination Exercised under Purchase Method	<u>91,701,282,075</u>
Total Additional Paid-in Capital - Net as of December 31, 2009	<u>1,304,222,206,548</u>
Addition:	
Rights Issue III	
Premium on Stock	1,946,492,065,800
Stock Issuance Cost	(5,977,083,038)
Sub Total	<u>1,940,514,982,762</u>
Total Additional Paid-in Capital - Net as of December 31, 2010	<u>3,244,737,189,310</u>

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The excess of market value over par value of stock issued during business combination exercised under purchase method represents the difference between the highest share price reached during the 90 day period prior to the announcement of the business combination and par value of the Company's issued shares.

Premium on exercising Warrant Series I represents the difference between warrant execution price and par value.

24. Difference in Value from Restructuring Transactions between Entities Under Common Control – Net

	<u>Rp</u>
Transaction from Before Business Combination	
Net Asset Value of PT Saptapersada Jagatnusa	322,884,648
Acquisition Cost	<u>(5,000,000,000)</u>
Difference in Value	<u>(4,677,115,352)</u>
Transaction from Business Combination	
Net Asset Value of Siloam	275,837,221,176
Acquisition Cost	<u>(85,173,967,500)</u>
Difference in Value	190,663,253,676
Realization in 2009	<u>(84,027,724,260)</u>
Net	<u>106,635,529,416</u>
Net Asset Value of Lippo Land	69,227,950,557
Acquisition Cost	<u>(265,747,071,500)</u>
Difference in Value	<u>(196,519,120,943)</u>
Net Asset Value of Aryaduta	199,314,766,000
Acquisition Cost	<u>(39,637,690,500)</u>
Difference in Value	159,677,075,500
Realization in 2009	<u>(45,581,021,356)</u>
Net	<u>114,096,054,144</u>
Total - Net	<u>19,535,347,265</u>

Difference in value from the restructuring transaction of PT Saptapersada Jagatnusa (SPJN), was incurred during the acquisition of SPJN by the Company in 2001.

Difference in value from restructuring transactions between entities under common control from business combination amounted to Rp 190,663,253,676, (Rp 196,519,120,943), and Rp 159,677,075,500, respectively, was incurred from the merger of ex Siloam (including ex Sumber Waluyo), ex Lippo Land, and ex Aryaduta in 2004. The difference was determined from the difference in net asset value of ex Siloam (including ex Sumber Waluyo), ex Lippo Land, and ex Aryaduta and the nominal value of new shares issued by the Company.

The realization of difference in value from restructuring transactions between entities under common control amounting to Rp 129,608,745,616 due to disposal of land and building of hospital and hotel and presented as part of other income – others net in 2009.

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25. Unrealized Gain (Loss) on Changes in Fair Value of Available-for-Sale Financial Assets

	2010 Rp	2009 Rp
<u>Investment in FREIT (see Note 4)</u>		
Bridgewater International Ltd	(11,327,794,104)	34,542,125,948
Bowsprit Capital Pte Ltd	10,091,153,200	4,890,334,243
<u>Investment in LMIRT (see Note 4)</u>		
Lippo Mappletree Indonesia RTM Ltd	26,820,202,955	19,164,800,521
Unrealized Gain on Changes in Fair Value of Available-for-Sale Financial Assets	25,583,562,051	58,597,260,712

26. Cash Dividend and Reserved Fund

Based on Deed of Annual General Meeting of Shareholders Resolution No. 10/2009 dated April 24, 2009 of Saifuddin Arief, S.H., M.H., a notary in Tangerang, the Company's shareholders approved among others, no disbursement of dividend for the financial year ended December 31, 2008 and additional reserved fund amounted to Rp 1,000,000,000 from 2008 retained earnings.

Based on Deed of Annual General Meeting of Shareholders Resolution No. 1 dated May 3, 2010 of Unita Christina Winata, S.H., a notary in Tangerang, the Company's shareholders approved among others, no dividend for the year ended December 31, 2009 and to increase the reserved fund amounted to Rp 1,000,000,000 from retained earnings of 2009.

On December 1, 2010, the Company paid interim dividend amounted to Rp 2.88 per share.

27. Net Sales, Services and Other Revenues

	2010 Rp	2009 Rp
Urban Development:		
Land Lots	399,893,833,500	433,736,446,180
Residential Houses and Shophouses	324,355,103,811	209,490,479,871
Memorial Park	96,661,908,202	62,474,621,851
Asset Enhancements	11,544,442,052	11,281,516,370
Sub Total	<u>832,455,287,565</u>	<u>716,983,064,272</u>
Large Scale Integrated Development:		
Apartments	425,871,947,921	358,506,264,174
Asset Enhancements	21,613,954,503	12,087,040,508
Sub Total	<u>447,485,902,424</u>	<u>370,593,304,682</u>
Retail Malls:		
Asset Enhancements	108,320,053,261	83,803,237,592
Shopping Centers	13,520,090,784	1,274,609,946
Less: Sales Return	(17,814,900,958)	-
Sub Total	<u>104,025,243,087</u>	<u>85,077,847,538</u>

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	<u>2010</u> Rp	<u>2009</u> Rp
Healthcare:		
Inpatient Department		
Medical Support Services and Professional Fees	233,409,816,079	205,347,469,125
Drugs and Medical Supplies	212,260,416,363	186,106,539,542
Ward Fees	85,624,553,938	72,090,589,304
Administration Fees	29,375,230,725	26,622,121,249
Operating Theater	13,143,127,935	11,756,103,402
Delivery Fees	529,159,744	636,082,463
Others	33,123,383,189	23,361,240,799
Outpatient Department		
Medical Support Services and Professional Fees	283,920,567,381	242,807,362,182
Drugs and Medical Supplies	129,865,456,324	114,683,798,205
Registration Fees	15,698,889,697	12,384,632,680
Sub Total	<u>1,036,950,601,375</u>	<u>895,795,938,951</u>
Hospitality and Infrastructure:		
Hotels and Restaurants	205,253,166,120	182,556,038,218
Town Management	83,701,673,262	85,836,601,711
Water and Sewage Treatment	70,657,508,360	67,233,421,247
Recreation and Sports	45,362,856,512	42,981,764,886
Others	23,790,719,192	13,388,425,758
Sub Total	<u>428,765,923,446</u>	<u>391,996,251,820</u>
Property and Portfolio Management:		
Management Fees	275,629,646,128	104,654,603,162
Total Net Sales, Service and Other Revenues	<u>3,125,312,604,025</u>	<u>2,565,101,010,425</u>

Management fees revenue represents revenue of shopping centers management services and as manager of REIT. Revenue from asset enhancement represents revenue from rental of the Company's assets.

There are no sales to customer with sales amount above 10% of net revenues for respective years.

28. Cost of Sales and Services

	<u>2010</u> Rp	<u>2009</u> Rp
Urban Development:		
Land Lots	132,315,953,603	161,236,392,285
Residential Houses and Shophouses	206,271,797,955	136,725,319,490
Memorial Park	17,197,306,612	10,332,878,595
Sub Total	<u>355,785,058,170</u>	<u>308,294,590,370</u>
Large Scale Integrated Development:		
Apartments	224,322,521,677	188,736,449,743
Asset Enhancements	1,888,484,093	1,682,320,581
	<u>226,211,005,770</u>	<u>190,418,770,324</u>
Retail Malls:		
Asset Enhancements	31,934,860,338	23,946,144,403
Shopping Centers	(4,243,789,040)	477,162,426
Less: Sales Return	(5,378,492,179)	--
Sub Total	<u>22,312,579,119</u>	<u>24,423,306,829</u>

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	<u>2010</u> Rp	<u>2009</u> Rp
Healthcare:		
Inpatient Department		
Salaries and Employees' Benefits	230,957,179,120	202,361,904,155
Drugs and Medical Supplies	144,248,531,651	129,132,967,715
Clinical Supplies	26,296,315,318	21,753,684,134
Depreciation	16,785,391,335	15,127,287,218
Food and Beverages	12,085,832,583	12,648,472,921
Repair and Maintenance	4,414,325,411	4,200,429,082
Others	16,283,087,821	10,102,335,962
Outpatient Department		
Salaries and Employees' Benefits	179,917,537,101	159,351,529,460
Drugs and Medical Supplies	97,011,021,001	84,609,473,676
Clinical Supplies	21,049,517,568	18,511,468,705
Depreciation	13,023,270,737	8,949,522,395
Repair and Maintenance	2,740,347,583	3,135,813,519
Others	15,369,022,726	3,347,229,772
Sub Total	<u>780,181,379,955</u>	<u>673,232,118,714</u>
Hospitality and Infrastructure:		
Hotels and Restaurants	84,479,597,135	87,488,991,213
Town Management	44,267,348,100	39,685,114,999
Water and Sewage Treatment	27,233,395,905	28,485,591,985
Recreation and Sports	16,126,994,879	15,899,131,970
Others	15,000,614,218	8,576,146,774
Sub Total	<u>187,107,950,237</u>	<u>180,134,976,941</u>
Property and Portfolio Management:		
Management Fees	29,944,315,552	2,029,576,248
Total Cost of Sales and Services	<u>1,601,542,288,803</u>	<u>1,378,533,339,426</u>

There are no purchases above 10% of net revenues for respective years.

29. Operating Expenses

a. Sales Expenses

	<u>2010</u> Rp	<u>2009</u> Rp
Marketing and Advertising	75,324,015,876	49,218,998,605
Salaries and Employees' Benefits	32,829,403,260	32,528,997,245
Management Fees	15,696,290,324	10,674,279,620
Depreciation	15,192,493,266	6,188,709,384
Electricity and Water	12,881,984,782	5,621,359,349
Repairs and Maintenance	11,021,076,958	8,793,220,599
Office Supplies	8,506,390,104	6,951,171,748
Transportation and Accommodation	5,925,390,901	6,102,752,413
Rent	4,280,200,916	4,014,677,091
Communication	1,779,755,118	2,232,514,260
Others	2,531,222,133	2,583,425,674
Total Sales Expenses	<u>185,968,223,638</u>	<u>134,910,105,988</u>

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b. General and Administrative Expenses

	<u>2010</u> Rp	<u>2009</u> Rp
Salaries and Employees' Benefits	238,369,930,162	198,996,367,195
Rent	87,942,174,980	93,764,947,221
Depreciation	75,160,771,872	80,715,357,034
Water and Electricity	53,816,203,410	52,227,348,917
Professional Fees	31,892,340,940	32,530,010,908
Transportation and Accommodation	25,530,780,551	19,221,486,918
Repairs and Maintenance	24,339,738,991	26,013,090,530
Office Supplies	23,200,928,198	21,155,426,728
Communication	10,393,374,718	9,850,664,982
Training and Seminar	9,709,236,523	8,993,525,629
Membership and Subscription Fees	7,149,104,403	6,342,405,677
Insurance	4,810,326,199	4,704,858,403
Representation and Entertainment	4,796,015,322	2,549,203,828
Provision for Doubtful Accounts - Net	1,837,055,800	2,498,127,241
Others	17,494,787,708	11,387,972,854
Total General and Administrative Expenses	<u>616,442,769,777</u>	<u>570,950,794,065</u>

30. Penalties Income – Net

This account represents penalties on cancellation of sales transactions, late payments from customers and late constructions by the Company.

31. Interest Income (Expenses) – Net

	<u>2010</u> Rp	<u>2009</u> Rp
Interest Income	42,842,331,621	21,058,806,161
Interest Expenses	<u>(64,344,556,845)</u>	<u>(10,239,639,529)</u>
Total Interest Income (Expenses) - Net	<u>(21,502,225,224)</u>	<u>10,819,166,632</u>

Interest income represents interest earned from bank accounts, cash equivalent and restricted fund (see Notes 3 and 14), while interest expense represents interest of loans (see Note 15).

32. Basic Earnings Per Share

The calculation basic earning per share is as follows:

	<u>2010</u>	<u>2009</u>
Residual Net Income (Rupiah)	525,345,786,018	388,053,495,627
Weighted Average Number of Common Stocks (Share)	17,337,704,061	17,302,151,695
Basic Earnings per Share (Rupiah)	30.30	22.43

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33. Commitments

a. Operational and Management Agreement

- On September 13, 1995, the Company entered into cooperation agreement for the construction and development of Karawaci Interchange and Crossing Gate of Jakarta-Merak with PT Jasa Marga (Persero) (JM), based on Deed of Revenue Sharing Agreement No. 84 dated September 13, 1995 made in presence of Agus Madjid, S.H., a notary in Jakarta. The construction shall be completed by the Company within a certain period as mutually agreed upon by both parties with total project cost of Rp 31,509,304,000, consisting of Rp 20,113,174,000 for the Karawaci Interchange and Rp 11,396,130,000 for the Crossing Gate. JM will operate the project upon completion and reimburse the project cost to the Company amounted to 40.5% of the daily toll revenues.

The payment from JM to the Company was arranged as follows:

- Payment for the Karawaci Interchange amounted to 17.5% of toll revenues for a period of 10 (ten) years since commencement date. This payment does not include interest; and
- Payment for the Crossing Gate amounted to 23% of toll revenues for a period of 10 (ten) years since commencement date and should there remain as unpaid obligation at the end of the ten years, and JM shall pay the entire debt within 3 (three) months thereafter. This payment includes interest at 2.5% above the average one-year time deposit rate of 5 (five) government banks.

Based on Deed of Amendment on Revenue Sharing Agreement No. 94 dated March 30, 2004 made in presence of Agus Majid, S.H., a notary in Jakarta, the Company and JM amended the Revenue-Sharing Agreement for the construction and development of Karawaci Interchange and Crossing Gate of Jakarta-Merak.

The construction which was completed by the Company with total project cost of Rp 19,426,689,000 will be refunded by JM based upon a profit sharing scheme of the daily toll revenues from North and South Karawaci exit toll gates for a period of 10 (ten) years starting from October 1, 2001, with proportion as follows:

- 82.5% for JM including operational and maintenance expenses of 18%; and
- 17.5% for the Company.

- On September 17, 1993, ex Aryaduta entered into an agreement with the Regional Government of Riau ("Riau Government") in connection with the operation of Aryaduta Hotel Pekanbaru (AHP). According to the agreement, the Company agreed to plan, develop and operate AHP whilst the Riau Government agreed to provide Right to Use No. 466 with land area of 21,360 sqm at Jl. Diponegoro, Simpang Empat, Pekanbaru. The Government receives a royalty fee and a share in the hotel's profits as compensation. This agreement is valid for 25 years commencing from the date of the grand opening of the hotel and can be extended for another 10 years. In an amendment to the agreement with the Regional Government dated July 7, 1997, the Regional Government of Riau granted a land right in the name of ex Aryaduta which will be returned to Regional Government of Riau at the end of the agreement. The grand opening was conducted at January 1, 2001.

Royalty fee expenses charged to operations for the years ended December 31, 2010 and 2009 amounted to Rp 222,222,222, respectively.

- On August 20, 2004, the Company entered into agreement with PT Untaian Rejeki Abadi (URA) whereby the Company will provide technical and marketing services to URA's business property with area of 10,568 sqm for a period up to May 27, 2034, which can be extended. URA shall pay a certain amount as specified in the agreement.

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- On April 9, 2006, PT Consulting & Management Service Division (CMSD), a subsidiary, entered into shopping centers management agreement with their main shareholders to manage, to sell and maintain the shopping centers' facilities. CMSD shall receive certain management service fee as stipulated in the agreement. Total management fee earned for the years ended December 31, 2010 and 2009 amounted to Rp 32 billion and Rp 36 billion, respectively.
- Lippo-Mapletree Indonesia Retail Trust Management Ltd (LMIR TM), a subsidiary, entered into an agreement with HSBC Institutional Trust Services (Singapore) Limited, as trustee of Lippo-Mapletree Indonesia Retail Trust (LMIR Trust) effectively since listing date of LMIR Trust (November 14, 2007). Based on the agreement, LMIR TM will provide management services to LMIR Trust, among others, investment strategic and investment as well as divestment recommendation. For such services, LMIR TM shall receive certain compensation as stated in the agreement.
- On September 19, 2008, the Company and Carbon Worldwide Sdn. Bhd. (CW) entered into agreement to organize A1 Grand Prix at Lippo Karawaci, Tangerang for the period of 2009 up to 2013. The Company shall pay USD 1,000,000 per annum and share to CW part of ticketing and others revenue in certain proportion as stated in the agreement. The agreement has been terminated earlier on July 17, 2009 and no outstanding commitment or obligation existed as of December 31, 2010.
- As of December 31, 2010, the Company and PT Lippo Cikarang Tbk, a subsidiary, have unused fixed loan on demand facilities totaling to Rp 180,000,000,000.
- The Company and subsidiaries entered into several agreements with contractors for development of their projects. As of December 31, 2010 and 2009 total outstanding commitment amounted to Rp 803 billion and Rp 767 billion, respectively. Several of significant contracts that are unrealized on December 31, 2010 are as follows:

Subsidiaries	Contractor	Contract Value (Rp billion)	Unrealized of Contract Value (Rp billion)
PT Lippo Cikarang Tbk	PT Trilogi Suryawisesa	217	118
PT Mandiri Cipta Gemilang	PT Pembangunan Perumahan	116	47
PT Lippo Cikarang Tbk	PT Lampiri	88	88
PT Almaron Perkasa	PT Pembangunan Perumahan	65	32
PT Almaron Perkasa	PT Surya Marga Luhur	63	22
PT Mandiri Cipta Gemilang	PT Inter World Steel Mills Indonesia	42	4
PT Pamor Paramita Utama	PT Jakarta Cakratunggal Steel mills	40	24
PT Almaron Perkasa	PT Pangkal Multikarya	31	13
PT Mandiri Cipta Gemilang	PT Adhimix Precast Indonesia	25	10
PT Mandiri Cipta Gemilang	PT Indonesia Pondasi Raya	22	11

b. Rental Agreements

- Based on Deed of Lease Agreement No. 06 dated November 12, 2008 made in presence of Julijanti Sundjaja, S.H., a notary in Tangerang, PT Mandiri Cipta Gemilang (MCG), subsidiary, entered lease agreement with PT Matahari Putra Prima Tbk (MPPA) for a period of 20 years started from opening date of St. Moritz with total rental income amounted to Rp 324,259,600,000.
- Based on lease agreement No. 001/LA-LK/PTLK-PTKG/BD-106/II-05 dated March 4, 2005 which was amended on October 21, 2005, the Company leases a plot of land with area of 3,848.57 sqm to PT Shell Indonesia (SI) (formerly PT Kridapetra Graha). The lease period is for 10 years commenced from the lease agreement date. Total value of lease was amounted to Rp 16,560,000,000.

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- Based on Deed of Sale and Purchase Agreements Nos. 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253 and 254 dated December 11, 2006, all made in presence of Unita Christina, S.H., a notary in Tangerang, Deed of Sale and Purchase Agreements Nos. 135, 136, 137, 138, 139, 140, 141, 142 and 143 dated December 11, 2006, all made in presence of Rusdi Muljono, S.H., a notary in Surabaya; and Deed of Sale and Purchase Agreement No. 41 dated December 11, 2006, made in presence of Wenda Taurusita Amidjaja, S.H., a notary in Jakarta, the Company and PT Prudential Hotel Development, a subsidiary, transferred land and building of their 3 hospitals and 1 hotel to PT Karya Sentra Sejahtera (KSS), PT Graha Indah Pratama (GIP), PT Tata Prima Indah (TPI) and PT Sentra Dinamika Perkasa (SDP) which owned 100% directly by Lovage International Pte. Ltd, Henley Investments Pte. Ltd, Primerich Investment Pte. Ltd and Got Pte. Ltd, whereas those Companies were owned by First Real Estate Investment Trust (First REIT). Based on rental agreement of Allen & Gledhill Advocates & Solicitors dated October 23, 2006, the Company entered into rental and management agreement of certain assets which have been transferred aforesaid, with KSS, GIP, TPI and SDP for 15 years. According to the agreement, the Company shall pay certain amount as stipulated in the agreement.

Sale and lease-back transaction above meets the classification of operating lease. Since the transaction price is above its fair value, then the difference is recognized as deferred gain (see Note 20).

Rental expense for the years ended December 31, 2010 and 2009 amounted to Rp 151,978,104,793 and Rp 146,526,156,871, respectively.

- On December 31, 2010, based on Deed of Sale and Purchase Agreement No 146/2010, PT East Jakarta Medika (EJM), subsidiary, sold land and building of Siloam Cikarang Hospital (the Property) to PT Graha Pilar Sejahtera (GPS), a wholly owned subsidiary of First Real Estate Investment Trust (First REIT), at the selling price of SGD 33,333,333 and leasedback the Property.

Based on rental agreement of Allen & Gledhill Advocates & Solicitors dated November 8, 2010, the Company entered into lease agreement with GPS for 15 years. The Company shall pay certain amount as stipulated in the agreement.

Sale and lease-back transaction above meets the classification of operating lease. Since the transaction price is above its fair value, then the difference is recognized as deferred gain (see Note 20).

Rental expense for the year ended December 31, 2010 is nil.

- Based on rental agreement of Allen & Gledhill Advocates & Solicitors dated November 8, 2010, the Company entered into lease agreement with PT Primatama Cemerlang (PC), the owner of land and building of "Mochtar Riady Comprehensive Cancer Centre" for 15 years. PC is wholly owned by First REIT. The Company shall pay certain amount as stipulated in the agreement.

Rental expense for the year ended December 31, 2010 is nil.

c. Hedging Facility Agreements

- On March 24, 2006, the Company entered into Non Deliverable USD Call Spread Option facility with BNP Paribas, Singapore branch amounted to USD 25,000,000 for spread between Rp 9,200 to Rp 12,000 with annual Premium Rate of 2.525% from Notional Amount. Premium will be paid on every March 9 and September 9. This facility will due on March 9, 2011. On June 7, 2010, the Company has unwind this facility and realized gain amounted to USD 460,000.

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- On March 28, 2006, the Company entered into Non Deliverable USD Call Spread Option facility with UBS AG, Singapore branch amounted to USD 25,000,000 for spread between Rp 9,015 to Rp 12,000 with annual Premium Rate of 2.72% from Notional Amount. Premium will be paid on every March 9 and September 9. This facility will due on March 9, 2011. On August 31, 2010, the Company has unwind this facility and realized gain amounted to USD 450,000.
- On April 4, 2006, the Company entered into Non Deliverable USD Call Spread Option facility with Deutsche Bank AG, Jakarta branch amounted to USD 25,000,000 for spread between Rp 9,000 to Rp 12,000 with annual Premium Rate of 2.69% from Notional Amount. Premium will be paid on every March 9 and September 9. This facility will due on March 9, 2011. On July 5, 2010, the Company has unwind this facility and realized gain amounted to USD 305,000.
- On April 5, 2006, the Company entered into Non Deliverable USD Call Spread Option facility with Merrill Lynch & Co, Singapore branch amounted to USD 50,000,000 for spread between Rp 9,200 to Rp 12,000 with annual Premium Rate of 2.475% from Notional Amount. Premium will be paid on every March 9 and September 9. This facility will due on March 9, 2011. On September 7, 2010, the Company has unwind this facility and realized gain amounted to USD 50,000.
- On May 17, 2006, the Company entered into Non Deliverable USD Call Spread Option facility with UBS AG, Singapore branch amounted to USD 25,000,000 for spread between Rp 9,200 to Rp 12,000 with annual Premium Rate of 2.59% from Notional Amount. Premium will be paid on every March 9 and September 9. This facility will due on March 9, 2011. On August 31, 2010, the Company has unwind this facility and realized gain amounted to USD 210,000.
- On May 17, 2006, the Company entered into Non Deliverable USD Call Spread Option facility with BNP Paribas, Singapore branch amounted to USD 25,000,000 for spread between Rp 9,200 to Rp 12,000 with annual Premium Rate of 2.49% from Notional Amount. Premium will be paid on every March 9 and September 9. This facility will due on March 9, 2011. On June 7, 2010, the Company has partially unwind USD 18,750,000 of this facility and realized gain amounted to USD 352,500.
- On June 9 and July 11, 2006, the Company entered into Non Deliverable USD Call Spread Option facilities with J.P. Morgan (S.E.A.) Limited, Singapore branch amounted to USD 35,000,000 and USD 25,000,000, respectively, with spread between Rp 8,250; Rp 9,200 and Rp 12,000 with annual Premium Rates of 2.2% and 1.86%, respectively, from Notional Amount. Premium will be paid on every March 9 and September 9. These facilities will due on March 9, 2011. As of December 31, 2010, the fair value of this facility is amounting to USD 92,878.12 and USD 70,504.33 (equivalent Rp 835,067,134 and Rp 633,904,404), respectively.
- On November 8, 2006, the Company entered into Non Deliverable USD Call Spread Option facility with BNP Paribas, Singapore branch amounted to USD 15,000,000 for spread between Rp 9,200; Rp 9,200 and Rp 12,000 with annual Premium Rate of 1.525% from Notional Amount. Premium will be paid on every March 9 and September 9. This facility will due on March 9, 2011. On June 7, 2010, the Company has unwind this facility and no gain or loss realized.
- On May 31, 2010, the Company entered into Non Deliverable USD Call Spread Option facilities with J.P. Morgan (S.E.A.) Limited, Singapore branch amounted to USD 60,000,000, with spread between Rp 8,500; Rp 9,000 and Rp 12,000 with annual Premium Rates of 1.433% from Notional Amount. Premium will be paid on every April 30 and October 31. This facility will due on April 30, 2015. As of December 31, 2010, the fair value of this facility is amounting to USD 524,425.32 (equivalent Rp 4,715,108,034).

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- On June 7, 2010, the Company entered into Non Deliverable USD Call Spread Option facility with BNP Paribas, Singapore branch amounted to USD 60,000,000 for spread between Rp 8,250; Rp 9,000 and Rp 12,000 with annual Premium Rate of 1.5% from Notional Amount. Premium will be paid on every April 30 and October 31. This facility will due on April 30, 2015. As of December 31, 2010, the fair value of this facility is amounting to USD 1,060,699.00 (equivalent Rp 9,536,744,709).
- On July 5 and September 2, 2010, the Company entered into Non Deliverable USD Call Spread Option facilities with Morgan Stanley & Co amounted to USD 50,000,000 with spread between Rp 8,500; Rp 9,000 and Rp 12,000 and USD 25,600,000 with spread between Rp 8,000; Rp 9,000 and Rp 11,500 with annual Premium Rates of 1.78% and 2%, respectively, from Notional Amount. Premium will be paid on every April 30 and October 31. Those facilities will due on April 30, 2015.
- On August 31, 2010, the Company entered into Non Deliverable USD Call Spread Option facilities with J.P. Morgan (S.E.A.) Limited, Singapore branch amounted to USD 50,000,000, with spread between Rp 8,000; Rp 9,000 and Rp 11,500 with annual Premium Rates of 1.78% from Notional Amount. Premium will be paid on every April 30 and October 31. This facility will due on April 30, 2015. As of December 31, 2010, the fair value of this facility is amounting to USD 141,439.23 (equivalent Rp 1,271,680,145)
- On September 7, 2010, the Company entered into Non Deliverable USD Call Spread Option facility with BNP Paribas, Singapore branch amounted to USD 25,000,000 for spread between Rp 8,000; Rp 9,000 and Rp 11,500 with annual Premium Rate of 1.95% from Notional Amount. Premium will be paid on every April 30 and October 31. This facility will due on April 30, 2015.

The company has capitalized borrowing costs of hedging premium and foreign exchange into inventories amounted to nil and Rp 67,422,527,272 for the years ended December 31, 2010 and 2009 (see Note 7).

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34. Segment Information

a. Primary Segment

	2010 (In Thousand Rupiah)						Consolidated Rp
	Urban Development Rp	Large Scale Integrated Development Rp	Retail Malls Rp	Healthcare Rp	Hospitality and Infrastructure Rp	Property and Portfolio Management Rp	
Revenues							
External	832,455,289	447,485,902	104,025,243	1,036,950,601	428,765,923	275,629,646	3,125,312,604
Total Revenues	832,455,289	447,485,902	104,025,243	1,036,950,601	428,765,923	275,629,646	3,125,312,604
Result							
Segment Results	476,670,229	221,274,897	81,712,664	256,769,221	241,657,973	245,685,331	1,523,770,315
Operating Expenses							
Allocated Operating Expenses	352,646,859	62,508,087	44,026,679	139,680,771	138,078,271	65,470,326	802,410,993
Income from Operations	124,023,370	158,766,810	37,685,985	117,088,450	103,579,702	180,215,005	721,359,322
Interest Income (Expenses) - Net	(3,749,504)	(5,509,745)	(472,563)	(10,287,803)	(1,559,737)	77,127	(21,502,225)
Other Income (Expenses) - Net	45,916,419	(18,405,972)	(15,543,038)	(323,839)	(4,381,726)	5,978,663	13,240,507
Income of Associates	(65,920)	--	--	--	6,221,968	--	6,156,048
Income before Tax Benefit (Expense)	166,124,365	134,851,093	21,670,384	106,476,808	103,860,207	186,270,795	719,253,652
Income Tax Benefit (Expense)							
Current Tax	(67,192,114)	(23,801,240)	(10,906,421)	(23,631,452)	(3,004,680)	(7,704,020)	(136,239,927)
Deferred Tax	11,082,591	(669)	--	1,835,158	(1,409,886)	--	11,507,194
Income Before Minority Interests	110,014,842	111,049,184	10,763,963	84,680,514	99,445,641	178,566,775	594,520,919
Minority Interests	(50,025,316)	(6,796,712)	2,148,599	--	--	(14,501,704)	(69,175,133)
Net Income	59,989,526	104,252,472	12,912,562	84,680,514	99,445,641	164,065,071	525,345,786
Segment Assets	10,003,725,454	2,418,135,049	2,018,475,195	671,593,053	607,250,631	366,633,620	16,085,813,002
Investment in Associates	67,178,764	--	--	2,393,153	--	--	69,571,917
Total Assets	10,070,904,218	2,418,135,049	2,018,475,195	673,986,206	607,250,631	366,633,620	16,155,384,919
Segment Liabilities	5,241,397,932	1,947,192,600	247,288,146	395,052,605	97,331,436	47,704,880	7,975,967,599
Capital Expenditures	53,867,094	79,225,577	4,147,111	181,378,305	12,008,926	--	330,627,013
Depreciation	25,982,025	4,295,708	12,354,973	38,023,864	51,155,100	550,438	132,362,108
Non Cash Expenses Other than Depreciation	40,765,993	6,960,297	842,000	918,612	--	--	49,486,902
Cash Flows from Operating							
Receipt from Costumers	1,005,956,002	519,639,926	223,964,895	1,185,865,406	381,819,386	104,161,173	3,421,406,788
Payment to Third Parties	(1,100,124,686)	(411,016,191)	(181,167,179)	(834,902,997)	(332,305,666)	(53,884,843)	(2,913,401,562)
Others	(974,499,950)	(18,529,377)	(13,766,896)	(125,116,451)	(22,321,127)	(43,767,199)	(1,198,001,000)
(1,068,668,634)	90,094,358	29,030,820	225,845,958	27,192,593	6,509,131	(689,995,774)	
Cash Flows from Investing							
Receipt from Investment and Promissory Note	40,735,834	--	--	--	--	5,979,069	46,714,903
Acquisition of Property and Equipment and Investment Properties	(53,867,094)	(79,225,577)	(4,147,111)	(181,378,305)	(12,008,926)	--	(330,627,013)
Others	154,698,949	--	--	35,479,530	--	--	190,178,479
141,567,689	(79,225,577)	(4,147,111)	(145,898,775)	(12,008,926)	5,979,069	(93,733,631)	
Cash Flows from Financing							
Proceed from Loans	721,760,392	--	--	--	--	--	721,760,392
Repayment of Loans and Promissory Notes	(57,798,620)	--	(30,128,667)	(1,009,878)	--	--	(88,937,165)
Net Proceed from Limited Public Offering III	2,373,068,775	--	--	--	--	--	2,373,068,775
Others	16,614,241	--	--	(69,449,477)	--	--	(52,835,236)
3,053,644,788	--	(30,128,667)	(70,459,355)	--	--	--	2,953,056,766

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	2009 (In Thousand Rupiah)						Consolidated Rp
	Urban Development	Large Scale Integrated Development	Retail Malls	Healthcare	Hospitality and Infrastructure	Property and Portfolio Management	
	Rp	Rp	Rp	Rp	Rp	Rp	
Revenues							
External	716,983,064	370,593,305	85,077,848	895,795,939	391,996,252	104,654,603	2,565,101,011
Total Revenues	716,983,064	370,593,305	85,077,848	895,795,939	391,996,252	104,654,603	2,565,101,011
Result							
Segment Results	408,688,474	180,174,534	60,654,541	222,563,820	211,861,275	102,625,027	1,186,567,671
Operating Expenses							
Allocated Operating Expenses	318,069,308	29,065,632	58,985,238	102,584,454	143,473,791	53,682,477	705,860,900
Income from Operations	90,619,166	151,108,902	1,669,303	119,979,366	68,387,484	48,942,550	480,706,771
Interest Income (Expenses) - Net	14,021,944	(1,845,888)	229,888	(185,390)	(1,416,392)	15,005	10,819,167
Other Income (Expenses) - Net	4,225,665	(12,417,556)	38,164,481	(12,547,703)	(3,174,986)	5,661,532	19,911,433
Income of Associates	7,471,289	--	--	--	7,749,360	--	15,220,649
Income before Tax Benefit (Expense)	116,338,064	136,845,458	40,063,672	107,246,273	71,545,466	54,619,087	526,658,020
Income Tax Benefit (Expense)							
Current Tax	(42,744,089)	(18,907,499)	(6,835,166)	--	(4,904,070)	(8,893,909)	(82,284,733)
Deferred Tax	(7,688,960)	--	--	350,091	(638,720)	89,694	(7,887,895)
Income Before Minority Interests	65,905,015	117,937,959	33,228,506	107,596,364	66,002,676	45,814,872	436,485,392
Minority Interests	(34,910,690)	(9,406,153)	(2,686,449)	2,800	--	(1,431,404)	(48,431,896)
Net Income	30,994,325	108,531,806	30,542,057	107,599,164	66,002,676	44,383,468	388,053,496
Segment Assets	7,070,878,739	1,700,070,813	2,164,622,764	409,783,781	585,556,190	127,942,257	12,058,854,544
Investment in Associates	66,396,314	--	--	2,393,153	--	--	68,789,467
Total Assets	7,137,275,053	1,700,070,813	2,164,622,764	412,176,934	585,556,190	127,942,257	12,127,644,011
Segment Liabilities	4,483,190,242	1,753,847,580	342,222,626	137,234,275	102,118,146	20,099,547	6,838,712,416
Capital Expenditures	66,906,266	44,339,298	8,768,578	24,738,718	20,214,183	--	164,967,043
Depreciation	21,284,436	2,827,866	11,414,426	34,036,571	51,784,538	820,055	122,167,892
Non Cash Expenses Other than Depreciation	31,384,368	8,115,666	2,677,573	--	--	--	42,177,607
Cash Flows from Operating							
Receipt from Costumers	1,064,374,257	641,186,023	159,983,431	890,825,699	409,735,144	115,392,112	3,281,496,666
Payment to Third Parties	(392,924,763)	(644,106,002)	(209,119,561)	(656,798,309)	(236,323,073)	(93,473,336)	(2,232,745,044)
Others	(730,507,567)	(13,930,136)	(17,511,833)	(107,941,081)	(24,383,615)	(38,743,825)	(933,018,057)
	(59,058,073)	(16,850,115)	(66,647,963)	126,086,309	149,028,456	(16,825,049)	115,733,565
Cash Flows from Investing							
Receipt from Investment and Promissory Note	41,557,928	--	--	--	--	5,663,075	47,221,003
Acquisition of Property and Equipment and Investment Properties	(66,906,266)	(44,339,298)	(8,768,578)	(24,738,718)	(20,214,183)	--	(164,967,043)
Others	(577,881)	--	--	185,340	--	--	(392,541)
	(25,926,219)	(44,339,298)	(8,768,578)	(24,553,378)	(20,214,183)	5,663,075	(118,138,581)
Cash Flows from Financing							
Proceed from Loans	138,038,244	--	--	--	--	--	138,038,244
Repayment of Loans and Promissory Notes	(33,508,902)	--	(30,128,667)	(2,745,250)	(11,496,140)	--	(77,878,959)
Others	22,416,980	63,583,877	114,291,351	(94,499,864)	(115,645,431)	9,869,968	16,881
	126,946,322	63,583,877	84,162,684	(97,245,114)	(127,141,571)	9,869,968	60,176,166

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b. Secondary Segment

	2010 (In Thousand Rupiah)						Consolidated Rp
	Urban Development	Large Scale Integrated Development	Retail Malls	Healthcare	Hospitality and Infrastructure	Property and Portfolio Management	
	Rp	Rp	Rp	Rp	Rp	Rp	
ASSETS							
Greater Jakarta	8,410,001,963	2,209,346,707	1,254,459,858	624,266,503	413,747,618	163,410,922	13,075,233,571
East Java	--	208,788,342	247,081,330	49,719,703	--	--	505,589,375
Riau	--	--	--	--	61,878,055	--	61,878,055
South Sulawesi	428,305,249	--	126,223,039	--	--	--	554,528,288
North Sumatera	--	--	253,522,385	--	131,624,958	--	385,147,343
Bali	--	--	137,188,583	--	--	--	137,188,583
Foreign Countries	1,232,597,006	--	--	--	--	203,222,698	1,435,819,704
Total	10,070,904,218	2,418,135,049	2,018,475,195	673,986,206	607,250,631	366,633,620	16,155,384,919
LIABILITIES							
Greater Jakarta	3,947,247,740	1,936,003,675	153,049,616	360,749,522	80,787,746	4,501,036	6,482,339,335
East Java	--	11,188,925	28,063,615	34,303,083	--	--	73,555,623
Riau	--	--	--	--	6,304,532	--	6,304,532
South Sulawesi	281,458,763	--	4,965,070	--	--	--	286,423,833
North Sumatera	--	--	40,084,312	--	10,239,158	--	50,323,470
Bali	--	--	21,125,533	--	--	--	21,125,533
Foreign Countries	1,012,691,429	--	--	--	--	43,203,844	1,055,895,273
Total	5,241,397,932	1,947,192,600	247,288,146	395,052,605	97,331,436	47,704,880	7,975,967,599
REVENUE							
Greater Jakarta	719,620,025	446,386,228	77,803,644	859,910,472	374,772,970	198,979,445	2,677,472,784
East Java	--	1,099,674	9,861,603	177,040,129	--	--	188,001,406
Riau	--	--	--	--	15,629,289	--	15,629,289
South Sulawesi	112,835,264	--	990,287	--	5,644,088	--	119,469,639
North Sumatera	--	--	15,369,709	--	32,719,576	--	48,089,285
Foreign Countries	--	--	--	--	--	76,650,201	76,650,201
Total	832,455,289	447,485,902	104,025,243	1,036,950,601	428,765,923	275,629,646	3,125,312,604
NET INCOME (LOSS)							
Greater Jakarta	(30,085,001)	116,112,602	7,593,739	53,485,037	119,771,503	134,052,231	400,930,111
East Java	--	(11,860,130)	2,371,332	31,195,477	--	--	21,706,679
Riau	--	--	--	--	(2,122,081)	--	(2,122,081)
South Sulawesi	9,637,282	--	(916,405)	--	2,803,644	--	11,524,521
North Sumatera	--	--	5,420,866	--	(21,007,425)	--	(15,586,559)
Bali	--	--	(1,556,970)	--	--	--	(1,556,970)
Foreign Countries	80,437,245	--	--	--	--	30,012,840	110,450,085
Total	59,989,526	104,252,472	12,912,562	84,680,514	99,445,641	164,065,071	525,345,786

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	2009 (In Thousand Rupiah)						Consolidated Rp
	Urban Development Rp	Large Scale Integrated Development Rp	Retail Malls Rp	Healthcare Rp	Hospitality and Infrastructure Rp	Property and Portfolio Management Rp	
	ASSETS						
Greater Jakarta	5,087,541,128	1,646,761,616	1,064,452,909	293,856,280	385,031,854	17,399,376	8,495,043,163
East Java	--	53,309,197	421,849,839	118,320,654	--	--	593,479,690
Riau	--	--	--	--	60,223,754	--	60,223,754
South Sulawesi	378,401,323	--	157,807,922	--	--	--	536,209,245
North Sumatera	--	--	384,987,737	--	140,300,582	--	525,288,319
Bali	--	--	135,524,357	--	--	--	135,524,357
Foreign Countries	1,671,332,602	--	--	--	--	110,542,881	1,781,875,483
Total	7,137,275,053	1,700,070,813	2,164,622,764	412,176,934	585,556,190	127,942,257	12,127,644,011
LIABILITIES							
Greater Jakarta	1,291,947,108	1,753,159,263	190,979,449	106,663,131	86,786,352	7,566,394	3,437,101,697
East Java	--	688,317	87,375,840	30,571,144	--	--	118,635,301
Riau	--	--	--	--	7,073,889	--	7,073,889
South Sulawesi	337,365,752	--	3,774,174	--	--	--	341,139,926
North Sumatera	--	--	40,086,574	--	8,257,905	--	48,344,479
Bali	--	--	20,006,589	--	--	--	20,006,589
Foreign Countries	2,853,877,382	--	--	--	--	12,533,153	2,866,410,535
Total	4,483,190,242	1,753,847,580	342,222,626	137,234,275	102,118,146	20,099,547	6,838,712,416
REVENUE							
Greater Jakarta	660,019,550	366,467,430	62,610,493	750,220,610	337,631,547	44,503,208	2,221,452,838
East Java	--	4,125,875	10,232,862	145,575,329	--	--	159,934,066
Riau	--	--	--	--	14,131,613	--	14,131,613
South Sulawesi	56,963,514	--	2,595,547	--	5,839,223	--	65,398,284
North Sumatera	--	--	9,638,946	--	34,393,869	--	44,032,815
Foreign Countries	--	--	--	--	--	60,151,395	60,151,395
Total	716,983,064	370,593,305	85,077,848	895,795,939	391,996,252	104,654,603	2,565,101,011
NET INCOME (LOSS)							
Greater Jakarta	52,267,513	106,726,780	37,031,693	96,018,861	87,225,057	12,838,641	392,108,545
East Java	--	1,805,026	20,679,786	11,580,303	--	--	34,065,115
Riau	--	--	--	--	(2,604,417)	--	(2,604,417)
South Sulawesi	1,638,399	--	1,239,726	--	3,605,422	--	6,483,547
North Sumatera	--	--	(26,690,170)	--	(22,223,386)	--	(48,913,556)
Bali	--	--	(1,718,978)	--	--	--	(1,718,978)
Foreign Countries	(22,911,587)	--	--	--	--	31,544,827	8,633,240
Total	30,994,325	108,531,806	30,542,057	107,599,164	66,002,676	44,383,468	388,053,496

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36. Contingencies

Based on the Legal Case Register No. 79/PDTG/2005/PN.TNG dated April 12, 2005, Silvia Sunardi sued the Company (ex Lippo Land). Based on the case, it was stated that compensation was demanded due to the allegation that kiosks at Depok Town Square was sold to the above mentioned party at the point where the land status was still under dispute (court case). In 2005, the legal case Register was rejected by Tangerang District Court's. Upon the judgments to the case aforesaid, the plaintiffs are pursuing remedy either by cassation through Supreme Court of the Republic Indonesia or by appeal through Banten High Court. According to the Company's legal counsel, the event will not influence nor threaten the ownership status of the land on which Depok Town Square was built.

37. Financial Risks Management

The main financial risks faced by the Company and Subsidiaries are credit risk, foreign exchange rate risk, interest rate risk, liquidity risk and price risk. Attention of managing these risks has significantly increased in light of the considerable change and volatility in Indonesian and international markets.

(i) Credit Risk

Credit risk is the risk that the Company and Subsidiaries will incur a loss arising from their customers, clients or counterparties that fail to discharge their contractual obligations. The Company' and Subsidiaries' financial instrument that potentially containing credit risk are cash and cash equivalent, trade accounts receivable, other accounts receivable and investments. Maximum total credit risks exposure are equal to the amount of the respective accounts.

The Company and Subsidiaries manage and control this credit risk by setting limits on the amount of risk they are willing to accept for respective customers and more selective in choosing banks and financial institutions, which only choose reputable and creditworthy banks and financial institutions.

(ii) Foreign Exchange Rate Risk

Foreign exchange rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company' and subsidiaries' financial instrument that potentially containing foreign exchange rate risk are cash and cash equivalent, investments and loans.

To manage foreign exchange rate risk, the Company has entered into several derivatives agreements with certain third parties.

(iii) Interest Rate Risk

Interest rate risk is the risk that fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Company' and Subsidiaries' possess to interest rate risk because primarily they have loans with floating interest rate.

The Company' and Subsidiaries' manage this interest rate risk through an appropriate combination of loans in fixed and floating interest rate and monitoring interest rate movement effect to minimize negative effect to the Company. As of December 31, 2010, more than 85% of the Company's loans are fixed-rated.

(iv) Liquidity Risk

Liquidity risk is a risk when the cash flow position of the Company indicated that the short-term revenue is not enough to cover the short-term expenditure.

The Company' and Subsidiaries' manage this liquidity risk by maintain an adequate level of cash and cash equivalent to cover Company's commitment in normal operation and also regularly evaluate the projected and actual cash flow, as well as maturity date schedule of their financial assets and liabilities.

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(v) Price Risk

Price risk is a risk that fluctuate value of financial instrument as a result of changes in market price. The Company' and Subsidiaries' possess to price risk because primarily they own an investment classified in to available-for-sale financial assets.

The Company' and Subsidiaries' manage this price risk by regularly evaluate financial performance and market price of their investment and continuously monitor global market developments.

38. The New Intepretation (ISAK), Revised and New of Statement of Financial Accounting Standards (PSAK)

Indonesian Institute of Accountants has published some new and revised PSAK and ISAK, as follows:

- a. For financial statements covering the periods beginning on or after January 1, 2011:
- PSAK 1 (Revised 2009) "Presentation of Financial Statements"
 - PSAK 2 (Revised 2009) "Statement of Cash Flows"
 - PSAK 3 (Revised 2010) "Interim Financial Reporting"
 - PSAK 4 (Revised 2009) "Consolidated and Separate Financial Statement"
 - PSAK 5 (Revised 2009) "Operating Segment"
 - PSAK 7 (Revised 2010) "Related Party Disclosure"
 - PSAK 8 (Revised 2010) "Events after the Reporting Period"
 - PSAK 12 (Revised 2009) "Interest in Joint Ventures"
 - PSAK 15 (Revised 2009) "Investment on Associates"
 - PSAK 19 (Revised 2010) "Intangible Assets"
 - PSAK 22 (Revised 2010) "Business Combination"
 - PSAK 23 (Revised 2010) "Revenue"
 - PSAK 25 (Revised 2009) "Accounting Policies, Changes in Accounting Estimates and Errors"
 - PSAK 48 (Revised 2009) "Impairment of Assets"
 - PSAK 57 (Revised 2009) "Provisions, Contingent Liabilities and Contingent Assets"
 - PSAK 58 (Revised 2009) "Non-current Assets Held for Sale and Discontinued Operations"
 - ISAK 7 (Revised 2009) "Consolidation – Special Purpose Entities"
 - ISAK 9 "Changes in Existing Decommissioning, Restoration and Similar Liabilities"
 - ISAK 10 "Customer Loyalty Programs"
 - ISAK 11 "Distribution of Non-cash Assets to Owners"
 - ISAK 12 "Jointly Controlled Entities – Non-monetary Contributions by Venturers"
 - ISAK 14 "Intangible Assets – Web Site Cost"
 - ISAK 17 "Interim Financial Reporting and Impairment"
- b. For financial statements covering the periods beginning on or after January 1, 2012:
- PSAK 10 (Revised 2010) "The Effects of Changes in Foreign Exchange Rates"
 - PSAK 18 (Revised 2010) "Accounting and Reporting by Retirement Benefit Plan"
 - PSAK 24 (Revised 2010) "Employees' Benefits"
 - PSAK 34 (Revised 2010) "Construction Contracts"
 - PSAK 46 (Revised 2010) "Income Taxes"
 - PSAK 50 (Revised 2010) "Financial Instruments: Presentation"
 - PSAK 53 (Revised 2010) "Share-based Payments"
 - PSAK 60 "Financial Instruments: Disclosures"
 - PSAK 61 "Accounting for Government Grants and Disclosure of Government Assistance"
 - ISAK 13 "Hedges of Net Investments in Foreign Operations"

PT LIPPO KARAWACI Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the Years Ended December 31, 2010 and 2009
(Expressed In Full Rupiah, Unless Otherwise Stated)

- ISAK 15 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
- ISAK 18 "Government Assistance – No Specific Relation to Operating Activities"
- ISAK 20 "Income Taxes – Change in Tax Status of an Entity or its Shareholders"

The Company does not implement earlier those PSAK and ISAK above and has not determined its impacts on the consolidated financial statements.

39. Management Responsibility on the Consolidated Financial Statements

The management of the Company is responsible for the preparation of the consolidated financial statements completed on January 25, 2011.

Appendix I

PT LIPPO KARAWACI Tbk (Parent Only)

BALANCE SHEETS

As of December 31, 2010 and 2009

(Expressed In Full Rupiah, Unless Otherwise Stated)

ASET	2010 Rp	2009 Rp
Cash and Cash Equivalent	2,487,055,821,666	88,416,846,341
Investments	2,332,557,767,723	2,083,150,307,984
Trade Accounts Receivable		
Third Parties	208,692,219,652	153,580,649,541
<i>(Net of allowance for doubtful accounts of Rp 3,704,477,833 and Rp 7,675,231,939 as of December 31, 2010 and 2009, respectively)</i>		
Related Parties	--	7,713,338,502
<i>(Net of allowance for doubtful accounts of nil and Rp 749,719,412 as of December 31, 2010 and 2009, respectively)</i>		
Other Accounts Receivable	263,218,426,096	121,308,625,670
<i>(Net of allowance for doubtful accounts of Rp 6,069,887,201 and Rp 6,088,974,636 as of December 31, 2010 and 2009, respectively)</i>		
Inventories	2,368,015,047,162	2,053,026,494,451
Prepaid Taxes and Expenses	108,599,474,957	75,289,297,525
Advances	285,527,334,178	61,458,582,918
Due from Related Parties	3,076,672,726,384	3,515,375,105,278
<i>(Net of allowance for doubtful accounts of Rp 250,628,134 as of December 31, 2010 and 2009, respectively)</i>		
Deferred Tax Assets - Net	21,031,480,282	34,579,868,061
Land for Development	203,350,714,722	203,350,714,722
Investment Properties	229,461,611,422	143,949,140,977
<i>(Net of accumulated depreciation of Rp 20,196,722,079 and Rp 12,081,006,381 as of December 31, 2010 and 2009, respectively)</i>		
Property and Equipment	609,314,970,727	825,206,438,684
<i>(Net of accumulated depreciation of Rp 373,200,373,617 and Rp 535,002,563,350 as of December 31, 2010 and 2009, respectively)</i>		
Intangible Assets	68,562,156,097	74,414,359,220
<i>(Net of accumulated amortization of Rp 37,053,833,186 and Rp 31,201,630,063 as of December 31, 2010 and 2009, respectively)</i>		
Other Assets	66,501,439,167	70,807,064,534
TOTAL ASSETS	12,328,561,190,235	9,511,626,834,408

Appendix I

PT LIPPO KARAWACI Tbk (Parent Only) BALANCE SHEETS (Continued)

As of December 31, 2010 and 2009

(Expressed In Full Rupiah, Unless Otherwise Stated)

LIABILITIES AND STOCKHOLDERS' EQUITY	2010 Rp	2009 Rp
LIABILITIES		
Loans		
Third Parties	448,172,201,824	492,770,821,896
Trade Accounts Payable		
Third Parties	30,052,402,653	64,651,840,173
Other Accounts Payable	61,994,700,992	17,690,771,180
Accrued Expenses	89,782,997,474	66,769,198,281
Taxes Payable	39,148,238,741	26,437,830,312
Advance from Customers	68,350,068,669	49,389,466,827
Deferred Income	69,898,097,442	80,684,133,938
Obligations Under Finance Lease	--	3,860,271
Due to Related Parties	3,709,269,770,514	3,672,929,972,423
Deferred Gain on Sale and Leaseback Transactions	79,916,252,237	87,219,698,981
Estimated Liabilities on Employees' Benefits	22,068,113,023	65,837,740,861
Total Liabilities	4,618,652,843,569	4,624,385,335,143
STOCKHOLDERS' EQUITY		
Capital Stock		
Par Value of Rp 100 per share		
Authorized Capital - 64,000,000,000 and 40,000,000,000 shares		
as of December 31, 2010 and 2009, respectively		
Issued and Fully Paid - 21,627,689,619 and 17,302,151,695		
shares as of December 31, 2010 and 2009, respectively	2,162,768,961,900	1,730,215,169,500
Additional Paid in Capital - Net	3,244,737,189,310	1,304,222,206,548
Difference in Value from Restructuring Transactions		
between Entities Under Common Control - Net	5,995,357,427	17,836,191,054
Changes in Equity of Subsidiaries	42,405,378,906	56,482,062,165
Retained Earnings		
Appropriated	4,000,000,000	3,000,000,000
Unappropriated	2,250,001,459,123	1,775,485,869,998
Total Stockholders' Equity	7,709,908,346,666	4,887,241,499,265
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	12,328,561,190,235	9,511,626,834,408

Appendix II

PT LIPPO KARAWACI Tbk (Parent Only) STATEMENTS OF INCOME

For the Years Ended December 31, 2010 and 2009
(Expressed In Full Rupiah, Unless Otherwise Stated)

	2010 Rp	2009 Rp
NET SALES, SERVICES AND OTHER REVENUES	552,955,555,916	1,280,225,369,773
COST OF SALES AND SERVICES	129,509,850,182	774,295,446,917
GROSS PROFIT	423,445,705,734	505,929,922,856
OPERATING EXPENSES		
Selling	38,313,904,649	26,419,558,814
General and Administrative	319,528,952,091	442,596,263,162
Total Operating Expenses	357,842,856,740	469,015,821,976
INCOME FROM OPERATIONS	65,602,848,994	36,914,100,880
OTHER INCOME (EXPENSES)		
Gain on Foreign Exchange - Net	65,200,369,370	31,410,731,034
Penalties Income - Net	2,887,721,445	2,208,795,747
Gain on Disposal of Property and Equipment	1,142,442	212,855,606
Amortization Expenses - Net	(11,360,410,672)	(6,918,128,699)
Interest Income (Expense) - Net	(13,649,554,752)	38,733,863,365
Others - Net	(6,164,799,832)	118,540,873,226
Total Other Income - Net	36,914,468,001	184,188,990,279
INCOME BEFORE EQUITY IN NET EARNINGS OF ASSOCIATES	102,517,316,995	221,103,091,159
Equity in Net Earnings of Associates	438,413,721,253	172,036,760,418
INCOME BEFORE INCOME TAX EXPENSE	540,931,038,248	393,139,851,577
INCOME TAX EXPENSE		
Current	(11,429,627,348)	--
Deferred	(4,155,624,882)	(5,086,355,950)
Total Income Tax Expense	(15,585,252,230)	(5,086,355,950)
NET INCOME	525,345,786,018	388,053,495,627

These appendices are originally issued in Indonesian language

Appendix III

PT LIPPO KARAWACI Tbk (Parent Only) STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the Years Ended December 31, 2010 and 2009
(Expressed In Full Rupiah, Unless Otherwise Stated)

	Issued and Fully Paid in Capital		Additional Paid in Capital - Net		Difference in Value from Restructuring Transactions between Entities Under Common Control		Changes in Equity of Subsidiaries		Retained Earnings		Total Stockholders' Equity	
	Rp		Rp		Rp		Rp		Appropriated	Unappropriated	Rp	
BALANCE AS OF DECEMBER 31, 2008	1,730,215,169,500		1,304,222,206,548		115,372,599,277		(39,748,077,560)		2,000,000,000	1,388,432,374,371		4,500,494,272,136
Difference in Value from Restructuring Transactions between Entities Under Common Control	--		--		(97,536,408,223)		96,230,139,725		--	--		(1,306,268,498)
Reserved Fund	--		--		--		--		1,000,000,000	(1,000,000,000)		--
Net Income	--		--		--		--		--	388,053,495,627		388,053,495,627
BALANCE AS OF DECEMBER 31, 2009	1,730,215,169,500		1,304,222,206,548		17,836,191,054		56,482,062,165		3,000,000,000	1,775,485,869,998		4,887,241,499,265
Limited Public Offering III - Net	432,553,792,400						--		--	--		2,373,068,775,162
Difference in Value from Restructuring Transactions between Entities Under Common Control	--		--		(11,840,833,627)		(14,076,683,259)		--	--		(25,917,516,886)
Reserved Fund	--		--		--		--		1,000,000,000	(1,000,000,000)		--
Interim Dividend	--		--		--		--		--	(49,830,196,893)		(49,830,196,893)
Net Income	--		--		--		--		--	525,345,786,018		525,345,786,018
BALANCE AS OF DECEMBER 31, 2010	2,162,768,961,900		3,244,737,189,310		5,995,357,427		42,405,378,906		4,000,000,000	2,250,001,459,123		7,709,908,346,666

Appendix IV

PT LIPPO KARAWACI Tbk (Parent Only) STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2010 and 2009
(Expressed In Full Rupiah, Unless Otherwise Stated)

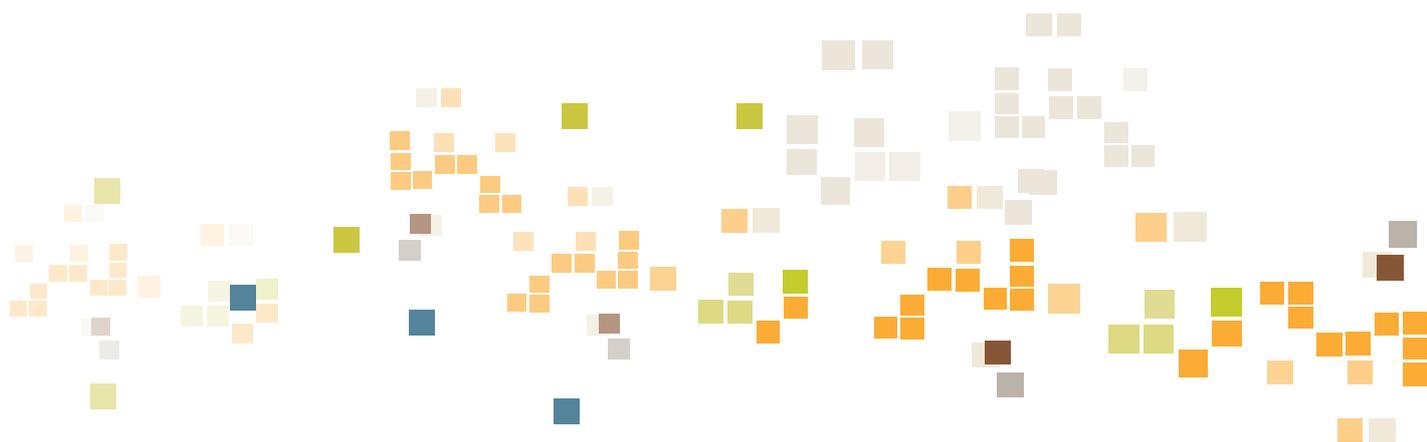
	2010 Rp	2009 Rp
CASH FLOWS FROM OPERATING ACTIVITIES		
Collection from Customers	521,340,084,616	1,340,426,107,572
Payment to Employees	(126,700,989,231)	(185,856,524,362)
Taxes Payment	(178,824,651,582)	(124,741,181,327)
Interest Payments - Net	(243,228,567,409)	(190,845,149,292)
Payment to Suppliers and Third Parties	(496,246,602,220)	(661,576,744,256)
Net Cash Flows Provided by (Used in) Operating Activities	<u>(523,660,725,826)</u>	<u>177,406,508,335</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Disposal of Property and Equipment	37,064,716	407,306,533
Redemption (Placement) of Restricted Funds	(3,096,880,927)	870,629,555
Acquisition of Property and Equipment and Investment Properties	(5,737,390,599)	(113,461,195,192)
Net Cash Flows Used in Investing Activities	<u>(8,797,206,810)</u>	<u>(112,183,259,104)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Proceed from Limited Public Offering III	2,373,068,775,162	--
Cash Received from (Paid to) Related Parties	652,456,949,764	(198,994,586,118)
Net Proceed from Loans	--	138,038,243,681
Payment of Obligation Under Finance Lease	--	(197,010,898)
Repayment of Loans	(44,598,620,072)	(11,500,000,000)
Dividend Payment	(49,830,196,893)	--
Net Cash Flows Provided by (Used in) Financing Activities	<u>2,931,096,907,961</u>	<u>(72,653,353,335)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	2,398,638,975,325	(7,430,104,104)
BEGINNING BALANCE OF CASH AND CASH EQUIVALENT	88,416,846,341	95,846,950,445
ENDING BALANCE OF CASH AND CASH EQUIVALENT	<u>2,487,055,821,666</u>	<u>88,416,846,341</u>

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