

# Picking Up The Pace



Annual Report  
**2011**

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# Picking Up The Pace

Lippo Karawaci has entered a new phase and is closer to realizing its transformational journey to become an USD8 billion company within the coming four years. With a vision to bring positive impact and value to society in every development project, supported by focused and precise business strategies, entrepreneurial spirit, solid strategic business units and a consistently increasing market capitalisation, Lippo Karawaci has strengthened its position as a premier company and remains at the forefront of Indonesia's robust economic growth.

# Lippo Karawaci at a Glance

As the largest listed property company in terms of assets and revenue, PT Lippo Karawaci Tbk ("Lippo Karawaci") excels in Indonesia's real-estate industry. A unique, highly focused and integrated business model coupled with strong brand recognition enables Lippo Karawaci to pursue its commitment to positively impact people's quality of lives.

This impact radiates from Lippo Karawaci's sustainable projects that have laid solid foundations for progress in the immediate communities it serves, and on the country's economic development which it fully supports.

Well-planned independent townships and integrated high-rise developments feature lush environments augmented by first class physical and social infrastructure and facilities. Its private hospitals, outfitted with state-of-the-art equipment, offer world-class healthcare services. Retail malls, with their diverse mix of entertainment, shopping and recreation, cater to the discerning taste and lifestyle demands of consumers.

Lippo Karawaci evolved from PT Tunggal Reksakencana which was established in October 1990. Three years later, the Company inaugurated its first township project in Tangerang west of Jakarta: Lippo Village, a self-sustained community of residences, commercial areas, business hubs, hotel, championship golf course, hospital and schools. At the same time, construction for an industrial cum residential township began in the east of Jakarta: Lippo Cikarang, an integrated mix of residential and light industrial estate supported by modern infrastructure and services for modern living. Moving further east in Indonesia in 1997, Lippo Karawaci built the first integrated community development in South Sulawesi, the Tanjung Bunga township. The township is strategically located in Makassar, a key trading point and gateway to the eastern regions of Indonesia. With these cornerstone developments, Lippo Karawaci accumulated the most diversified landbank in Indonesia.



The merger of eight property-related companies in 2004 fortified and expanded Lippo Karawaci's business range to cover Urban Development, Large Scale Integrated Development, Retail Malls, Hospitals, Hotels and Leisure, as well as a fee-based income portfolio. The expanded business portfolio created strong recurring income that serves as a sustainable growth model.

Lippo Karawaci effectively adapts and efficiently responds to changing urban lifestyles brought about by rapid urbanization and the burgeoning domestic market, led by the middle and upper middle class segments. The Company continues to pioneer mixed-use developments synergizing business, residential, commercial and leisure supported by top-notch services in health and education, all within a unified green environment.

True to its vision and with a firm grasp of its mission, the Company has sealed its status as Indonesia's most trusted developer with the most recognizable and reputable brand.

In the year 2010, the Company began implementing a growth strategy that aimed to transform it from a USD3 billion to USD8 billion Company by the year 2015. This strategy is anchored by strong growth in the company's core property business and supported by growth in its hospitals and retail malls network, as well as increasing assets under the Company's management as supported by asset-turn deals.

In 2011, Lippo Karawaci advanced significantly along its transformational journey. The Company's property sector experienced immense growth, followed closely by the Hospitals, Retail Malls and Hotels sectors that continue to progress and prosper alongside the construction of additional hospital and mall structures that are underway.

With its significant leadership premium, on the back of a highly globalized international investor base and an excellent track record, Lippo Karawaci will continue to amplify its performance in order to become an USD8 billion Company within four years – a major growth target that is confidently within striking reach, as well as continue to drive its market capitalization to higher levels and deliver added value to shareholders.

# Vision & Mission

## Vision

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

### Explaining the Vision

- "To be a leading property company" is Lippo Karawaci's commitment to continue evolving and become a benchmark not only for Indonesia, but also the region in terms of providing more value and better quality in each of the Company's endeavors.
- "Impact on people's quality of life" defines Lippo Karawaci's commitment to positively touch people's lives and bring bountiful benefits through each business venture the Company engages in.
- "Create added value to shareholders" is Lippo Karawaci's pledge that each shareholder is at the core of each of the Company's decisions and endeavors wherein it prioritizes the shareholders' best interest in its value creation.

## Mission

- To meet the needs of 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 environments that enhance the physical, social and spiritual experience of its clientele, and to provide a best practice green environment for each of its development projects.

### Explaining the Mission

- Through an integrated business model that seeks continuous development, Lippo Karawaci is determined to meet the needs of the general public, primarily by providing high quality residential structures built within clean and green environments, affordable health care services of international standards, retail centers, entertainment and hospitality.
- Lippo Karawaci will continue to develop innovative and high quality residential structures, while at the same time accelerating the Company's Recurring Revenues sourced from Hospitals, Commercial and Asset Management units.
- Lippo Village will continue to observe the social and spiritual needs of the environment in order to improve the lives of its customers.

# Lippo Karawaci Facts

1

Largest listed property Company by Revenue (US\$462 million) and Total Assets (US\$2 billion) and one of the largest by market capitalization (Rp 15.2 trillion as of 31 December 2011)

2

One of the top 20 listed companies by trading value in the Indonesia Stock Exchange (Rp 17.62 trillion for the year ended 31 December 2011)

3

Fastest growing real estate group (market cap grew by 7x since the merger of 8 property related companies in 2004)

4

Market leader in townships & residential property, hospitals, and retail malls

5

Integrated business model with ability to recycle capital

6

Largest diversified landbank throughout Indonesia, with a total landbank of 1,489 ha

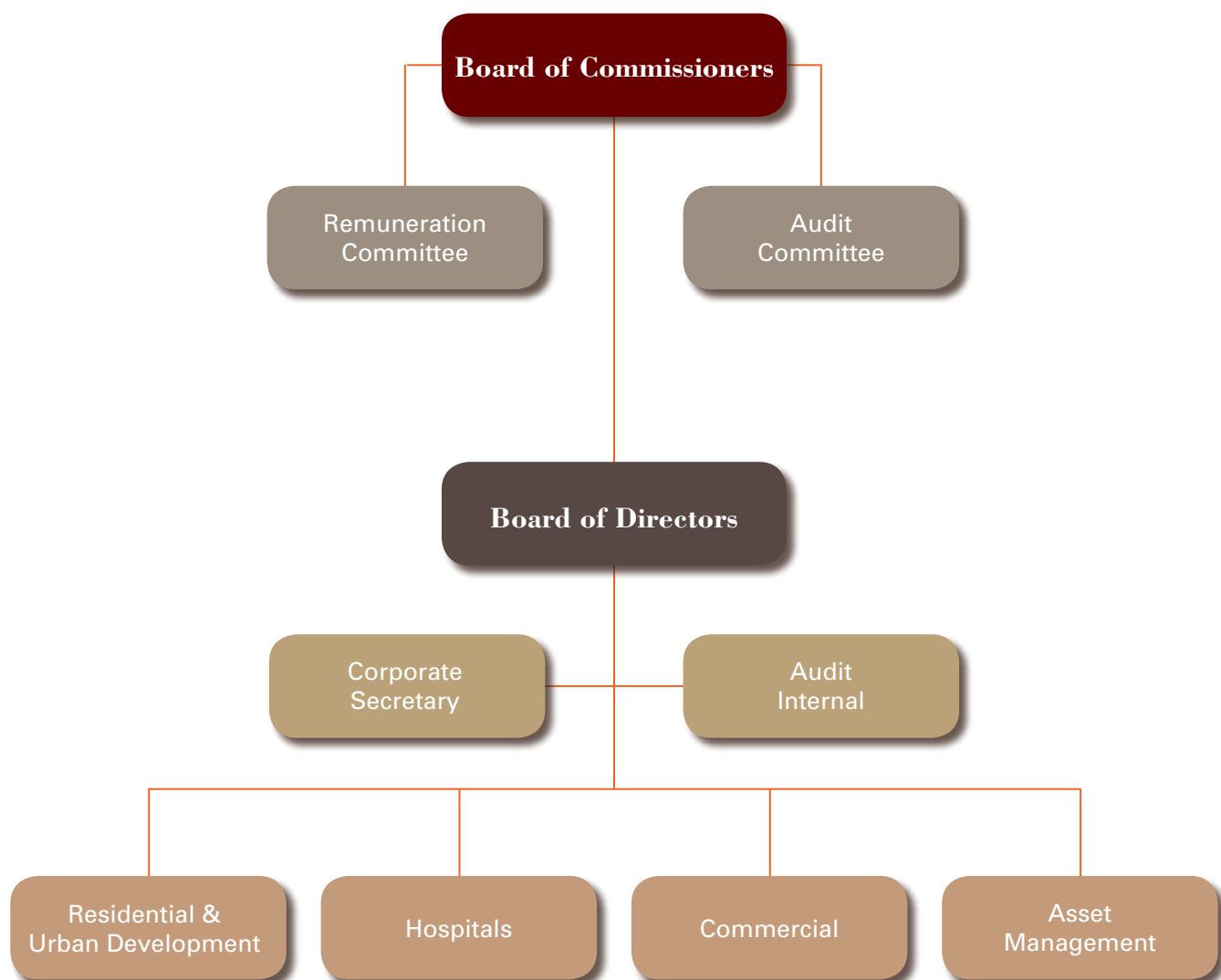
7

Only property company rated by three rating agencies (BB- by Standard & Poor's, B1 by Moody's, B+ by Fitch)

8

Included in MSCI Global Small Cap Indices, FTSE Emerging Market Indices & major Indonesia Stock Exchange Indices : LQ45, Jakarta Islamic Index, and Kompas-100

# Corporate Structure





# Geographic Spread Lippo Karawaci



## PROJECTS IN GREATER JAKARTA



- Urban Development
- Retail Malls Managed by Lippo Karawaci
- Retail Malls Owned by Lippo Karawaci
- Hospitals
- Hotels
- Large Scale Integrated Development
- Toll Road





Lippo Karawaci  
Business Units

This aerial photograph shows a city skyline with several prominent buildings. In the foreground, there is a large green baseball field with a brown dirt infield. To the right of the field is a multi-story building with a blue and white facade, featuring the letters 'UPH' on its side. Further back, a tall, modern skyscraper with a glass facade and a pointed top is visible. The city is surrounded by greenery and a highway runs through the middle of the scene.

Residential &



Hospitals

This aerial photograph shows a residential area with many houses having red-tiled roofs. In the foreground, there is a large, modern hospital building with a blue and white facade and red accents. The building has the words 'Siloam Hospitals' on its side. The hospital is surrounded by greenery and a parking lot. A road with some traffic is visible in the foreground.



Lippo Karawaci's vast landbank of 1,489ha is spread over the key townships strategically located in high growth areas, namely Lippo Village in Tangerang, Lippo Cikarang in Bekasi, Tanjung Bunga in Makassar and San Diego Hills Memorial Park in Karawang. The Company historically obtained total development rights of 7,823ha from the Government of which 62% has been acquired. The Company's landbank inventory is sufficient and sustainable for the next decade.

The Company has established its development prowess on both large tracts of land for township development and also with integrated mixed use developments on smaller areas closer to the city center. The Company's City of Tomorrow in Surabaya exemplifies such a development by combining residential and lifestyle facilities including mall, school, office towers and hotel. Following the success in Surabaya, Lippo Karawaci has launched two strategic large scale integrated developments, Kemang Village and The St. Moritz Penthouses & Residences in south and west Jakarta respectively.

# Urban Development

The Company's vision to impact positively on people's quality of life involves providing premium health services through its existing hospitals as well as the development of new world-class hospitals.

Lippo Karawaci is the leading provider of private sector medical services in Indonesia under its "Siloam Hospitals" brand. The Company entered the healthcare sector in the early 1990's through a joint venture with Gleaneagles Hospital in Lippo Village, currently known as Siloam Hospitals Lippo Village. Lippo Karawaci continues to expand the hospital business, with both stand alone hospitals and those developed within the Company's townships.

In line with its commitment to Indonesia's social transformation in lifting the standard and quality

of the healthcare sector, the Company has grown its hospital network with the acquisition of two hospitals in Jambi, Sumatera and in Balikpapan, East Kalimantan in the last quarter of 2010. These acquisitions are helping to strengthen healthcare in key regions of the country. In addition, in July 2011, President Susilo Bambang Yudhoyono inaugurated the country's first private comprehensive cancer treatment center with state-of-the-art equipment. Now numbering seven hospitals, the Siloam Hospitals Group is considered Indonesia's most progressive and innovative healthcare provider.

The Company has planned the development of a total of twenty hospitals within the next four years, six of which began construction in 2011 and are scheduled for completion in 2012.





Asset Management



Lippo Karawaci's commercial business unit is divided into retail malls and hotels. The Company manages 25 malls throughout Indonesia with a total Net Leasable Area of 938,000 square meters. Sixteen of the 25 malls are situated in Greater Jakarta.

In 2011, the occupancy rate of Lippo Karawaci's retail malls reached an average of 88%, with customer traffic of more than 200 million persons per annum. Of the 25 malls, three are owned by the Company, ten malls are owned by Singapore-

listed Lippo Malls Indonesia Retail Trust (LMIR Trust), another eight strata-title malls were built previously by the Company, and the remaining four are owned by third parties. The Company is planning to develop 15 new malls throughout Indonesia within the next 4 years.

The hotel division manages seven hotels under the Aryaduta brand, a five-star Indonesian hotel network, located in Jakarta, Medan, Pekanbaru, Palembang and Makassar. Lippo Karawaci plans to construct four hotels in the near term.

# Commercial

The Asset Management business unit commenced with two Singapore-listed Real Estate Investment Trusts (REITs) sponsored by Lippo Karawaci.

The First Real Estate Investment Trust (First REIT), launched in 2006, was the first healthcare REIT in Southeast Asia and has under its portfolio five Siloam Hospitals, three Singapore healthcare assets, one hospital in South Korea and Hotel Aryaduta Lippo Village.

The Company sponsored the establishment of Lippo Malls Indonesia Retail Trust (LMIR Trust) one year later. LMIR Trust is the only Singapore REIT with Indonesian retail assets comprising ten retail malls and seven retail spaces. The Company through a wholly-owned subsidiary, PT Consulting and Management Service Division (CMSD), manages these mall properties under contract from LMIR Trust.

The REIT platforms facilitate the Company's asset-light strategy by enabling Lippo Karawaci to recycle capital as it steps up the turnover of mall and hospital assets. The Company owns 80% of Singapore-listed REIT Managers Bowsprit Capital for First REIT and 100% of LMIR Trust Management Ltd for LMIR Trust.

The Asset Management business unit will grow in parallel to the additional 15 malls and 20 hospitals in the pipeline. Currently, the two REITs have US\$1.7 billion of assets under management.

# Financial Highlights

in billion Rupiah, unless stated otherwise

## PROFIT AND LOSS

Revenue
Gross Profit
EBITDA
Operating Profit
Net Profit After Tax
Basic Earning per Share (in Rupiah)
Number of Shares outstanding

## BALANCE SHEETS

Net Working Capital
Total Assets
Total Investment
Total Liabilities
Stockholders' Equity

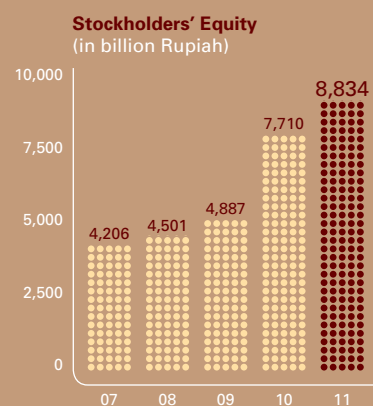
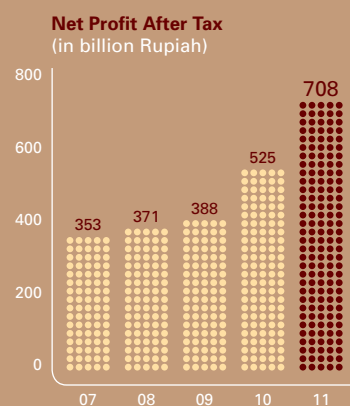
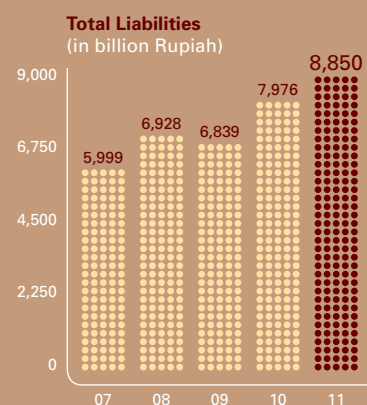
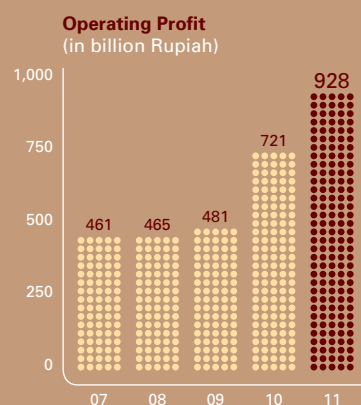
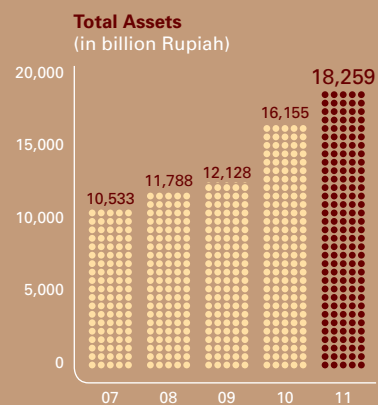
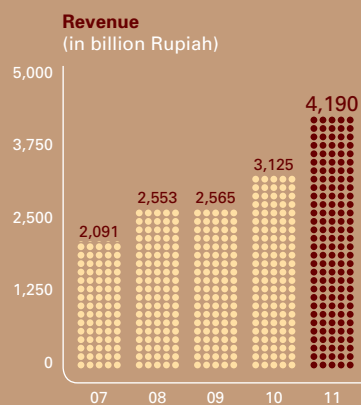
2007	2008	2009	2010	2011
2,091	2,553	2,565	3,125	4,190
1,106	1,219	1,187	1,524	1,896
533	565	603	854	1,083
461	465	481	721	928
353	371	388	525	708
24	21	22	30	32
17,302,151,695	17,302,151,695	17,302,151,695	21,627,689,619	23,077,689,619
4,366	5,083	4,829	7,376	9,241
10,533	11,788	12,128	16,155	18,259
384	306	498	534	2,435
5,999	6,928	6,839	7,976	8,850
4,206	4,501	4,887	7,710	8,834

## FINANCIAL RATIOS

Return on Assets (%)
Return on Equity (%)
Debt to Assets
Debt to Equity (Gross)
Debt to Equity (Net)
Gross Profit Margin (%)
EBITDA Margin (%)
Operating Profit Margin (%)
Net Profit Margin (%)

2007	2008	2009	2010	2011
3	3	3	3	4
8	8	8	7	8
0.3	0.3	0.2	0.2	0.2
0.7	0.7	0.6	0.4	0.4
0.2	0.3	0.3	-	0.2
53	48	46	49	45
25	22	24	27	26
22	18	19	23	22
17	15	15	17	17





# Stock Highlights

## Shareholder Structure

(as of December 31, 2011)

### Shareholders

	Number of Shares	Percentage of Ownership
Pacific Asia Holding Ltd.	3,626,619,908	15.71%
Pacific Asia Holdings Limited S/A of RZB-Austria Singapore Branch	500,000,000	2.17%
Public (each less than 5%)	18,951,069,711	82.12%
TOTAL	23,077,689,619	100.00%

## Dividend History

### Shareholders Record Date

16 December 1996  
22 January 1998  
24 August 2005  
6 December 2006  
7 December 2007  
16 November 2010  
10 October 2011

### Payment Date

### Dividend/Share

14 January 1997	Rp 40.00
20 February 1998	Rp 10.00
8 September 2005	Rp 10.00
20 December 2006	Rp 9.90
27 December 2007	Rp 4.62
1 December 2010	Rp 2.88 *)
24 October 2011	Rp 4.33 *)

\*) Dividend for the fiscal year 2010 amounting to Rp 150 billion distributed as interim dividend of Rp 50 billion and final dividend of Rp 100 billion.

## Capital History

### Description

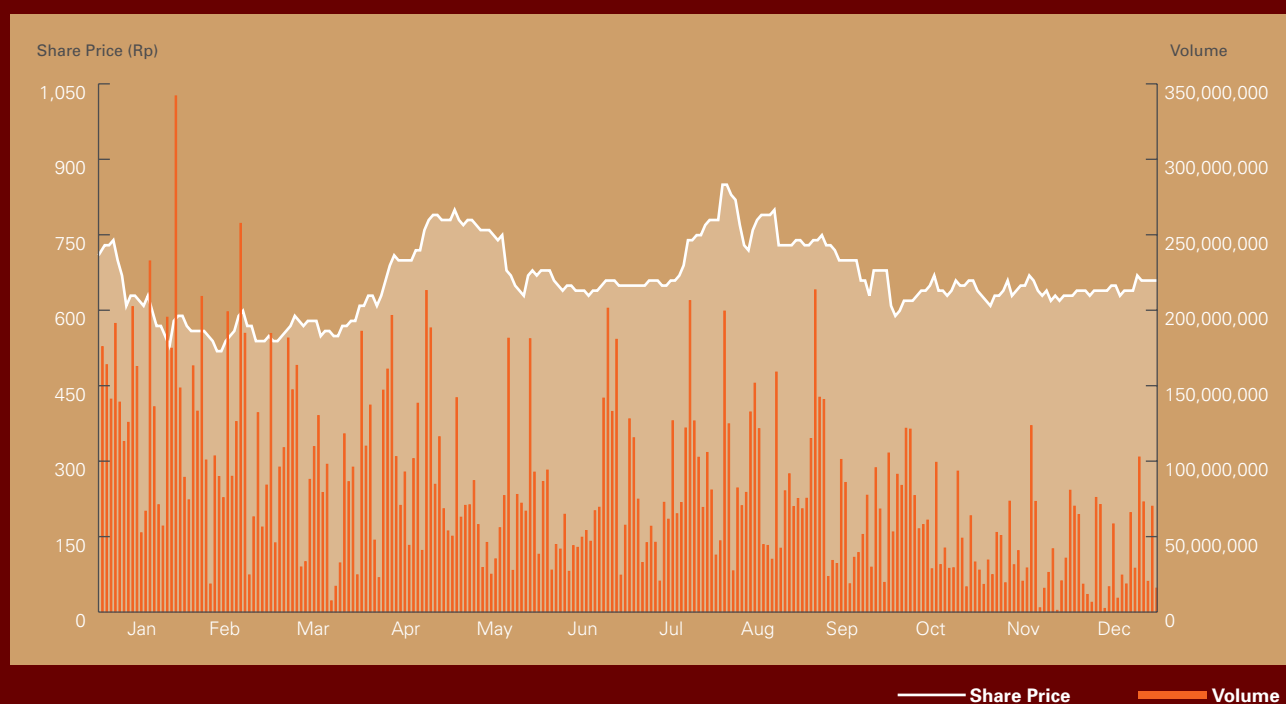
### Date

### Number of Shares

### Total Issued Shares

IPO	28 June 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 February 1998	607,796,000	987,668,500
Merger	30 July 2004	1,063,275,250	2,050,943,750
Rights Issue II	20 January 2005	881,905,813	2,932,849,563
Warrant Conversion prior to Stock Split	20 January 2005 - 28 July 2006	279,099	2,933,128,662
Stock Split I	2 August 2006	2,933,128,662	5,866,257,324
Warrant Conversion after Stock Split I	2 August 2006 - 31 December 2006	4,759,748	5,871,017,072
Warrant Conversion	1 January - 30 November 2007	1,049,843,606	6,920,860,678
Stock Split II	26 December 2007	10,381,291,017	17,302,151,695
Rights Issue III	28 December 2010	4,325,537,924	21,627,689,619
Capital increase without Pre-emptive rights	31 May 2011	1,450,000,000	23,077,689,619

## 2011 Share Price Movement



## Summary of Share Trading at Indonesia Stock Exchange

2011					
Month	Share Price (Rp)			Share Trading	
	Highest	Lowest	Closing	Volume (units)	Amount (Rp)
Jan	750	510	570	3,054,119,000	1,907,452,050,000
Feb	610	500	540	2,110,590,000	1,171,316,360,000
Mar	620	530	610	2,173,263,000	1,226,762,040,000
Apr	810	590	780	2,077,584,000	1,465,860,070,000
May	810	610	680	1,584,682,500	1,125,496,470,000
Jun	680	620	650	1,540,450,500	999,264,860,000
Jul	780	630	780	1,689,310,000	1,183,991,585,000
Aug	870	640	740	1,699,310,500	1,315,228,910,000
Sep	760	620	680	1,505,355,000	1,064,904,130,000
Oct	680	570	640	1,266,082,500	799,781,385,000
Nov	680	600	630	887,322,000	566,916,490,000
Dec	680	620	660	786,999,500	508,177,080,000

2010					
Month	Share Price (Rp)			Share Trading	
	Highest	Lowest	Closing	Volume (units)	Amount (Rp)
Jan	570	495	530	1,201,035,000	645,610,465,000
Feb	540	480	500	1,169,598,000	601,623,142,500
Mar	640	495	600	2,234,555,000	1,218,720,320,000
Apr	640	560	580	2,480,026,500	1,480,785,075,000
May	580	345	425	2,170,753,000	1,054,261,155,000
Jun	570	390	500	2,345,257,000	1,118,825,522,500
Jul	510	470	485	1,454,154,500	722,134,120,000
Aug	530	480	500	1,785,890,500	905,549,127,500
Sep	600	470	560	1,803,335,000	1,005,665,930,000
Oct	710	530	620	3,199,574,500	1,997,524,130,000
Nov	700	610	680	2,583,954,000	1,733,288,415,000
Dec	750	620	680	2,207,726,000	1,513,000,265,000

# Corporate Actions



## **USD125 million Global Bond Issuance**

Lippo Karawaci issued USD125 million in global bonds, due 2015, with a fixed interest rate of 9.0% per annum and an issue price of 108%.

## **Capital Increase without Pre-emptive Rights**

Capital increase without pre-emptive rights of 1,450 million new shares, at price of Rp660 per share.

## **USD159 million investment in Lippo Malls Indonesia Retail Trust (LMIRT)**

Additional 18.2% investment (197,658,026 units) in LMIRT, which is listed on the Singapore Stock Exchange, and 40% ownership of Lippo Malls Indonesia Retail Trust Management Ltd (LMIRT Mgt), the manager of LMIRT, with a total investment of USD159 million.

## **Rp150 billion Total Dividend Payment**

The Total Dividend distribution for fiscal year 2010 amounted to Rp150 billion, or Rp7.21 per share, with a payout ratio of 28.6%.

## **Share Buyback**

Share Buyback of maximum Rp600 billion, over 18 months, commencing November 2011 through May 2013.

USD **125** million  
Global Bond

USD **159** million  
Investment in LMIRT  
& LMIRT Mgt

Rp **150** billion  
Total Dividend



# Awards & Certifications



**Euromoney Real Estate Awards 2011**  
Lippo Karawaci received the Euromoney Real Estate Award 2011 as Best Developer in Indonesia Overall, October 2011.



**South East Asia Property Awards 2011**  
Lippo Karawaci received The South East Asia Property Award 2011 as Best Developer in Indonesia, awarded by Property Report South East Asia Magazine, 30 November 2011.



**Fortune Most Admired Companies 2011**  
Lippo Karawaci received The Best 20 Most Admired Companies in Indonesia award 2011, awarded by Fortune (Indonesia) Magazine, 26 January 2012.



**South East Asia Property Awards 2011**  
The St. Moritz received The South East Asia Property Awards 2011 "Best Condo Development (Indonesia)", awarded by Property Report South East Asia Magazine, 30 November 2011.



**Asian Hospital Management Awards 2011**  
Siloam Hospitals received Excellence Asian Hospital Management Award 2011 in Human Resource Development Category, in the Hospital Management Asia Conference in Singapore on 8 September 2011, sponsored by KM&T, a worldwide business improvement consultancy that provides 'best practice' business performance solutions.



**AZIMA Award 2011**  
Siloam Hospitals Surabaya received AstraZeneca Infection Management Award (Azima Award) as the 1<sup>st</sup> winner.



**Indonesia Hospital Management Award 2011**  
Siloam Hospitals Group received Indonesia's Most Admired Company (IMAC) award as "The Best Building and Managing Corporate Image" in Hospital Category.



**83rd Annual Mothers' Day Award 2011**  
Siloam Hospitals Lippo Village has been presented the 83<sup>rd</sup> Annual Mothers' Day Award as the province's most Mother & Child Friendly Hospital by the Minister of State Women's Empowerment and the Minister of Public Health on 20 December 2011.



# Milestones

## 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.

## June

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

## 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.

1990

## October

Established under the name of PT Tunggal Reksakencana.

1993

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

1998

## February

1<sup>st</sup> Rights Issue of 607,796,000 shares at the price of Rp500 per share.

2002

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.





**January**  
2<sup>nd</sup> Rights Issue of 881,905,813 shares at the price of Rp1,050 per share.

**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.

**January**  
In order to strengthen its business structure, the Company 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.

**March**  
USD125 million bonds issuance, at the coupon rate of 9% p.a., issue price 108%, due 2015.

**June**  
Capital increase without pre-emptive rights of 1,450 million new shares, at price of Rp660 per share.

2005

2006

2007

2008

2009

2010

2011

**March**  
USD250 million bond issuance, at the rate of 8.875% p.a., 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.

**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.

**May**  
USD270 million bonds issuance, at the coupon rate of 9% p.a., issue price 100%, due 2015.

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



# Event Highlights



## 4 February

The opening ceremony of a new flyover at Lippo Village to provide direct accessibility and ease traffic flow on the Jakarta - Merak toll road, and an underpass providing a direct route from the north to the central point of the township.

## 17 February

The topping off ceremony of The Ambassador Suite, a condominium tower in the St. Moritz Penthouses & Residences.



## 7 January

Lippo Karawaci held the ground breaking of its eighth hospital in the city of Makassar, South Sulawesi, the gateway capital city to the Eastern provinces of Indonesia, and the fastest growing region of the country.

## 25 January

Lippo Village hosts discussions between the Indonesian Water Supply Association (Perpamsi) Banten and Netherland's Water Net for the twinning program aimed at improving water management and sanitation in Banten.



## 8 February

Signing ceremony of the agreement between Lippo Karawaci and PT Mitra Adiperkasa Tbk. (MAP) to secure retail leasing spaces in the St. Moritz Shopping Mall, the largest shopping mall in Puri Indah, CBD West Jakarta and in the Kemang Village Mall, an upscale lifestyle shopping mall in South Jakarta.

## 18 February

The opening ceremony of Siloam Hospitals Jambi, officiated by the Minister of Health of the Republic of Indonesia, dr. Endang Rahayu Sedyaningsih, MPH, DR. PH and the Governor of Jambi, Drs. H. Hasan Basri Agus, MM and attended by community, business and government leaders.



## 22 April

To commemorate Earth Day, Lippo Village held tree planting activities along nearby Cisabi River. Trees planted covered 690 square meters, with an additional 1,760 square meters due for greening. Lippo Village hosts about 230 types of trees. Town Management Division (TMD) also encourages residents to participate in a Go Green Program by growing trees in their homes.

## 23 February

The Annual General Meeting of Shareholders (AGMS) of Lippo Karawaci. The Shareholders approved appointments for Board Commissioners, Independent Commissioners, and Board of Directors, of the Company. No new appointments were made for the members of the Board of Commissioners. Roberto Feliciano and Ivan Setiawan Budiono were welcomed as new appointments to the Board of Directors, and also approved the Company's plans to pay a total dividend of Rp150 billion.

## 21 March

Lippo Karawaci launched Rolling Hills, a housing cluster with the unique feature of being located at the highest elevation of Lippo Village township.

## 27 March

The PGA Championship 2011, a prestigious international golf tournament, was held for the first time in Indonesia, at the Imperial Klub Golf Lippo Village.

## 7 May

Launching of the New Ambassador Suite Tower, the fifth condominium tower of The St. Moritz Penthouses & Residences, Puri Indah, West Jakarta.



## 19 May

The topping off ceremony for the Royal Suite Tower, the third condominium tower of The St. Moritz Penthouses & Residences, Puri Indah, West Jakarta.

## 27 May

The ground breaking ceremony of the New Ambassador Suite tower, at The St. Moritz Penthouses & Residences, Puri Indah, West Jakarta.



## 21 July

Lippo Karawaci launched Park View Apartments, located in the city center of Depok. Park View Apartment is built on top of Depok Town Square mall.



## 7 July

President of Republic of Indonesia, DR. H. Susilo Bambang Yudhoyono officially opened Indonesia's first and largest private comprehensive cancer centre: MRCCC, 'Building of Hope' at Semanggi, South Jakarta.

## 28 July

Lippo Karawaci held a topping off ceremony for the prestigious Presidential Suite Tower at The St. Moritz Penthouses & Residences, Puri Indah, West Jakarta.

## 6 August

In line with the "Zero Carbon Campaign", Town Management Division Lippo Village and leading bike manufacturer, Polygon, supported the "Bike in Harmony" event organized by Universitas Pelita Harapan attracting over 500 participants of all ages.

## 26 August

Lippo Karawaci together with Lippo Group gathers national leaders, ahead of the Eid-al-Fitri, for a joint breaking of the fast at Aryaduta Hotel Jakarta. The event was attended by a number of national figures wherein education assistance worth a total of 1 billion rupiah was handed over to ten Universities in Indonesia.

## 24 September

Lippo Cikarang launched a residential cluster, Florencia 3, one of twelve residential clusters located within the Mega Cluster Elysium Residence (126 hectares) which will be developed up to 2014.



## 15 November

The Regent of Tangerang, Dr. H. Ismet Iskandar inaugurated the Community Health Centre (Puskesmas) Siloam located next to Siloam Hospitals Lippo Village. As the first health centre initiated by private parties, it attends to the health needs of middle and lower income families in Tangerang. The community health centre was developed to uplift the quality of health of the general public.



## 23 November

Lippo Cikarang planted over 1,000 trees along Bantar River near the Acacia Garden Residence, Lippo Cikarang in partnership with Intercontinental Mid Plaza Hotel and Foundation for Tree Planting of Indonesia (Yayasan Tanam Pohon Indonesia).

## 29 October

Lippo Cikarang conducted free medical treatments and check-ups for the Cicau village community in Cikarang.



## 14 December

To improve public health in Tangerang and the surrounding area, Siloam Hospitals conducted a free mass medical treatment for common illnesses and dental problems.

# Report from the Board of Commissioners



**Theo L. Sambuaga**  
President Commissioner

**The Board of Commissioners are pleased with Lippo Karawaci's exemplary accomplishments through 2011. The Board of Directors and Management successfully brought Lippo Karawaci closer to realizing its transformation.**

**Dear Shareholders,**

On behalf of the Board of Commissioners of Lippo Karawaci, I am pleased to report to all our stakeholders on the Company's growth and the performance of the Board of Directors and management during 2011.

The Company's stable advancements mirror Indonesia's robust economy. During 2011, the country's large domestic market protected the economy from the fall of international financial markets. Its gross domestic product expanded to 6.5% prompting Moody's Investors Services and Fitch Ratings to upgrade the country's credit ratings to investment grade. Average Foreign Direct Investments posted an increase over the past two years achieving a significant US\$173.3 billion in 2011. As substantial growth driven by strong household consumption and political stability boost investor appeal and confidence, Indonesia affirms its status as one of Asia's fastest growing economies.

**Performance In 2011**

The Board of Commissioners are pleased with Lippo Karawaci's exemplary accomplishments through 2011. The Board of Directors and Management successfully brought Lippo Karawaci closer to realizing its transformation. In 2011, Lippo Karawaci successfully issued additional bonds to refinance maturing bonds and other short term liabilities, added capital through a non preemptive rights issue (direct placement) to strengthen the Company's capital structure, and obtaining shareholders' approval for the plan to repurchase the Company's shares ('buyback') to reflect the management's strong belief in the Company's underlying value and prospects which has not been reflected in its shares price.





We also note the Company's commitment in allocating its resources to the healthcare industry by inaugurating state-of-the-art healthcare facilities housed in modern hospitals that meet the country's need for quality healthcare services, specifically the Mochtar Riady Comprehensive Cancer Center ('MRCCC') in central Jakarta and two Siloam hospitals in Jambi and Balikpapan. Highly professional asset management capabilities result in superior services while recurring revenues from leasing properties, property management and dividends from its

investment in First Real Estate Investment Trust ('FREIT') along with Lippo Malls Investment Retail Trust (LMIRT), provide greater stability to cash flows.

Lippo Karawaci's 2011 performance has been impressive. Revenue and Net Income increased by 34% and 35%, respectively, reaching Rp4.2 trillion and Rp708 billion respectively while its Total Assets increased by 13%, hitting Rp18.3 trillion.





- 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 Viven G. Sitiabudi**  
Commissioner

#### Activities of The Board of Commissioners and Committees

During the 2011 Annual General Meeting, Prof. Dr. Adrianus Mooy, the Company's four-time Independent Commissioner who also has been serving as Chairman of the Audit Committee since May 3, 2010, was not reappointed due to his overburdened schedule. We thank Dr. Mooy for his dedication and contribution as an Independent Commissioner and Chairman of the Audit Committee.

The other members of the Board of Commissioners were reappointed pursuant to the Company's Articles of Association. In the course of nine meetings held in 2011 with the Board of Directors, the Board continued to support and provide sound advice and strategic direction to the Board of Directors and Management.

The Audit and Remuneration Committees also continued to support the Board of Commissioners in performing supervisory duties under the advice of Independent Commissioner Mr. Jonathan L. Parapak, who replaced Prof. Dr. Mooy as Chairman of the Audit Committee, while the structure of the Remuneration Committee remained the same in 2011.

These committees dedicated their services to the Company in upholding and implementing Good Corporate Governance practices. Activities and reports from the Audit Committee and Remuneration Committee are listed in the Good Corporate Governance section of this report.

#### **Good Corporate Governance (GCG)**

In order to outperform competitors and ensure sustainable growth and finances, the Board adheres to strict implementation of GCG best practices, inculcated in the hearts of all the organization's leaders and members alike.

The Board of Commissioners also encourages management to constantly conduct self assessments to improve overall GCG practices and to maintain its commitment to the highest standards of GCG principles.

#### **Corporate Social Responsibility (CSR)**

The Board of Commissioners commends the management's CSR programs, especially their display of unending commitment to their Community Development projects, such as the newly opened Community Health Center (Puskesmas) located next to Siloam Hospital in Lippo Village, their quarterly Blood Donation Club, and the free medical treatments at Cicau Village, through Lippo Cikarang, and surrounding areas in Tangerang. In addition, we commend their wonderful efforts in preserving the environment through the Zero Carbon Campaign, Water Treatment and Sanitation projects, and their tree planting activities through their Go Green project, to name a few. Town management in Lippo Village, one of the Company's flagship townships has been targeting zero waste in the area and is actively educating the residents regarding awareness of the sustainable environment through local community events and publications.

### Outlook for 2012

The Company's sizeable landbank, financial flexibility, integrated business model, visionary leadership and quality management team driven by professionalism, guided by Good Corporate Governance practices, coupled with the optimistic Indonesian macro outlook in 2012, keep Lippo Karawaci on a sustainable footing enabling it to rise above its competition and challenges it to achieve another breakthrough year in revenue and bottom line growth, accelerating its pace on the path of its transformational journey to be an US\$8 billion company. Its investment rating upgrade opens many more doors for the Company to expand and we welcome the discovery of new initiatives arising from its current projects.

### Appreciation

The Board of Commissioners would like to express its appreciation to the shareholders and business partners for their unwavering loyalty, trust and support. The Board also wishes to express its heartfelt gratitude to the Board of Directors, management and all members of the Company for their exemplary perseverance, dedication, commitment and performance that contributed to the Company's achievements in 2011.



**Theo L. Sambuaga**  
President Commissioner

# Report from the Board of Directors



**Ketut Budi Wijaya**  
President Director

The Company has set its plans and targets for the coming four years with the goal to transform into an USD8 billion company by 2015. This transformation is steadily underway and on track. The overall performances of Lippo Karawaci's four business pillars exceeded expectations.

**Dear Shareholders,**

Through solid experience, well-planned strategies and strong discipline focussed on execution, Lippo Karawaci proved again that it has the ability to deliver positive results for its shareholders. Our total revenue and net profit increased significantly by 34% and 35%, respectively, year on year buoyed by a strong Indonesian economy against the background of unstable international conditions.

The Company has set its plans and targets for the coming four years with the goal to transform into an USD8 billion company by 2015. This transformation is steadily underway and on track. The contribution of each of Lippo Karawaci's four business pillars, Residential and Urban Development, Hospitals, Commercial and Asset Management highlights the Company's solid reputation as the pioneering force in Indonesia property development, underscored by an unwavering dedication to build a strong and modern Indonesia. Understanding well the country's need for housing, Lippo Karawaci launched a range of residential and other real estate developments this year to meet the demands

of different income level segments and improving lifestyles, including the provision of affordable quality medical care.

The Company's already strong recurring revenue continues to grow and contribute much to our business sustainability. The Hospitals, Commercial and Asset Management divisions are part and parcel of our uniquely integrated business model which follows a solid and predictable long term business path creating value through capacity building and flexibility.

To top off a most productive year, Lippo Karawaci's successful commitment to deliver quality products and services that create long-term, sustainable value creation was again recognized by Euromoney's "Best Developer in Indonesia Overall 2011" award, our fifth so far, as well as inclusion in "The Best 20 Most Admired Companies" by Fortune Indonesia. In addition we were also recognized for Siloam Hospitals development and contributions in the healthcare industry through world class hospitals, by receiving the "Excellence Award 2011" from Asian Hospitals Management for our Siloam Hospitals.

**E. Yudhistira Susiloputro**  
Director

**Ketut Budi Wijaya**  
President Director

**Jopy Rusli**  
Director

**Djoko Harjono**  
Director





### Brief Performance Overview

The overall performances of Lippo Karawaci's four business pillars exceeded expectations. This is attributed to business units being empowered and guided by experts with international experience ensuring both profitability and sustainable growth.

Our Company's business philosophy parallels our emergence as pioneers of sustainable development harnessing a deeply rooted vision to provide communities with long-term value. Lippo Karawaci achieved a new sales record, with an impressive 59% increase in Residential and Urban Development Revenue to Rp2.0 trillion. An outstanding result in

Recurring Revenues was also achieved. Hospitals recorded a 22% increase to Rp1.3 trillion, and the Commercial business experienced a 17% increase to Rp417 billion, whilst Asset Management contributed a 4% increase to Rp473 billion. This all resulted in Total Revenue of Rp4.19 trillion, up from Rp3.13 trillion in 2010, achieving growth of 34%.

The Company anticipates and capitalizes on the country's growth momentum in order to develop a strong base for further expansion. In 2011, the Company reached an EBITDA of Rp1.1 trillion, a new record marking a change of significant proportion in the Company's growth path, affirming the positive

**Tjokro Libianto**  
Director

**Ivan S. Budiono**  
Director

**Roberto Feliciano**  
Director



direction of its transformational journey. Meanwhile, the Company's Net Income increased by 35% from the previous year, reaching Rp708 billion.

Lippo Karawaci's developments extend beyond high margin performances. We endeavor to impact the lives of Indonesia's growing middle class and support the nation's developmental goals in coping with housing demand, retail needs and healthcare services that cater to an ever-widening range of incomes in the country. A social mission is also embedded in our business objectives and our strong belief that value creation is not a zero sum game. The Company's gain is a gain for all stakeholders including job creation within the area in which the company operates, and delivering a better quality of life through the Company's various properties, hospitals and other business developments. Lippo Karawaci creates and introduces new landscapes around the country through pioneering developments exemplified by the large scale integrated development of Kemang Village in South Jakarta and The St. Moritz in West Jakarta. The Company's hospitals introduce specialized and world class medical practices to promote the nation's healthcare outcomes. Through our 5-star Aryaduta hotels we offer affordable value propositions for business travellers. The establishment of two Real Estate Investment Trust (REIT) companies

in Singapore has introduced Indonesian assets to foreign investors. Lippo Karawaci's achievements and growing national footprint have become a benchmark for the industry.

#### **Good Corporate Governance (GCG)**

The Board of Directors believes in the stringent implementation of the fundamentals of GCG. The Transparency, Accountability, Responsibility, Independence and Fairness (TARIF) principles are implemented, maintained and monitored within the organization to support our vision and mission. Lippo Karawaci will incorporate the latest best practices and developments in the principle and practices of GCG developed by the global business community.

#### **New Members of the Board**

During the Annual General Meeting of Shareholders held on 23 February 2011, the assembly appointed two new Board members to augment the Board of Directors in support of the complex tasks and immense opportunities the Company will face within the year. The additions will allow Lippo Karawaci to capitalize on the potential that will contribute to the Company's growth. On behalf of the Board, I would like to welcome Mr. Roberto Feliciano and Mr. Ivan Budiono, we look forward to their respective contributions to the Board in the future.

### Looking Forward

Lippo Karawaci will accelerate its strategies in unlocking the Company's full potential across all of its business pillars; from property, hospitals, commercial and asset management. The Company will extract the value in its land bank by creating value-added residential and commercial products.

Through its accumulated experience and expertise in building, operating and managing hospitals we will continue to drive the healthcare industry towards greater heights in the country as well as the region around us.

The Company also aims to strengthen and accelerate the implementation of its asset light strategy to achieve growth profitability and sustainability through prudent financial management.

As a learning organization, Lippo Karawaci will continue to expand its knowledge and maintain sensitivity to the latest global developments, trends and best practices with an eye to adapting them to further strengthen our management. The welfare of our staff and interests of our stakeholders will always be taken into consideration as we take Lippo Karawaci to ever greater heights of achievement.

On behalf of the Board of Directors, I would like to acknowledge the Board of Commissioners' guidance and support in the Company's decision-making. I would like to extend our most sincere appreciation to all the employees who contributed to the Company's achievements, and our heartfelt gratitude to our shareholders, business partners, customers and the entire community for their steadfast faith and trust in Lippo Karawaci. Our concerted dedication and commitment enables us to rise above the challenges and maintain our status as Indonesia's largest and most successful property developer. In this unity, we can safeguard and strengthen the Company's position as the leader in Indonesia's property industry.



**Ketut Budi Wijaya**  
President Director

# Management Discussion & Analysis







# Business Review





Lippo Karawaci embarked on a transformational journey in 2010. Today the Company is at a more advanced stage as it accelerates to deliver on its commitments, redefining not only the physical environment in which the business units operate but creating opportunities that impact significantly on the lives of those communities.

Within the next 4 years, Lippo Karawaci expects to achieve its ambition to become an USD8 billion property group. Through satisfactory progress reported by all business divisions in 2011, and particularly exceptional revenue performance from its strategic Residential/Township business division, the Company is definitely on track to achieve this milestone.



### **2011 Market Conditions: Growing Indonesian Economy Boosts Industries.**

Indonesia's economy continued to enjoy strong growth in 2011 despite the prevailing turmoil in international financial markets due to the Euro zone crisis and weakened global growth. In 2011, economic growth reached 6.5%, supported mainly by strong private consumption and exports, allowing the Indonesian economy to remain relatively well positioned to weather future external shocks.

The impact of weakening global activity so far has proven to be limited and has not affected Indonesia. Foreign Direct Investments (FDI) posted an increase of 18% from the previous year, reaching Rp175.3 trillion in 2011, while domestic investments showed positive trends through a 26% increase to Rp76 trillion. The country's recent upgrade by international rating agencies, Fitch Ratings and Moody's, to 'investment grade' will further heighten Indonesia's standing among global investors and boost the quantum of foreign investment in the coming years.

A tight fiscal policy yielded positive results for Indonesia with foreign exchange reserves amounting to USD110 billion. The consumer sector benefitted strongly from the country's boost in income per capita and towering growth of the middle class. Income per capita exceeded USD3,500 in 2011. Other economic indicators also showed a positive trend throughout the year wherein inflation remained below 5% and the rupiah against the USD stood relatively stable at around Rp9,000/USD1.

Government efforts to improve infrastructure is expected to continue in the coming year and should have a positive impact on economic growth in Indonesia. The Indonesian government is committed to continue implementing its reformation program and strengthen macroeconomic fundamentals.





## Industry Review

### Residential and Industrial Property

Property Sales figures demonstrate a pattern of increase year on year for the last 5 years and last year they grew 4.5%. Despite the threat of Inflation, steadily rising incomes and expanding housing credit availability continue to be a boon to the residential market.

Industrial land sales in the Greater Jakarta area saw heightened activity throughout 2011, particularly for larger land parcels. Total land sold for industrial use in the first three quarters of 2011 totaled 950ha, which exceeded the total number of hectares sold since the Asian crisis in 1998. These encouraging conditions are expected to continue through 2012. Condominium sales activity in the Greater Jakarta area also progressed through 2011. As many as 9,800 condominium units were launched in 2011, the majority of which catered to the middle income segment at 62.5%, while the upper middle income segment made up of 23% of sales, and the upper class contributed to as much as 14.5%. The sales rates for existing condominium units reached 95.2%, increasing 0.4% from the previous year, however, units that are yet to be constructed and marketed reached 67.2%, increasing 5.6% as compared to sales rates in 2010.

The robust expansion of Indonesia's economy, estimated to grow in the range of 6.5% to 6.9% in 2012, continues to fuel optimism for both developers and investors. This translates into anticipated growth in land and capital values, from 10% to 25% over the next 12 months.



## Healthcare

Indonesia currently records a total of about 1,600 hospitals in the country, which provides more or less 161,000 beds for 240 million citizens, or approximately 6.7 beds for every 10,000 patients. The quality of healthcare services, in general, is insufficient. In addition, the country's health expenditure is relatively low compared to other ASEAN countries, and is below World Health Organization standards, at 2.4% of Gross Domestic Product (GDP), or about USD44 per capita, while standard public health expenditure around the world totals about 5 – 6% of GDP. Some of the major challenges facing the health sector in Indonesia include difficulty in accessibility due to the country's vast geographical landscape, appropriate clinical standards and the availability of health insurance for the people. The majority of the population does not have access to health insurance. The government is currently preparing to implement the National Social Security System (SJSN) in 2014 which will enable government to cover the health expenses of those who cannot afford health insurance.

The country hopes to achieve better standards in its national health sector and private healthcare through the implementation of various national health insurance programs like the one currently in development, as well as JAMKESNAS and JAMSOSTEK.

Hospitals that become health centers need to meet three primary objectives: to provide health services, education and research. The balanced implementation of the three objectives is key in order to achieve the highest standards for hospitals. With such a huge untapped market and the opportunity to capitalize on Indonesia's increased per capita income, the challenge the healthcare sector faces today is how to raise the quality of healthcare in the country, including improvements in health facilities and services so as to be at par with international standards. As of the end of 2011, there were four hospitals in Indonesia that earned the accreditation of the Joint Commission International (JCI), one of which is Siloam Hospitals in Lippo Village. The government is looking forward to more hospitals achieving international standards in the years to come.



### Retail

Retail malls development activity in Jakarta delivered growth of 1.6% in the cumulative supply of retail space during 2011. By the end of December 2011, 3.4% growth in cumulative demand resulted in an increase in the overall occupancy rate by 1.4% to an average of 87%.

The fourth quarter of 2011 saw the completion of two supporting retail facilities and a retail center. These new retail facilities and center added 61,600 square meters of retail space in Jakarta. By the end of the full year, the total new retail space completed reached 75,000 square meters, the lowest additional retail supply in the last 10 years. In December 2011, total retail supply was recorded at 3.6 million square meters. Once the proposed new centers are completed, the total supply within Jakarta will reach 3.9 million square meters.

With improving general consumer buying power, as indicated by higher per capita GDP growth and other positive macro-economic indicators, leasing activity should remain buoyant in 2012 with high expectations that local and international retailers will continue to sign up for leasing pre-commitments in centers under construction.

### Hospitality

The hospitality industry in Jakarta and cities all over Indonesia have a most promising outlook due to the country's economic stability. As the country's business hub, 45% of Jakarta's hotel demand emanate from local and regional businesses that hold conferences and business trips in the city.

In 2011, the number of hotels in Jakarta increased by 2.8%, offering a total of 24,340 rooms. This growth was mainly supported by increased demand, reflected by the increase in hotel occupancy rates from almost all hospitality segments. In 2011, the highest occupancy rate for hotels comes from the three-star hotel segment, reaching 74% total occupancy, while four-star hotels reached 70% and five-star hotels recorded 65% occupancy rates.

The increase in hotel occupancy is accompanied by an increase in the average hotel rates in Jakarta. In 2011, the average hotel rate for a three-star hotel reached Rp385,000 per night, which was an increase of 3% from the previous year. Four-star hotels saw a 6% increase to Rp640,000 while five-star hotels experienced a 5 % increase to Rp820,000 per night.

The hospitality sector is predicted to continue enjoying robust growth in 2012. The occupancy rate for three-star hotels is expected to reach 85%, while four and five-star hotels are tipped to exceed 70%. There is a high possibility that room rates will increase by 6%, plus additional rooms will increase by 1,300 in the coming year.

### **The Biggest and Fastest Growing Property Company**

Lippo Karawaci enjoys a firm foundation as market leaders in Townships and Residential Properties, Hospitals and Retail Malls development. The Company maintains a unique and highly integrated business model supported by its asset-light strategy and possessing the largest diversified landbank across Indonesia. These key elements anchor Lippo Karawaci's role as a major driver of Indonesia's growth amidst a robust economy. Lippo Karawaci embarked on a transformational journey in 2010. Today the Company is at a more advanced stage as it accelerates to deliver on its commitments, redefining not only the physical environment in which the business units operate but creating opportunities that impact significantly on the lives of those communities.

Within the next 4 years, Lippo Karawaci expects to achieve its ambition to become an USD8 billion property group. Through satisfactory progress reported by all business divisions in 2011, and particularly exceptional revenue performance from its strategic Residential/Township business division, the Company is definitely on track to achieve this milestone.

Lippo Karawaci ended last year with firm financial results featuring increased revenue of 34%, from Rp3.1 trillion in 2010 to Rp4.2 trillion in 2011, plus a healthy rise in Net Profit of 35% from Rp525 billion to Rp708 billion. The Company's market capitalization reached Rp15 trillion as of 30 December 2011.

Revenue from Urban Development grew by 52%, reaching Rp1,266 billion, with industrial land sales from Lippo Cikarang township showing exceptional growth, exceeding twice the increase from the previous year. The boost in investment interest stems from the soon to be opened access road through Exit KM37 linking the township to other major industrial zones.

Likewise, revenue from the Company's Large Scale Integrated Developments increased by 73% to Rp774 billion highlighted by The St. Moritz as more revenues were recorded, in line with construction progress of these projects. The same applies to Kemang Village.



The now widely recognized Siloam branded Hospitals upped its revenue by 22% in 2011 to Rp1,260 billion, mainly due to improved revenue from both inpatient/day and outpatient/visits.

Retail Malls and Hotels pushed the commercial division's revenues to 17% growth over the previous year to Rp417 billion. Anticipating growth in retail demand, the Company plans to build 15 new malls within the next 3 years and to manage a total of 50 malls under Lippo Karawaci's expanded portfolio by 2016.

Although still a relatively small part of the group, the Asset Management business recorded growth in revenue to reach Rp473 billion, resulting from increased fees derived partly from growing "Assets Under Management" (AUM) of Lippo Karawaci's sponsored REITs.

A healthy 51% of the group's total revenues come from Lippo Karawaci's solid and expanding recurring income, thus reinforcing the Company's implementation of a balanced revenue base strategy.

Lippo Karawaci's success as a top class developer gained recognition for the fifth time, as Euromoney's "Best Developer in Indonesia Overall 2011", reflecting the Company's vision, execution, strong management and consistent quality of its products and services. Asian Hospitals Management

also awarded Siloam Hospitals the prestigious "Excellence Award 2011", making it the only Indonesian hospital to receive this distinction among 84 hospitals from 11 Asian countries.

Fitch Ratings acknowledged and reaffirmed Lippo Karawaci's status as the country's leading property developer with a 'B+' rating, and further assessed its outlook as "stable". Standard & Poor's also upgraded its rating for Lippo Karawaci to 'BB-' with a "stable" outlook at the beginning of 2012.

The strategic business units comprising Residential/Township, Retail Malls, Hospitals, Hotels, and Asset Management represent the four pillars of Lippo Karawaci from which the Company attributes its ability to deliver consistent performance. With strong recurring revenues, the individual units' sustainable and diversified revenue base, award winning developments, professional management and careful attention to financial health and management has allowed the Company to enjoy record growth and another creditable performance in 2011, reaching a record EBITDA of Rp1.1 trillion. This achievement marks a significant milestone in the company's transformational journey.

# Development Business

**Lippo Karawaci's Residential  
& Urban Development division  
contributed total sales of  
Rp3.2 trillion in 2011, a 43%  
increase compared to 2010.**

## **Residential & Urban Development**

Possession of the largest diversified land bank is a major factor behind Lippo Karawaci's success in developing and expanding its residential and urban development projects. The Company's land bank covers a total of 1,498ha spread across four strategic locations: Karawaci, Bekasi (Cikarang), Karawang and Makassar. In addition, Lippo Karawaci has obtained from the government total development rights to 7,823ha, of which 62% or 4,847ha have already been acquired.

Aside from townships, Lippo Karawaci engages in developing large-scale integrated mixed-use projects on sites within close proximity to city centers. The

City of Tomorrow in Surabaya highlights this kind of development with its combination of residential facilities, malls, schools and hospitals that meet the discerning lifestyle demands of today's modern family. Lippo Karawaci added two more strategic large-scale integrated developments in Jakarta with the launch of Kemang Village in urban South Jakarta and The St. Moritz Penthouses and Residences in rapidly growing West Jakarta.

## **Lippo Village**

This flagship urban township, located 30 kilometers from Jakarta, has become a renowned satellite city offering the best quality properties and services to meet the dynamic demands of urban living.





Hosting more than 57,000 residents, Lippo Village has successfully integrated eco-living with international standard facilities and infrastructure. Blending well with its modernity, the township allocates 21% green space and has planted approximately 56,000 trees. Beyond physical development and parallel to its mission to impact people's quality of life, Lippo Village has created 45,000 jobs.

#### **Lippo Cikarang**

The independent township of Lippo Cikarang, offers modern infrastructure and services around an integrated mix of residential and light industry estates. Located 40 kilometers to the east of Jakarta, it currently accommodates 32,000 residents and over 700 light industrial factories, some of which host global brands. These factories employ more than 100,000 workers. Lippo Cikarang continues to develop the estate, expanding both its industrial and residential projects. The development of a new

interchange, providing access directly to the city center, when completed by end 2012 will enhance further the value of this township. Lippo Karawaci owns 54.4% of Lippo Cikarang through its subsidiary PT Lippo Cikarang Tbk.

#### **Tanjung Bunga**

Tanjung Bunga earns the distinction of being the first ever integrated community development project in Eastern Indonesia. With government permission, Lippo Karawaci plans to further develop the area as the "Centerpoint of Indonesia". Located in Makassar, South Sulawesi, Tanjung Bunga's 3,000 residential units house approximately 6,500 residents. Lippo Karawaci owns 50.3% of this township through its subsidiary, PT Gowa Makassar Tourism Development Tbk and partners with local government.





### **San Diego Hills Memorial Park**

Lippo Karawaci pioneered the development of memorial parks in Indonesia with the establishment of the San Diego Hills Memorial Park. It currently offers 125ha of scenic views featuring a 14 ha family center with lake, recreation facilities, multipurpose hall and restaurant. The 500ha are available for development under the masterplan. Since its launch in 2007, San Diego Hills Memorial Park has sold more than 24,000 units to date.

Sales from the Urban Development division, contributed Rp1.9 trillion for 2011 in marketing sales, an increase of 62% from the previous year, mainly driven by a significant increase in industrial land sales from Lippo Cikarang.

### **Large-Scale Integrated Developments**

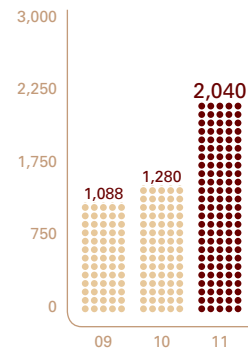
Large-scale integrated developments feature a mix of residential, commercial and service facilities including elite hospitals and schools, plus recreational facilities. Two banner projects of this type of development, Kemang Village and The St. Moritz, are expected to reach completion over the next 6 to 8 years.

#### **Kemang Village**

Kemang Village, strategically located at the heart of South Jakarta's prestigious Kemang district, caters to the population living and working in this vibrant urban community.



**Development Revenues**  
(in billion Rupiah)



The first phase of the mixed-use development stands on 8.8ha. This landmark project consist of seven (7) towers and is expected to reach full completion by 2015. An average of 97% of units have already been sold in the six (6) condominium towers that have been launched so far. Kemang Village currently hosts an elite international school while a high-end mall and other community facilities are under construction. Another 6.2ha are available for future development.

#### **The St. Moritz Penthouses and Residences**

Adopting the same concept as Kemang Village's "city within a city", The St. Moritz Penthouses and Residences will be built over 11.4 ha of land strategically located in the future Puri Indah Central Business District in West Jakarta.

Targeted for full completion by 2018, the project will integrate six (6) condominium towers, a JW Marriott Hotel, office towers, a premier shopping mall area,



convention center, indoor Sea World entertainment facility, Siloam Hospitals, and an international school for 1,000 students.

Since the pre-selling launch of the five condominium towers at the beginning of 2008 through to 2011, an average of 87% of the total units have been sold. Three of the condominium towers will be completed and handed over to buyers in 2012.

#### **City of Tomorrow, Surabaya**

Surabaya plays host to Lippo Karawaci's pioneer Large Scale Integrated Development City of Tomorrow which consists of a condominium tower, a four-storey strata-title shopping mall combined with six low rise office towers, a five-star hotel and a university that altogether operates over 2.6ha of land. The project is almost fully sold.

The Company also launched Park View Apartments in mid-2011, a twin tower project with the second tower commencing sales towards the end of 2011. These apartment towers will be built on top of Depok Town Square, a strata-title mall built by the Company, and aims to cater to the middle income segment in Jakarta.

Total sales of the Company's condominium units in 2011 increased by 17% from the previous year, reaching Rp1.3 trillion. Kemang Village contributed Rp495 billion to the total sales, while The St. Moritz contributed Rp568 billion and Park View Apartments sold a total amount of Rp222 billion.



# Recurring Business

Approximately 50% of the Company's annual revenue emanates from Recurring Revenues, which consists of the Hospitals and Commercial divisions, and Asset Management.

Lippo Karawaci is the first and only Indonesian real estate company to successfully sponsor Real Estate Investment Trusts (REITs) in order to support its asset-light and capital-recycling strategies.

Approximately 50% of the Company's annual revenue emanates from Recurring Revenues, which consists of the Hospitals and Commercial divisions, and Asset Management.

## Hospitals

Lippo Karawaci is committed to transforming and raising the quality of healthcare in the country. The Company has operated hospitals since the mid 90's.

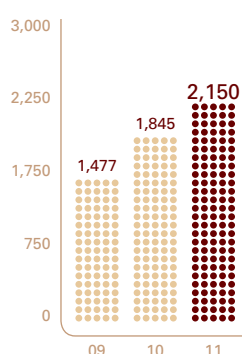
In 2010, following efforts to upgrade Indonesia's health services, the government opened its healthcare sector to foreign investors and encouraged the private sector to build more hospitals. Lippo Karawaci accelerated its rollout of new hospitals in response to this call, and consolidated its position by becoming the largest provider of world-class medical services in Indonesia.

The Company acquired two hospitals in Jambi and Balikpapan in 2010, and relaunched them in 2011 under the Siloam Hospitals brand. With the opening of the Mochtar Riady Comprehensive Cancer Center (MRCCC) in mid-2011, the first ever specialized





**Recurring Revenues**  
(in billion Rupiah)



hospital for cancer in Indonesia, the Company now operates a total of seven hospitals that make increasingly significant contributions to the total revenues of Lippo Karawaci.

In 2011 the Company commenced construction of 6 new hospitals across Indonesia, all to be equipped with state-of-the-art medical equipment. Lippo Karawaci intends to grow its Siloam division to twenty seven hospitals and achieve US\$500 million in annual revenues within five years as it devotes itself to boosting the country's quality healthcare facilities.

## Commercial

### Retail Malls

The Commercial Business Unit of Lippo Karawaci covers Retail Malls and Hotels. As of the end of 2011, Lippo Karawaci manages twenty five malls across the country carrying a total Net Leasable Area of approximately 938,000 square meters. Sixteen of the twenty five malls are found in the Greater Jakarta area with an average occupancy rate of 88% and a total of 200 million visitors per year. Lippo Karawaci directly owns three of the twenty five malls, while ten are owned by Lippo Malls Indonesia Retail Trust (LMIR Trust) in Singapore. The other eight malls are strata-titled malls built by Lippo Karawaci and the other three malls are owned by a third party.





Within the span of three to four years, Lippo Karawaci aims to build another 15 retail malls and aims to manage 50 malls under its portfolio, focusing on community malls strategically based in heavily populated areas.

#### **Hotels**

Lippo Karawaci currently manages seven five-star hotels, three are owned by the Company and operate under the “Aryaduta” brand with a total of 1,444 rooms. Jakarta hosts three hotels, while other locations include Medan, Pekanbaru, Palembang and Makassar. Lippo Karawaci anticipates the development of four more hotels in various parts of the country in the near future.

#### **Asset Management**

##### **Town Management**

Lippo Karawaci manages its property developments through its Town Management Division (TMD).

TMD focuses and prioritises on the comfort and convenience of the township’s residents. Hence, the division ensures preservation of the community’s quality of life through superior services, which include:

- Road maintenance and drainage flood control;
- Potable water treatment and reticulation, sewage treatment and 100% recycling;
- 24 hour and 7 days a week 5-layer town-wide security, traffic ease and control, plus road safety;
- Internal and external public transport systems that mainly focus on pedestrian modes, including walkways and cycling paths;



- 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, hospitals, shops and offices.

TMD's effective town management services contribute to the rising land value of township properties, as well as in retaining the loyalty of residents.

#### **Fee-based Income**

The Asset Management of the Company benefits from the two Singapore REITs, First REIT for healthcare and LMIR Trust for the retail malls. As assets under the two REITs grow, the division benefits from increased management and other fees derived from the underlying assets since Lippo Karawaci has management control over both REITs. Since eight of the malls under LMIR Trust are located in Indonesia, Lippo Karawaci operates them through its subsidiary, PT Consulting & Management Service Division (PT CMSD), managing these mall properties under contract with LMIR Trust.



CMSD is also the appointed operator for the other retail malls under the Company's 25 malls portfolio. The Company also receives fees for the management of the four hotels owned by third-parties under the five-star hotel "Aryaduta" brand.

Once Lippo Karawaci's pipeline hospitals, retail malls and hotels become established assets, and through the implementation of the asset-light strategy, management expects to generate substantially more fees from this division.

### Future Outlook

Indonesia's resilient economy and stable growth provide the foundation for Lippo Karawaci to continue to grow and maintain its position as the leading diversified property company. The significant growth through 2011 of all four of the Company's diverse business units attests to this fact.

Armed with an integrated and sustainable business model, products developed with the highest innovation and quality, and infinite development opportunities supported by a professional management team, the Company's vision to build the nation and impact lives is manifested in the various projects undertaken to improve quality of life via socially responsible business.



# Human Resources

The Human Resources Division is a strategic partner to Lippo Karawaci's business units hence it has created policies and initiatives that are fully aligned to support the business in achieving its overall business objectives.

Lippo Karawaci has the highest regard for its human resources and has a solid understanding of employee contribution as the key to the Company's success and sustainable growth.

The Company's Human Resources Division (HR) maintains a fundamental objective to build a strong organization based on its ability to develop and provide a well trained, experienced, energized and motivated work force that will support the business goals of the Company while promoting a sense of belonging and harnessing loyalty and retention of employees.

HR is a strategic partner to Lippo Karawaci's business units hence it has created policies and initiatives that are fully aligned to support the business in achieving its overall business objectives. The division continues to improve its role as a Business Partner. One of its major initiatives in working closer with the business units is the assignment of dedicated HR Leaders to play a strategic role in understanding the business challenges of each unit, providing proactive and consultative advice and action regarding manpower related matters.







HR has taken some key strategic initiatives that have been incorporated into the framework of the Company's business activities:

- To uphold the title "Employer of Choice" both from an internal and an external point of view.
- To maintain an ethical working culture within the organization to ensure accountability and best performance from employees.
- To implement a performance oriented approach in evaluating employees to identify, assess and encourage potential, as well as the implementation of a salary system that exhibits appreciation and rewards employees in accordance to performance.

#### **Employer of Choice**

To maintain Lippo Karawaci's reputation as an "Employer of Choice", from an internal and an external point of view. This important value is essential for the business as it 'attracts and retains' the best talent available to support business growth.

- a. To achieve this goal internally, HR continues to build a working environment conducive for teamwork, collaboration, appreciative of high performance and employee contributions and open communication, which include the organization of forums that provide a venue for leaders to share their insights and best practices.

It is this environment that has created the opportunity for people to grow in their fields of expertise and managerial capabilities, which contributes to a culture of excellence.

- b. From an external standpoint, Lippo Karawaci has been widely recognized as one of the Top 20 “Employers of Choice”, as surveyed and published by a reputable magazine in 2011. This achievement is a result of endless investments into the Company’s team-building activities throughout each of the business units.

Other efforts in building a reputation as an “Employer of Choice” includes HR’s career talks and branding activities through road shows held at reputable universities, and participating in education seminars for young graduates to guide them in starting and building their career as a new member of the workforce.

In line with Lippo Karawaci’s future growth plans, HR uses several resource channels to fill positions in different locations. Our reputation as an “Employer of Choice” in 2011 has helped the Company to build a strong network within the market and it continues to support our goal in finding the best and most suitable talent in the market and on various campuses.

### Performance Management System

HR uses the Performance Management System as a key tool for building high performance at Lippo Karawaci. An online Performance Assessment polling system, with a Balanced Scorecard concept, began construction in 2011. The Balanced Scorecard refers to four aspects of performance, namely: financial, customer, internal procedures and people. These become the four aspects employees need to focus on in delivering results through each work year. Evaluating performance, achievement towards assigned Key Performance Indicators (KPI’s) and the demonstration of competencies are used as a basis for performance rating. To ensure HR recognizes the key contributors, the HR Partners facilitate a calibration process (relativity of performance rating) with the CEO and respective senior management of the business units during the performance evaluation cycle. By doing this, HR will be able to meet the normal distribution skew level in order to identify the best performer, as well as to manage the low performer.

Another major initiative in achieving HR’s fundamental objectives is via the salary system of the Company, which follows the Pay for Performance (Meritocracy) philosophy. The Company manages the pay position of its employees based on their performance and contribution. The higher the individual employee performance is, the more rewarding the pay as compared to the marginal performer.

### Recruitment and Capacity Building

The Company's vision to support the country's development goals extends to its HR objectives. With excellent training and capacity building programs supported by HR, employees benefit from increased knowledge, skills and capabilities when they join the Company. Lippo Karawaci aims to support economic development in the regions of operation through recruiting, training and developing local talent.

### Human Resource Information System

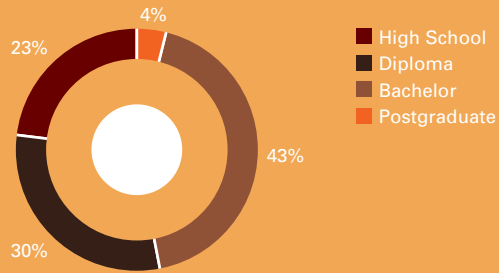
The implementation of an integrated HR system to ensure the effectiveness of HR records and its procedures can bring more accuracy and faster information exchange. Information Technology has become an integral part of the HR strategy. With an online self-service feature built into the system, employees and managers are empowered to access their own profile and data which helps them align skills, activities and benefits with the business objectives and strategies of the Company.

### Staff Profile

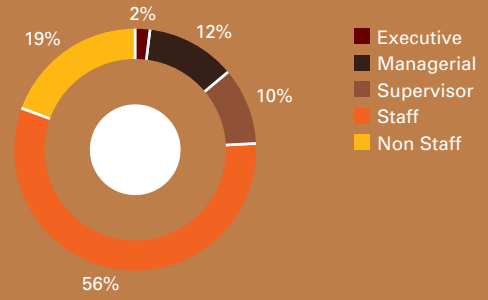
In 2011, the total number of employees increased by 11% to 6,289 employees. Permanent employees make up 80% of the total number, while the remaining 20% are contractual. The breakdown of the total workforce shows 60% from the Hospital Division, 22% from the Commercial Division and 18% were from the Residential & Urban Development Division.



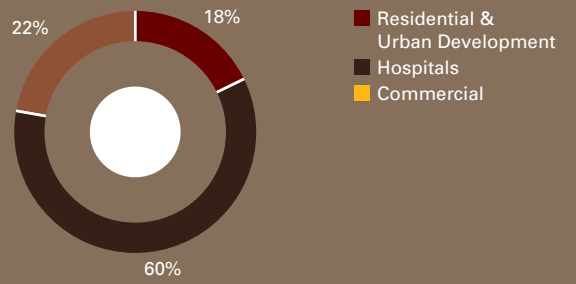
Based on Education



Based on Position



Based on Division



# Social Responsibility of the Company

In order to maintain sustainable growth, management believes that Lippo Karawaci needs to cultivate a solid corporate culture and a vision that transcends the confines of the Company's economic growth to create a positive impact on both society and the environment.

## **Eco-friendly Communities. Quality Living.**

Lippo Karawaci advocates environmental sustainability by integrating the eco-living concept in its townships that blend green spaces with international standard facilities. In Lippo Village for instance, 21% of the entire estate is allocated to green space accentuated by nearly 56,000 trees. The Company regularly conducts tree-planting activities along with the residents through the Adopt-a-Tree program which aims to plant approximately 2,000 trees every year and is held every 22<sup>nd</sup> of April in commemoration of Earth Day. During 2011, the annual tree planting activity was held along the river of Cisabi, Tangerang, covering a total of 1,760 square meters of land. This program is being adopted in other properties managed and operated by the Company to anticipate impacts of climate change and reduce temperature and pollution.

The Company enforces strict measures and management practices that prevent negative impact of its activities on the environment. Its Zero Carbon Campaign advocating reduction of motor vehicles in the townships calls for the construction of dedicated bicycle lanes and parking spaces.

The Town Management Division (TMD) has been tasked with handling the responsibilities of flood control, potable water treatment and reticulation, drainage and sewage clean-up, maintenance of gas pipelines, and solid waste recycling. TMD uses the e-billing system in place of printed statements thereby improving efficiency and reducing administration costs while supporting the paperless program.







Lippo Karawaci invested in Water Treatment Plants to produce drinking water that comply with the standards set by the Ministry of Public Health. These Water Treatment Plants now supply healthy drinking water from the tap facility for residents of Lippo Village and Lippo Cikarang. Both facilities produce nearly 800 cubic meters of potable water every month.

Flood prevention initiatives were incorporated into the townships' development blueprints. In Lippo Village, the strategic location of the golf course allows rainwater to be naturally absorbed into the groundwater system. At Kemang Village, the Company constructed a wet detention basin capable of holding 90,000 cubic meters of rainwater.

TMD continues its 'Zero Waste' campaign. Since the early development of the township, residents have been encouraged to segregate domestic waste into organic and non-organic categories. TMD also developed a waste facility that converts organic waste into compost and another facility to process non-organic waste for recycling.

Domestic wastewater from households and commercial zones is treated at the Sewage Treatment Plants where it is processed to be fully recycled for landscape irrigation.

The Company has also installed gas pipelines in Kemang Village and Lippo Cikarang to reduce its dependency on government subsidized electricity.

#### **Employment Opportunities. Sustainable livelihood.**

Development of townships creates employment opportunities for the local community. The Company's flagship urban township has opened doors for employment for 45,000 workers while its residential and light industry township in Cikarang has provided opportunities to over 100,000 employees. The Company's commercial business unit also provides job opportunities through 25 malls and 7 hotels operating across the country. More malls and hotels planned in the future will benefit host communities with additional employment opportunities.

#### **Improving Healthcare. Saving Lives.**

Lippo Karawaci has answered the government's call to improve healthcare services by acquiring, developing and constructing world-class hospitals all over Indonesia. This move was followed with heavy investments in top-notch medical equipment specializing in various fields of medicine.



Under the Siloam brand of internationally accredited hospitals, Lippo Karawaci strengthens the value of its transformational journey by targeting a total of 27 hospitals across the archipelago. This aggressive expansion in healthcare services gives more Indonesians in various parts of the country access to improved medical services and quality treatments that save lives.

Through the Siloam Hospitals Group, Lippo Karawaci can provide immediate response to areas stricken by natural disasters by sending professional medical teams. At the same time, it can offer relief by distributing free medicine to those who need special medical care and attention. The Siloam Hospital Group's medical teams played a key role during the eruption of Mount Sinabung in North Sumatera and Mount Merapi in Central Java, and the flashflood in West Papua.

The communities surrounding Lippo Village, Karawaci, can now access affordable quality healthcare within the area. In November 2011, the Company opened the doors of the first private community health center in the region. The Siloam Community Health Center was well received by the community, as the Company takes a step closer

to realizing its goal of making quality healthcare and facilities accessible to all members of society, particularly those within the Tangerang area.

On top of the community health center, Lippo Karawaci also regularly conducts medical missions for the surrounding villages in the Tangerang region. In December 2011, Siloam Hospital Lippo Village, in partnership with Korem 052 Wijayakrama and Community Service Ministry Basilea, held a mass medical mission providing basic health and dental care for those within the communities of Binong, Kelapa Dua and Legok, providing buses to transport patients to and from the hospital.

Lippo Karawaci's Blood Donor Club has been organizing activities since 1999 in cooperation with Red Cross Indonesia and the Siloam Hospitals Lippo Village. Blood donation activities have gained the active participation of surrounding communities and companies operating within area.

# Management Report





In 2011, Lippo Karawaci achieved total revenues of Rp4.2 trillion, EBITDA of Rp 1.1 trillion and Net Profit of Rp708 billion.

49% of Lippo Karawaci's revenues were derived from development income, which comprises the development and sale of residential, commercial and light industrial properties from its Urban Development and Large Scale Integrated Development projects, and 51% of revenues were derived from recurring revenue sources, which consists of revenues from the operation of its Hospitals, Commercial, which consists of Retail Malls and Hotels, and Asset Management.

# Financial Review

**Lippo Karawaci recorded an exceptional performance in 2011. The Company closed its financial calendar year with impressive financial results, Total Revenues and Net Income increased by 34% and 35% respectively.**

## OVERVIEW

Lippo Karawaci develops residential, commercial, retail and light industrial properties throughout Indonesia, with the majority of its current developments based in and around five major cities, including Jakarta and Makassar. In addition, the Company operates seven hospitals, owns three and leases one Aryaduta-branded hotels, manages three hotel properties owned by third parties under the Aryaduta brand, provides a broad range of infrastructure services to the residents of its developments, and provides other property management and Real Estate Investment Trust ("REIT") management services.

In 2011, Lippo Karawaci achieved total revenues of Rp4.2 trillion, EBITDA of Rp 1.1 trillion and Net Profit of Rp708 billion. The Company's market capitalization as at December 30, 2011 was Rp 15.2 trillion based on the closing price per ordinary share on the IDX of Rp660.

Lippo Karawaci's operations are organized into four business units:

- Residential & Urban Development
- Hospitals
- Commercial
- Asset Management

The Company's business and results of operations are influenced by the following important factors:

### Composition of the Business Units

The significant proportion of the recurring revenue of the Company is countercyclical, mitigating some of the risk of operating in the cyclical property business in Indonesia.

In 2011, 49% of Lippo Karawaci's revenues were derived from development income, which comprises the development and sale of residential, commercial and light industrial properties from its Urban Development and Large Scale Integrated Development projects, and 51% of revenues were derived from recurring revenue sources, which consists of revenues from the operation of its Hospitals, Commercial, which consists of Retail Malls and Hotels, and Asset Management.

### **General Economic Conditions in Indonesia**

The Company's results of operations are subject to general economic conditions in Indonesia, including property and other market pricing trends that affect sales of its properties, standards of living, levels of disposable income, demographic changes, interest rates, the availability of consumer financing and increases in utility and fuel costs. Additionally, its hotel business is patronized mainly by business travelers within Indonesia and business travel is directly tied to general economic conditions.

### **Growing Middle Class in Indonesia**

Lippo Karawaci businesses are generally targeted at middle and upper-middle income consumers in Indonesia. Homebuyers in the middle-income segment accounted for approximately 60% of Jakarta condominium market sales activity during 2011. In addition, Lippo Karawaci targets mostly middle and upper-middle income patients in its healthcare business and we are continuing to invest in retaining the best medical personnel and state of the art technology to service this growing demographic.

### **Fluctuations in Interest Rates**

The property market is impacted by fluctuations in interest rates. Lower interest rates during 2011 compared to previous years has resulted in an increase in property sales in Indonesia.

### **Impact of Exchange Rate Movements**

Lippo Karawaci is exposed to fluctuations in the value of the Rupiah against other foreign currencies, especially US dollars. For the purposes of preparing its consolidated financial statements, the accounts of foreign subsidiaries are translated into Rupiah at each balance sheet date. Fluctuations in the Rupiah-other foreign currency exchange rates have resulted in the recording of a net foreign exchange gain or loss.

### **Government Spending**

The success of Lippo Karawaci's developments depends, in part, upon the quality of infrastructure surrounding its properties and their accessibility. Government plans to upgrade transport infrastructure in Jakarta, including improved access to the Jakarta CBD and surrounding areas and a more efficient system of roads, may increase sales and occupancy levels in Lippo Karawaci "Edge Cities" if completed. The realisation of these infrastructure development plans, however, is dependent upon the Government policies.

### **Government Regulations**

All of Lippo Karawaci's business units are subject to Government regulations and require licences and permits. In particular, healthcare is subject to extensive government regulation and new regulations could have a significant and possibly unfavorable effect on the price and availability of its healthcare services.

### **Construction and Raw Materials Expenses**

Lippo Karawaci's property development businesses are subject to fluctuations in construction expenses and raw materials expenses necessary to complete its projects. Construction on a particular property will typically begin when the amount of pre-sales can cover construction costs, but increases (or decreases) in construction costs after the project begins mean that projects will become more (or less) expensive for us to finish than we had originally planned.

### **Hotel Occupancy Rates and Room Rates**

Lippo Karawaci derives a portion of its revenues from the operation of four hotels which are primarily dependant on occupancy rates, room rates and the number of rooms available at its hotels. Key factors affecting occupancy rates include travel patterns of hotel guests, competition from other hotels and



location and the quality of services and facilities on offer. A key factor affecting room rates is the type of booking. Wholesale room bookings and travel group bookings receive higher discounts, due to the volume of these bookings, than individual bookings, including walk-in guests and occasional small group guests.

### **Sales, Marketing And Pricing**

#### **Urban Development and Large Scale Integrated Developments**

Lippo Karawaci employ a strategy of pre-selling its properties prior to construction. Rather than relying only on traditional real estate brokers or mass media advertising, pre-selling is conducted principally by freelance marketing teams consisting of approximately 4,000 club members who work on a commission basis, with approximately 3,800 members in the Lippoland Club. These club members participate in training courses to enable them to effectively market the Company's properties and products.

Between 21% and 67% of revenues from urban residential, commercial, and light industrial property sales are generated by the Lippoland Club's marketing efforts. The Company's internal sales and marketing department is responsible for managing the freelance marketing teams and other sales and marketing functions. The sales managers and marketing managers cooperate closely to determine the appropriate advertising and sales plans for each particular development. They also work together to plan and organize efficient and orderly on-site sales presentations, conduct market research, design sales and pricing strategies, collect customer data and comments and prepare feasibility studies based on market analysis.

To highlight the new developments or products, the Company regularly engages in promotional activities, including advertising in the Indonesian print and broadcast media and arranging promotional events. These activities have been particularly important to the success of the Company's commercial property developments.

Lippo Karawaci's property prices are initially set based on a number of criteria, including a property's location, the target market, the size of the property being sold, the amenities provided and general market conditions in effect at the time of pricing.

Lippo Karawaci offers three payment alternatives to its purchasers: cash sales, mortgages and installment plans. The Company typically offers a discount to its regular purchase price, with the amount of discount dependent on the type of payment selected by the purchaser. The pricing options are designed to encourage cash sales and to permit flexibility to offer discounts while maintaining targeted profit margins. Cash sales provide a source of financing through which the Company can develop necessary infrastructure or buildings without having to rely on third party financing.

#### **Cash sales**

Cash sales for which payment is made in full at closing provide the purchasers with the largest discount on the purchase price, typically 25%.

#### **Mortgages**

Purchasers of properties may choose to finance their purchases through mortgages or other bank financing. For this type of payment, The Company offers a discount on the purchase price of approximately 18%.

### Installments

Purchasers of residential and certain commercial and retail property may elect to pay a portion of the purchase price at the time of sale, which ranges between 5% and 20%, and pay the remaining balance in equal monthly installments for up to

36 months. The Company generally offer such purchasers a discount on the purchase price of approximately 15%.

The table below sets forth information with respect to the various payment alternatives for certain of the Company's developments during 2011.

Project	Cash	Mortgage	Installment
Lippo Village - Residential	52%	26%	22%
Lippo Cikarang - Residential - Light Industrial	21% 2%	36% -	43% 98%
Tanjung Bunga	9%	68%	23%
San Diego Hills Memorial Park	67%	-	33%
Kemang Village	24%	48%	28%
The St. Moritz	16%	49%	35%

### Healthcare

Lippo Karawaci's target market includes middle and upper middle income Indonesian consumers who require high quality domestic healthcare services and also middle low income Indonesia consumers. The Company's hospitals are operated under the "Siloam" hospitals brand. Advertising of its medical services is somewhat constrained in Indonesia by the strict controls imposed by the Advertisement Code of Conduct. The Company markets to insurance companies and corporations by offering medical checks and pre-employment checks, as well as seeking to promote its services through general practitioners who refer patients to the Company's hospitals.

Based on the Indonesian Hospital Code of Conduct, hospitals may promote only informative marketing; such marketing may not be comparative, must be based on facts and not excessive. The Indonesian Advertisement Code of Conduct stipulates that hospital advertising is only allowed if the hospital is presented as a business entity that offers available services and the facility and hospital may not advertise sales promotions of any kind.

### Retail Malls

The Company's sales and marketing strategies for retail malls parallel those in its Urban Development and Large Scale Integrated Developments business units.

Advertising in the Indonesian print and broadcast media and arranging promotional events have also played an important role in the success of the Company's retail property developments.

Purchasers may also use any of the three payment alternatives available to the Company's Urban Development and Large Scale Integrated Developments business units.

### Hotels

Lippo Karawaci's hotels are marketed under the Aryaduta brand. Marketing of the Company's hotels is primarily targeted at business travelers as substantial income is also derived from the Meetings, Incentives, Conventions and Exhibitions (MICE) related activities provided at our hotels.

The Company utilizes many different advertising channels to market its hotels including Indonesian and international print media, direct contact with domestic and international travel agents and representation and participation at travel conferences and travel industry presentations.

### Critical Accounting Policies

Lippo Karawaci has prepared its financial statements using accounting principles and reporting practices in accordance with Indonesian GAAP. Preparation of the financial statements required management to make estimates and judgments under the critical accounting policies described below.

### Revenue and Expense Recognition

The Company recognizes revenues from the sale of real estate using the full accrual method, where specified criteria are met. For sales of vacant land, the criteria to be met are as follows:

- payments received from the buyer have reached 20% of the agreed selling price and the amount is non-refundable;
- the collectibility of the sales price is reasonably assured;

- the receivables from the sale are not subject to future subordination against other loans which will be obtained by the buyer;
- the process of land development has been completed (i.e., the seller is not obliged to develop the sold lots through construction or development of infrastructure in accordance with the sales and purchase agreement or any regulation requirements); and
- the sale consists only of vacant land, without any obligation of the seller to construct any buildings upon the land sold.

For sales of residential houses, shophouses and other similar types of buildings, including parcels of land, the criteria to be met are as follows:

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

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

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



The method used to determine the level of development activity completion is based on a percentage of actual activities accomplished to total development activities still to be accomplished. If a real estate sale fails to meet the criteria of full accrual method, revenue recognition is deferred and that transaction is recognized using the deposit method until all of the conditions of full accrual method are fulfilled.

The cost of land parcels sold is determined based on the estimated acquisition cost of the land plus other estimated expenditures for its improvement and development. The cost of residential houses and shophouses sold is determined based on the 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.

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

Rental revenue and other services are 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.

Other expenses are recognized when incurred (accrual basis).

## FINANCIAL PERFORMANCE

Lippo Karawaci recorded an exceptional performance in 2011. The Company closed its financial calendar year with impressive financial results, Total Revenues and Net Income increased by 34% and 35% respectively. These accomplishments constitute major contributions from Lippo Karawaci's four business units namely Residential and Urban Development, Hospitals, Commercial and Asset Management.

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.

### Revenues

The Company's Total Revenues in 2011 have been derived from two main sources, 49% from Development Revenues and 51% from Recurring Revenues.

In billion Rupiah			
	2011	2010	Growth
Revenues	4,190	3,125	34%
Gross Profit	1,896	1,524	24%
EBITDA	1,083	854	27%
Operating Profit	928	721	29%
Net Profit	708	525	35%

## Revenues 2011

Rp 2,040

Development Revenues  
(in billion Rupiah)

Rp 2,150

Recurring Revenues  
(in billion Rupiah)

Development Revenues were primarily derived from the development and sale of properties from the two business lines: Urban Development and Large Scale Integrated Development, whilst Recurring Revenue

was generated from the revenues of Hospitals, Commercial and Asset Management.

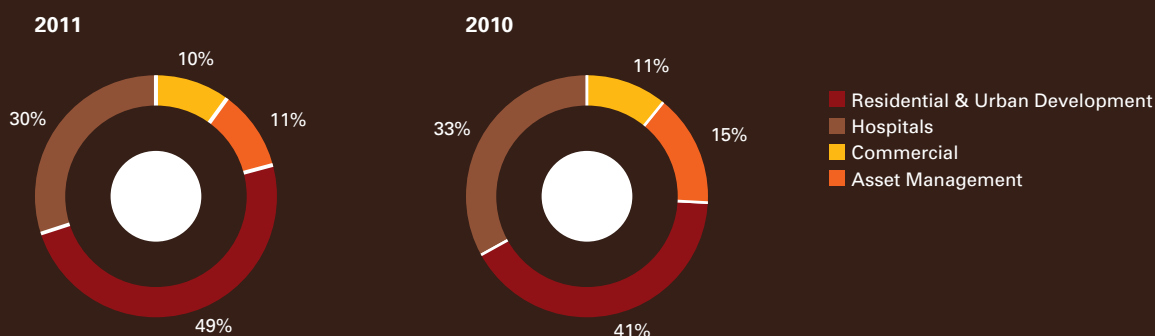
The revenue contribution and growth of each business unit can be seen in below table :

Revenues	2011		2010		Growth
	Rp billion	Contribution	Rp billion	Contribution	
<b>Development Revenues</b>					
Residential & Urban Development	2,040	49%	1,279	41%	59%
Urban Development	1,266	30%	832	27%	52%
Large Scale Integrated Development	774	19%	447	14%	73%
<b>Recurring Revenues</b>					
Hospitals	2,150	51%	1,846	59%	16%
Commercial	1,260	30%	1,037	33%	22%
Asset Management	417	10%	355	11%	17%
	473	11%	454	15%	4%
<b>Total Revenues</b>	<b>4,190</b>	<b>100%</b>	<b>3,125</b>	<b>100%</b>	<b>34%</b>

**A. Development Revenues**

Development revenues were generated primarily by the sale of residential properties in the Company's townships at Lippo Village, Lippo Cikarang and

Tanjung Bunga and in its Large Scale Integrated Developments at Kemang Village and The St. Moritz and sales of plots at San Diego Hills Memorial Park.

**Revenue Contribution**  
 (in billion Rupiah)


Development revenues increased significantly by 59% to Rp2,040 billion in 2011 from Rp1,279 billion in 2010. Urban Development continued to be the main contributor to Development Revenues with Rp1,266 billion, a 52% increase from Rp832 billion in 2010. As of end 2011, revenue from Large Scale Integrated Developments also increased tremendously by 73% to Rp774 billion from Rp447 billion in 2010.

**Urban Development**

Throughout 2011, revenue from Urban Development grew by 52% to Rp 1,266 billion, with revenue from land lot sales being the main contributor with an increase of almost double compared to last year's figure. This was driven by Lippo Cikarang industrial

land revenue which increased more than threefold compared to last year.

Residential Houses and Shophouses contributed 30% to the Urban Development revenue, growing by 19% from Rp324 billion in the previous year to Rp385 billion, as sales of residential houses in the Company's three townships continued to increase. Revenue from San Diego Hills Memorial Park increased by 7% to Rp104 billion from Rp97 billion in 2010. Whilst Asset Enhancement revenue, which is basically derived from the rental of land or other properties in the Company's townships, also contributed an increase of 58% to the Urban Development revenues.

**Revenues**

Land Lots
Residential Houses & Shophouses
Memorial Park
Asset Enhancements
Total

2011		2010		Growth
Rp billion	Contribution	Rp billion	Contribution	
759	60%	400	48%	90%
384	30%	324	39%	19%
104	8%	97	12%	7%
19	2%	12	1%	58%
1,266	100%	832	100%	52%



## Large Scale Integrated Development

Revenue	2011		2010		Growth
	Rp billion	Contribution	Rp billion	Contribution	
Apartment	748	97%	426	95%	76%
Asset Enhancements	26	3%	21	5%	24%
Total	774	100%	447	100%	73%

As of end 2011, revenue generated from condominium sales at Kemang Village and The St. Moritz, rose significantly by 76% from Rp426 billion in 2010 to Rp748 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 100% in construction progress and have been handed over to buyers commencing end of 2010, whilst the fourth tower, Tiffany, reached 60% in construction progress as of the end of 2011. These condominiums recorded revenue of Rp373 billion.

The first three condominium towers in The St. Moritz recorded Rp375 billion in line with 85.5% construction progress for Ambassador tower and 75.5% for Presidential and Royal towers, respectively.

In coming years, the Residential and Urban Development business unit is projected to maintain its significant contribution to Company revenues.

### B. Recurring Revenues

The recurring revenues, which constitute 51% of the total revenues, were generated primarily by revenue of Lippo Karawaci's Hospitals and Commercial

businesses and revenue from its asset management operations.

In 2011, recurring revenues increased by 16% to Rp2,150 billion from 1,846 billion in 2010. The largest portion of recurring revenues was generated by the Hospitals business unit.

### Hospitals

Currently the Company runs seven hospitals under the Siloam brand name. In 2011, this business unit contributed Rp 1,260 billion or 30% to the Company's Total Revenue, an increase of 22% from the previous year figure. The increase in revenue was mainly derived from Siloam Hospitals Lippo Village and Siloam Hospitals Kebon Jeruk, which contributed 41% and 27%, respectively to Hospitals revenue. Apart from that, Siloam Hospitals Jambi and Siloam Hospitals Balikpapan, two new hospitals acquired by the Company in late 2010, have also contributed to the increase of total revenue of the hospitals.

Even though Bed Occupancy Rates in a few hospitals in 2011 slightly decreased from the previous year, the increase of both operating beds, from 638 in 2010 to 903 in 2011 and number of patients during 2011 has helped the increase in revenue.

Operational Indicator	Siloam Hospitals Lippo Village		Siloam Hospitals Kebon Jeruk		Siloam Hospitals Surabaya		Siloam Hospitals Lippo Cikarang		Siloam Hospitals Jambi	Siloam Hospitals Balikpapan	MRCCC
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2011	2011
Operating Bed	223	223	197	197	160	160	58	58	100	44	121
Bed Occupancy Rate	77%	80%	49%	59%	67%	75%	62%	57%	38%	64%	47%
Number of Inpatient/Year ('000)	13.6	13.3	8.8	10.2	8.7	8.9	3.9	3.7	3.9	2.8	0.5
Number of Outpatient/Year ('000)	208	202	184	199	88	85	73	70	36	46	11
Gross Operating Revenue (Rp billion)	521	460	340	325	191	177	89	75	43	41	34
Inpatient Revenue (Rp billion)	319	275	180	169	125	125	45	39	13	22	19
Outpatient Revenue (Rp billion)	202	185	160	156	66	52	44	36	30	19	15

### Commercial

In 2011, revenue from this business unit, comprising the revenue of Retail Malls and Hotels, reached Rp417 billion, a rise of 17% compared to last year's figure. Retail Malls contributed an increase of 38%, whilst Hotels recorded a 9% increase year on year.

### Retail Malls

During 2011, revenue generated from Asset Enhancements has grown mainly as a result of an increase in rental income derived from the Company's leased malls, Pejaten Village and Binjai Supermall, which showed a 27% growth from the previous year's figure. The revenue derived from sales of our retail spaces inventory in strata-titled malls also increased from last year figure.

Revenues	2011		2010		Growth
	Rp billion	Contribution	Rp billion	Contribution	
Asset Enhancements	137	96%	108	104%	27%
Shopping Centers	6	4%	(4)	-4%	250%
Total	143	100%	104	100%	38%

## Hotels

Revenues	2011		2010		Growth
	Rp billion	Contribution	Rp billion	Contribution	
Hotels & Restaurants	223	82%	205	82%	9%
Recreation & Sports	51	18%	46	18%	11%
Total	274	100%	251	100%	9%

In 2011, revenue gained from Hotels & Restaurants and Recreation & Sports has improved, an increase of 9% and 11%, respectively compared to 2010. Throughout 2011, Lippo Karawaci's hotel business recorded an improvement in both occupancy and room rates. The average occupancy rate reached 70%, while the average room rate was Rp540 thousand. The improvement in room bookings was due mainly to increased marketing efforts to domestic business travelers.

### Asset Management

The Company has sponsored the establishment of 2 REITs in Singapore, First REIT and Lippo Malls Indonesia Retail Trust (LMIRT) with ownership of 22.44% and 29.52% in FREIT and LMIRT, respectively, by end of Dec 2011. Lippo Karawaci receives fee-based income from being the REIT managers of the First REIT and LMIRT as it owns 80% and 100% ownership of the REIT Managers, respectively.

In addition, the Company also receives fee-based income from its role as the property manager of the 25 malls, hotels and township management.

Revenue from Infrastructure, mainly fee-based income generated by town management rose moderately by 15% compared to 2010. Meanwhile, fee-based income from Property and Portfolio Management decreased by 3% to Rp268 billion in 2011 from Rp276 billion in 2010 primarily due to extraordinary fees earned by the Company as intermediary in the asset sale of MRCCC to First REIT in 2010.

### Cost of Sales and Services

Lippo Karawaci's cost of sales and services increased 43% in 2011 to Rp 2,293 billion from Rp1,602 billion in 2010. This is mainly due to the increase of costs relating to property development (Urban Development and Large Scale Integrated Development) which rose to Rp1,054 billion or by 81% from 2010 figures, as a result of the increase in residential sales and development costs associated with residential properties in the Company's large scale integrated development at Kemang Village and The St. Moritz. Meanwhile costs relating to the Company's Hospitals, Commercial and Asset Management business units increased by 22% from the previous year to 2010 to Rp 1,239 billion.

Revenues	2011		2010		Growth
	Rp billion	Contribution	Rp billion	Contribution	
Infrastructure	205	53%	178	39%	15%
Fee-based Income	268	47%	276	61%	-3%
Total	473	100%	454	100%	4%



### Gross Profit

Lippo Karawaci's gross profit increased 24% to Rp1,896 billion from Rp1,524 billion in 2010.

### Operating Expenses

Lippo Karawaci's operating expenses for 2011 amounted to Rp968 billion or a 21% rise from Rp802 billion in 2010. This increase was mainly due to the following :

- Selling Expenses increased by 17% to Rp218 billion in 2011 due to higher marketing and advertising expenses for Lippo Karawaci's property-related products including several condominium units launched during the year and also the increase in repair and maintenance costs.
- General and Administrative Expenses increased by 22% from the previous year's figure to Rp751 billion, primarily due to the increase in professional fees and depreciation.

### Income from Operations

The Company's Income from Operations increased by 29% from Rp721 billion in 2010 to Rp928 billion in 2011.

### Net Income

Lippo Karawaci's net income represents the outcome of the whole range of factors mentioned earlier. In 2011, the Company recorded Rp708 billion in consolidated Net Income, grew by 35% from Rp525 billion in 2010. This growth was a result of the Company' organic growth from the intensification of selling activities and operational efficiency initiatives.

### Financial Position

The Company's Total Assets increased by 13% to Rp18,259 billion in 2011. As at 31 December 2011, the Company's Cash and Cash Equivalent position was Rp2,175 billion.

On 11 February 2011, the Company successfully completed the issuance of US\$125 million global bonds. This issuance is a re-opening of its 9.0% Senior Notes due 2015. The bond was offered at 108%. The proceeds from the bond issue was used to refinance its maturing March 2011 Bonds as well as short term outstanding debt.

Following the success of the bond issuance, in mid 2011 the Company completed the issuance of 1.45 billion new shares, under a direct placement scheme, raising Rp957 billion or approximately US\$112 million. The proceeds from this non pre-emptive rights issue was used to partly fund the acquisition of a 27.24% of Singapore-listed Lippo Malls Indonesia Retail Trust (LMIRT) and 40% of asset manager LMIRT Mgt. The transaction has positioned LPKR as the largest mall owner/manager in Indonesia and among the largest in South East Asia. As a result, in 2011 the investment in REIT units increased significantly to Rp2,313 billion from Rp 406 billion in 2010.

Inventory increased by 12% to Rp 7,892 billion in line with the completion of the Company's development projects.

The Company's Debt position by end of 2011 reached Rp Rp3,734 billion, an increase of 11% from Rp3,376 billion in 2010 mainly due to the additional bonds issuance.

Advances from Customers showed a 41% increase compared to the previous year reaching Rp2,371 billion in 2011, most of it from pre-selling activities of condominium units in both Kemang Village and The St. Moritz.

Shareholders' Equity grew from Rp7,710 billion in 2010 to Rp8,834 billion in 2011 primarily as a result of a successful non pre-emptive rights issue in June 2011, which resulted in additional capital of Rp957 billion. Retained Earnings also rose by 29% to Rp2,908 billion from Rp2,254 billion in 2010.

### Liquidity and Capital Resources

Lippo Karawaci defines liquidity as its ability 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 operations and other financing from banks, financial institutions, and other lenders. The Company strives to maintain a minimum balance of cash and cash equivalents sufficient to cover operating expenses for a period of three to six months.

In addition, Lippo Karawaci will continue our policy to pay a dividend with payout ratio of 25%-30% of net profits.

### Hedging

Lippo Karawaci has hedged 94% of its foreign currency debts amounting to USD395.6 million through derivative contracts with three major international banks namely JP Morgan for the Notional Amount of USD140 million, Morgan Stanley for the Notional Amount of USD115.6 million and BNP Paribas for the Notional Amount of USD115 million.

### Solvability

The solvability ratio shows the ability of the Company in fulfilling its overall liabilities including its financial liabilities such as interest bearing liabilities. This ratio can be measured by comparing total liabilities to total assets, as well as by comparing total financial liabilities to equity (Debt to Equity Ratio).

Lippo Karawaci's solvability ratio based on the comparison of total liabilities and total assets as at 31 December 2011 and 31 December 2010 were 48% and 49% respectively. Whilst the solvability ratio of the Company based on the comparison of total debt and total equity were 42% as at 31 December 2011 and 44% as at December 2010. In addition, its gearing ratio in 2011 was 0.2. It has been the Company's policy to keep this ratio below 1x level.

The solvability ratios of the Company are within a relatively moderate range and reflect a sufficient amount of Company assets and equity to cover total liabilities.

### **Rentability**

Rentability ratio is defined as the ability of a company to produce profit within a certain period. It can be measured by calculating the net earning ratio, Return on Assets (ROA) ratio and Return on Equity (ROE) ratio.

Net Profit margin of the Company both in 2011 and 2010 were 17%. The Company's ROA in 2011 was 4%, while in 2010 was 3%. The ROE ratios of the Company in 2011 and 2010 were 8% and 7% respectively.



# Good Corporate Governance





# Good Corporate Governance

GCG is derived from solid internal controls and high ethical standards, and coupled with a consistent policy that the Company created, allows Lippo Karawaci to enhance its corporate governance in line with the country's best practices.

Lippo Karawaci is firmly committed to good corporate governance as the foundation of a sustainable business, and believe it is a critical element in creating shareholder value, while always placing importance on balance in the interests of all its stakeholders.

## Implementation of GCG in Lippo Karawaci

GCG is derived from solid internal controls and high ethical standards, and coupled with a consistent policy that the Company created, allows Lippo Karawaci to enhance its corporate governance in line with the country's best practices to achieve the following objectives:

- To maximize the Company's value through improved implementation of GCG principles across all of its activities;
- To assist in generating a more professional and independent management that will maintain the Company's image;
- To cultivate a decision-making process that

stems from high ethical standards in compliance with prevailing laws and regulations.

- To provide better opportunities to surrounding communities through the Corporate Social Responsibility (CSR) program
- To promote a favorable national investment climate, particularly in the property and hospital sectors.

The quality systems of Lippo Karawaci are based upon principles of transparency, accountability, responsibility, independence and fairness (TARIF).

## Transparency

Lippo Karawaci's management continues to maintain and improve proper transparency practices in its financial reports, corporate actions and policies, as well as in other materials released regarding its activities. Management believes that this will sustain and enhance stakeholders' trust in the Company and is in its long term best interests.

Relevant information, both financial and non-financial, is made easily accessible and is comprehensive enough for stakeholders to draw a complete picture of the Company's standing.

Lippo Karawaci is fully committed to the transparency principle by distributing key information as required by prevailing regulations, distributing public information through the IDX Net facility provided by the Indonesian Stock Exchange, also through newspaper announcements, public exposés held annually, and through roadshows facilitated by Indonesian or international securities companies. The Company also issues and distributes press releases to the media and analysts periodically to announce achievements. All information regarding the Company's activities and developments are available through the website: [www.lippokarawaci.co.id](http://www.lippokarawaci.co.id), which is updated regularly for access by the public, investors and shareholders alike. The website also facilitates downloading of the Company's Annual Reports, Consolidated Financial Statements, and presentation materials.

### Accountability

The Company implements the principle of accountability by separating function, authority and responsibility of each organ in the Company, which consist of the General Meeting of Shareholders (GMS), Board of Commissioners (BOC), and Board of Directors (BOD). Their respective authorities are enumerated in the Articles of Association of the Company.

The BOC and the committees set up to assist the BOC, namely the Audit Committee and the Remuneration Committee, are designed to maintain the balance between management and the shareholder's interest.

### Responsibility

The Company abides by prevailing regulations and establishes its responsibility towards the public and the environment in order to achieve long term business sustainability and to be recognized as a good corporate citizen. Apart from its main responsibility to the shareholders and investors/creditors, the Company extends its responsibility to society, employees, customers and to the environment.

Lippo Karawaci expresses its appreciation to society, particularly the surrounding communities within the Company's direct environment, by demonstrating its corporate social responsibility (CSR) through its community development and environmental preservation programs, which are presented in the CSR section of this Annual Report.

The Company's sustainability is linked to all of its employees. Through the HR Division, the Company maintains training programs to empower and develop its employees, and to cultivate employees with outstanding skill and leaders with competence and integrity. To boost excellence in performance, the Company adopts the meritocracy system that rewards employees' contribution and good performance.

The company also takes the responsibility of developing quality products and services for its loyal customers very seriously, always aiming to create new benchmarks and impacting lives. The Company's commitment to this responsibility has received various recognitions and awards from domestic, as well as international, institutions. The list of awards extended to the company during 2011 is presented separately in the Annual Report.



### Independence

The application of CGC principles entails the independent and professional management of a company, Lippo Karawaci has ensured that each of its business units are managed independently by professionals to meet demands and expectations of global, regional and domestic markets while keeping in line with prevailing GCG principles. On top of this, the Company's code of conduct which has been formalized since 2000 and renewed in 2005 serves as a guideline to work and act for all of the Company's members and carries a section that specifically discusses independence and conflict of interest, ensuring that conflict of interest can be avoided at all times and decisions can be made objectively.

### Fairness

The equality principle requires that a company must always take into consideration the interest of its shareholders and other stakeholders to ensure fairness in all of its actions.

Lippo Karawaci accommodates this principle by giving all stakeholders, especially its shareholders, open access for obtaining information related to the company through several forms of communication media.

### Incorporation of Global Business Community Standards

Lippo Karawaci is aware that increased productivity and development is driven by enterprise, also that commerce and investment, whether domestic or foreign, large-scale and small-scale, play a crucial role in helping build prosperous societies. With this in mind, the Company also recognizes the need for its corporate governance to meet regulations of the global business community standards. The Company is currently studying and monitoring developments in global business regulations of corporate governance and its incorporation into Lippo Karawaci's current structure.

### Corporate Governance Structure and Framework

The GMS, BOC and BOD are the components found at the core of the Company's GCG structure, their roles are to ensure proper implementation of GCG through all of Lippo Karawaci's operational and strategic activities. Each component has its specific authority to work independently in serving their respective functions, roles and responsibilities.

### General Meeting of Shareholders

The Company held a total of 3 GMS for the year consisting of 1 Annual General Meeting of Shareholders (AGMS) and 2 Extraordinary General Meetings of Shareholders (EGMS). As mandated in the BAPEPAM's regulation regarding GMS Plan and Implementation, the Company's General Meeting of Shareholders (GMS) was held in accordance to the regulation of Bapepam No. IX.I.1 regarding the Plan and Implementation of GMS in holding AGM and EGM. In every GMS, the shareholders are granted an opportunity to convey their inquiry or demand clarification prior to the decision making process.

On 23 February 2011, EGMS was held in tandem with the AGMS. Attendance of this meeting reached 89.05% of the Company's total outstanding shares. The key decisions drawn through majority voting of the quorum are as follows:

### Annual General Meeting of Shareholders

#### Agenda 1

1. To approve and accept the Company's Annual Report, which includes the Company's Financial Statement for the fiscal year which ended 31 December 2010, wherein it states all the Company's activities including that of its subsidiaries, as well as the report on the Board of Commissioners supervisory duty.

2. To approve and accept the Financial Statements of the Company and its subsidiaries for the fiscal year ended 31 December 2010 as audited by the Accounting Firm Aryanto, Amir Jusuf, Mawar and Saptoto with unqualified opinion as stated in its report No: R/020.AGA/9.2/2011 dated 25 January 2011, which includes Consolidated Balance Sheets and Profit and Loss Statements of the Company and its subsidiaries for the fiscal year ended 31 December 2010;
  3. To approve the Accountability Report for the Use of Proceeds from the Rights Issue III as reported to BAEPAM-LK by letter No. 05/LK-COS/I/2011 dated 14 January 2011; and
  4. To grant the full release and discharge (acquitted et de charge) to the Company's Board of Directors and Board of Commissioners for all the supervisory actions taken during the fiscal year which ended 31 December 2010.
2. The Company will execute the cash dividend in compliance with the prevailing tax regulation under the provision of dividend tax deduction.
  3. To approve and determine that Rp 1,000,000,000 (one billion Rupiah) be allocated as the Reserved Fund as referred to in Article 70 of Law No. 40 of 2007 regarding the Limited Liability Company; and
  4. The remaining Net Income after deducting the Dividend and the Reserved Fund amounting to Rp 374,345,786,018 (three hundred seventy four billion three hundred forty five million seven hundred eighty six thousand eighteen Rupiah) will be recorded as the Company's Retained Earnings.
  5. Agree to provide the full authority to the Board of Directors of the Company with the right substitution to determine the schedule and rules of dividend distribution implementation as referred to above and announce it pursuant to the prevailing regulations including to determine the date of "cum and ex dividend".

#### Agenda 2

1. To approve the distribution of dividends for the fiscal year that ended 31 December 2010, amounting to a total of Rp150,000,000,000 (one hundred fifty billion Rupiah) which represents 28.6% of Net Income After Tax, consisting of the following:
  - a. Rp50,000,000,000 (fifty billion Rupiah) was paid as an interim dividend on 1 December 2010;
  - b. Rp100,000,000,000 (one hundred billion Rupiah) will be distributed pursuant to the prevailing Capital Market regulation and will be announced in 1 (one) newspaper.

#### Agenda 3

To grant the Company's Board of Commissioners the authority to appoint an Independent Public Accountant that is registered with Bapepam-LK and of good standing to conduct an audit of the Company's books for the fiscal year ended 31 December 2011, as well as the full authority to the Board of Directors to determine the honorarium and other terms in appointing said accounting firm.

#### Agenda 4

1. To approve the composition of members for the Board of Commissioners, Board of Directors and the Independent Commissioners as follows:

**The Board of Commissioners**

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

**The Board of Directors**

President Director	Ketut Budi Wijaya
Director	Tjokro Libianto
Director	Jopy Rusli
Director	E. Yudhistira Susiloputro
Director	Djoko Harjono
Director	Roberto Fernandez Feliciano
Director	Ivan Setiawan Budiono

Appointment and determination of the Board of Directors, Board of Commissioners and Independent Commissioners was effective since closing of this Meeting until the end of term of office of the Board of Directors and Commissioners members based on the Article of Association of the Company, except for Mr. Ivan Setiawan Budiono appointment as Director of the Company will be effective at the time of his resignation as President Director of PT Lippo General Insurance Tbk according to the result of General Meeting of Shareholders of PT Lippo General Insurance Tbk.

2. To approve and grant authority to the Remuneration Committee of the Company to set the compensation, allowances and other facilities for the Board of Commissioners and Board of Directors in accordance with the authority granted.
3. To approve and to grant the authority to the Remuneration Committee of the Company to set the compensation, allowances and other facilities for the Board of Commissioners and the Board of Directors of the Company.

**Extraordinary General Meeting of Shareholders,  
23 February 2011**

**Agenda 1**

1. Approved plans to increase capital without preemptive rights, as approved previously in the Extraordinary General Shareholders' Meeting held 3 May 2010, with new shares issued from the Company's portfolio with the nominal value of Rp 100 (one hundred Rupiah) per share, to a maximum of 10% of the total issued and fully paid shares ('New Shares') pursuant to the Regulation of Bapepam-LK No. IX.D.4 regarding the Capital Increase Without Preemptive Rights, attachment to the Decree of the Chairman of Bapepam-LK No. 429/BL/2009 dated 9 December 2009.
2. In relation to point no. 1 above, to approve that upon the issuance of the New Shares, and/or upon the execution of capital increase without preemptive right, the capital structure of the Company is to be as follows:

	Prior to the Capital Increase Without Preemptive Rights		After the the Capital Increase Without Preemptive Rights	
	Number of Shares	Nominal Value @Rp100.00	Number of Shares	Nominal Value @Rp100.00
Authorized Capital	64,000,000,000	Rp6,400,000,000,000	64,000,000,000	Rp6,400,000,000,000
New Shares (maximum)	-	-	2,162,768,961	Rp216,276,896,100
Fully issued and paid up Capital	21,627,689,619	Rp2,162,768,961,900	23,790,458,580	Rp2,379,045,858,000
Shares in Portfolio	42,372,310,381	Rp4,237,231,038,100	40,209,541,420	Rp4,020,954,142,000

3. Approved changes to the Company's Articles of Association relating to the resolutions made and/or approved in this Agenda, including but not limited to the change in the Company's Articles of Association relating to the increase of the issued and fully paid Capital of the Company.
4. Approved the listing of all New Shares on the Indonesian Stock Exchange (IDX) pursuant to the prevailing laws and regulations; and
5. Granted authority to the Board of Directors, severally or collectively, substitution rights to execute any action required in implementing the matters conveyed or resolved in this agenda, including but not limited to restating partially or entirely the resolutions of the Meeting in a notarized deed, to make or request the creation of any deeds, letters or documents required to appear before authorized parties/officers, to submit any application to the authorized parties/officers to obtain approvals, including approvals from the Minister of Law and Human Rights of the Republic of Indonesia and to report the said matters to the authorized parties/officers and to register or to announce, as required by the prevailing law, any and all matters without any exception.

## Agenda 2

1. To approve the Company's plan to make any adjustment to Article 3 of the Company's plan to make any adjustment to Article 3 of the Company's Article of Association regarding the Purposes, Objectives and Business Activities pursuant to the prevailing law and regulation.
2. To restate entirely the Article of Association of the Company relating to the said adjustments; and to give the authority and power to the Board of Directors of the Company severally or collectively with the substitution rights to execute any actions required in implementing the matters conveyed or resolved in agenda of the Meeting, including but not limited to restate partially or entirely the resolutions of the Meeting in a notarial deed, to arrange and to set the adjustment in the Purposes, Objectives and Business Activities in any form and content deemed necessary provided that it does not conflict with the prevailing regulation set by the authorized institution, to make or to asked to be made, any deeds, letters or documents required, to appear before the authorized parties/officers, to submit any application to the authorized parties/officers to obtain the approval including the approval from the Minister of Law and Human Rights of the Republic of Indonesia and to report the said matters to the authorized parties/officers, and to make any adjustment



and/or addition in any form required to obtain such approval or acceptance, to apply for and to sign all applications and other documents, to select the domicile and to execute any other actions that may be required and to register or to announce as required by the prevailing law, any and all matters without any exception.

An Extraordinary General Meeting of Shareholders was held on 15 November 2011, attended by 91.60% of the total outstanding shares resulting in the following key decisions approved through voting agreed for by majority of the attending shareholders:

1. Approved the Company's plan to repurchase the Company's issued shares (buyback) in compliance with the Regulation of Bapepam-LK No. IX.B.2 regarding Repurchases of Shares That Have Been Issued By An Issuer Or Public Company
2. Granted authority to the Company's Board of Commissioners to approve the resale of the shares obtained through buyback under the terms and conditions set forth by the prevailing law, regulation and articles of association of the Company.
3. Granted authority to the Company's Board of Directors, separately or jointly and with a substitution right to perform any action required in the execution of and/or the effectiveness and/or legitimization of the matters conveyed and/or resolved in the agenda of this Meeting.

The Company holds General Meeting of shareholder ("GMS") pursuant to Bapepam-LK's Regulation No. IX.I.1 regarding planning and conducting the GMS. The following is part of the transparency relating to GMS:

AGM and EGM held on February 23, 2011	Notification to Bapepam	Announcement	Invitation	Resolution
	Notification Letter to Bapepam No. 006/LK-COS/I/2011, dated January 17, 2011	Announcement of GMS on January 24, 2011 in the newspaper: Investor Daily, Satellite News, company's website: <a href="http://www.lippokarawaci.co.id">www.lippokarawaci.co.id</a> , and through IDX Net	Invitation on February 8, 2011 through publication in the newspaper: Investor Daily, Satellite News, company's website: <a href="http://www.lippokarawaci.co.id">www.lippokarawaci.co.id</a> , and through IDX Net	Announcement of the resolutions on February 24, 2011 through publication in the newspaper: Investor Daily, Satellite News, company's website: <a href="http://www.lippokarawaci.co.id">www.lippokarawaci.co.id</a> , and through IDX Net
	Notification Letter to Bapepam No. 214/LK-COS/X/2011, dated October 7, 2011	Announcement of GMS and Information Disclosure regarding on October 14, 2011 in the newspaper: Bisnis Indonesia, Satellite News, company's website: <a href="http://www.lippokarawaci.co.id">www.lippokarawaci.co.id</a> , and through IDX Net	Invitation on October 31, 2011 through publication in the newspaper: Bisnis Indonesia, Satellite News, company's website: <a href="http://www.lippokarawaci.co.id">www.lippokarawaci.co.id</a> , and through IDX Net	Announcement of the resolutions on November 17, 2011 through publication in the newspaper: Bisnis Indonesia, Satellite News, company's website: <a href="http://www.lippokarawaci.co.id">www.lippokarawaci.co.id</a> , and through IDX Net
EGM held on November 15, 2011			Supplement and/or amendment of Information Disclosure relating to Buyback plan dated November 11, 2011	

### Board of Commissioners (BOC)

Lippo Karawaci's BOC collectively carry supervisory duties over the BOD's management of the Company, providing advice, monitoring and evaluating the implementation of the Company's strategic policy and ensuring that GCG practices and risk management are effectively implemented throughout the Company.

The Articles of Association of the Company stated that the Board of Commissioners shall consist of at least 3 members. However, taking into account the complexity of the Company's businesses, the AGMS held on 23 February 2011 appointed the BOC which comprise the following:

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

Of the 7 members in the BOC, 5 members are Independent Commissioners.

All of the BOC met the criteria set by the law, Bapepam-LK's regulations and the Articles of Association of the Company:

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

While the criteria for an independent commissioner referred to the Regulation of Bapepam-LK No. IX.I.5 are:

- Must be an external party to the Listed or Public Company
- Does not directly or indirectly own the shares of the Listed or Public Company.
- Is not affiliated to the Listed or Public Company, member of BOC or BOD or majority shareholder of the Listed or Public Company; and
- Does not own a business directly or indirectly linked with the main activity of the Listed or Public Company.

The members of the Company's BOC do not have a family relationship up to 2nd level among the BOC, or with the majority shareholder or with BOD.

The BOC has the following tasks, responsibilities and authority granted to them through GMS:

- To supervise the BOD's undertaking of overall management of the Company, both the Company as well as its businesses, and to provide advice to the BOD.
- 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.
- To provide guidance, to monitor and to evaluate the implementation of the Company's strategic policies.
- To apply and ensure implementation of risk management and GCG principles in every activity of the Company to achieve a sustainable growth.
- 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.
- To support and encourage the Company's business development.

- g. To execute its tasks and responsibilities independently without any conflict of interest which may affect the quality of its decision, as part of the GCG practice.

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.

### BOC Meetings

#### a) Implementation Procedures

It is mandated that BOC Meetings should be based on necessity, and convene at least once a year. In 2011, 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 2011.

#### 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 resolutions if more than ½ (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 that mutual consensus fails to be reached, the resolution shall be drawn by casting votes based on the approval of more than ½ (half) from the valid total votes cast in the meeting. Should there be an equal number of votes between those who are 'for' and 'against', the final decision shall be determined by the Chairman of the BOC Meeting.

### List of 2011 BOC Meetings Agenda and Attendance

Date	Meeting Agenda	TLS	SS	TA	AG	FH	JP	AM *)	VS
1 February 2011 Lippo Village	1. To confirm the minutes of Board of Commissioners Meeting held on 8 October 2010	1	1	0	1	1	1	1	1
	2. Audit Committee Report								
	3. To approve the Financial Results for the Year 2010								
	4. Report and update from Board of Directors								
	5. Others								
5 April 2011 Lippo Village	1. To confirm the minutes of Board of Commissioners Meeting held on 1 February 2011	1	1	1	1	0	0	-	0
	2. To approve 2011 Budget								
	3. 2011 BoC Meeting Time Table								
	4. Report and update from Board of Directors								
	5. Others								

## List of 2011 BOC Meetings Agenda and Attendance

Date	Meeting Agenda	TLS	SS	TA	AG	FH	JP	AM *)	VS
27 April 2011 Kemang Village	1. To confirm the minutes of Board of Commissioners Meeting held on 5 April 2011 2. Audit Committee Report 3. To approve the Financial Results for three months ended 31 March 2011 4. Report and update from Board of Directors 5. Others	1	1	1	1	1	1	-	1
7 June 2011 Kemang Village	1. To confirm the minutes of Board of Commissioners Meeting held on 27 April 2011 2. Healthcare Presentation 3. Lippo Homes Presentation 4. Report and update from Board of Directors 5. Others	1	1	0	1	1	1	-	1
26 July 2011 Lippo Village	1. To confirm the minutes of Board of Commissioners Meeting held on 7 June 2011 2. Audit Committee Report 3. To approve the Financial Results for Q2 Y2011 ended 30 June 2011 4. Report and update from Board of Directors 5. Others	1	1	1	0	1	0	-	1
23 August 2011 Kemang Village	1. REIT update from Board of Directors 2. Others	1	1	1	1	1	0	-	1
28 September 2011 Lippo Village	Corporate update : Mall Division	1	1	0	0	1	1	-	1
24 October 2011 Kemang Village	1. To confirm the minutes of Board of Commissioners Meeting held on 26 July, 23 August and 28 September 2011 2. Audit Committee Report 3. To approve the Financial Results for nine months ended 30 September 2011 4. Report and update from Board of Directors 5. Others	1	1	1	1	1	1	-	1
13 December 2011 Lippo Village	1. To confirm the minutes of Board of Commissioners Meeting held on 24 October 2011 2. Budget 2012 3. Report and update from Board of Directors 4. Others	0	1	1	0	1	0	-	1

\*) Bpk. Adrianus Mooy (AM) has completed the term of his appointment as a member of Commissioners of PT Lippo Karawaci Tbk as of 23 February 2011.

**TLS** - Theo L. Sambuaga, **SS** - Surjadi Soedirdja, **TA** - Tanri Abeng, **AG** - Agum Gumelar, **FH** - Farid Harianto, **JP** - Jonathan L. Parapak, **AM** - Adrianus Mooy, **VS** - Viven G. Sitiabudi, **0** - Absent, **1** - Attend



The BOC appoints and forms supporting committees to assist the BOC in carrying their duties in an effective and efficient implementation of its roles and duties. The Company currently has an Audit Committee and a Remuneration Committee that hold specific functions and tasks as determined by the BOC.

The BOC has appointed the Audit Committee and the Remuneration Committee to assist and support them in delivering their duties and responsibilities.

Currently the BOC has not formed a specific committee to handle risk management, so it is included in the scope of responsibility of the Audit Committee and the function of Nomination Committee is run by the Remuneration Committee.

#### **Audit Committee**

The core function of the Audit Committee is essentially to assist the BOC in:

1. Improving the quality of financial reports, particularly with regards to its compliance with the standards of transparency and reporting.
2. Creating and monitoring a disciplined environment that helps reduce the risk of distortion in managing the Company, by improving the effectiveness of both internal and external audits.
3. Reviewing the scope, accuracy, independence 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 generally accepted accounting principles and that an internal audit system and financial reporting procedure is properly incorporated.
6. To ensure that the Company's Financial Statements were prepared in accordance with Generally Accepted Accounting Principles and internal audit system and the procedures of financial statement presentation have been appropriately applied.

To support the functions of the Audit Committee, the members are given the authority to obtain relevant information, such as internal audit reports, at any time. To make this possible, 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 BOD to identify any challenges encountered by the BOD in its decision-making process.

As appointed by the BOC on 23 February 2011, members of the Audit Committee as of 31 December 2011 consist of:

Chairman : Jonathan L. Parapak  
Member : Isnandar Rachmat Ali  
Member : Lie Kwang Tak

Throughout 2011, the Audit Committee convened 4 (four) meetings, with their respective agendas and attendance is detailed as follows:

## List of 2011 Audit Committee Meetings Agenda and Attendance

Date	Meeting Agenda	AM	LKT	IRA
01 February 2011	1. To confirm the minutes of Audit Committee Meeting held on 8 November 2011. 2. Discussion on the Financial Statement as of 31 December 2010 by external auditor. 3. Discussion on the Internal Audit Report for the 4th Quarter of 2010. 4. Internal Audit Work Plan.	1	1	1
	The new Audit Committee members were appointed by the AGM on 23 February 2011.	JLP	LKT	IRA
27 April 2011	1. To confirm the minutes of Audit Committee Meeting held on 1 February 2011. 2. Discussion on the Financial Statement for the month ended 31 March 2011. 3. Discussion on the Internal Audit Report for the 1st Quarter of 2011.	1	1	1
25 July 11	1. To confirm the minutes of Audit Committee Meeting held on 27 April 2011. 2. Discussion on the Financial Statement for the month ended 30 June 2011. 3. Discussion on the Internal Audit Report for the 2nd Quarter of 2011	1	1	1
24 October 11	1. To confirm the minutes of Audit Committee Meeting held on 25 July 2011. 2. Discussion on the Financial Statement for the month ended 30 September 2011. 3. Discussion on the Internal Audit Report for the 3rd Quarter of 2011	1	1	1

AM - Adrianus Mooy, LKT - Lie Kwang Tak, IRA - Isnandar R. Ali, JLP - Jonathan L. Parapak, 0 - Absent, 1 - Attend

### Remuneration Committee

The Remuneration Committee is established to assist the BOC in improving the quality and standards of the management of the Company, by developing accurate mechanisms in the nomination and remuneration due to all members of the Company, as based on the principle of 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 2011 consisted of:

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

In determining remuneration for the members of the BOC and BOD, the Remuneration Committee exercised the following procedures:

1. The Remuneration committee reviews the remuneration of the members of the BOC and the BOC bearing in mind the scope of work and span of responsibility of each member.
2. The objective of the remuneration is to reflect an appreciation of the position and expectation to maintain outstanding performance.
3. The Remuneration Committee also applies the meritocracy system used by the Company to boost better performance.
4. The Remuneration Committee, authorized by the GMS, sets the amount of remuneration for the Board of Commissioners and Board of Directors at a meeting of the Remuneration Committee or by written consent of all members of the Remuneration Committee.

5. The Remuneration Committee reports the decision of the amount of remuneration provided to Board of Commissioners and Board of Directors to the Board of Commissioners to be further reported to the GMS.

Throughout 2011, the Remuneration Committee convened 1 (one) meeting to discuss the remuneration of the BOC and the BOD and made the decision to set the remuneration amount of Rp31,661,568,613 for the year 2011.

#### 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 function at a maximum to accelerate the increase in operational profitability and deliver 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: 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 organizational 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 assets;
- 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 the capital markets.
- b. To transfer or to provide loan guarantee of all or in an 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 by each member of the BOD is acknowledged as a collective responsibility.

##### 2. BOD Structure, Membership Criteria and Terms of Office

Taking into consideration the requirements for managing the Company and taking into account the complexity of the Company's businesses, the AGMS held on 23 February 2011 appointed the BOD, consisting of:

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

Below are details of the composition of the BOD:

Name	Position
Ketut Budi Wijaya	President Director
Tjokro Libianto	Director
Jopy Rusli	Director
E. Yudhistira Susiloputro	Director
Djoko Harjono	Director
Roberto F. Feliciano	Director
Ivan S. Budiono	Director

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

- Possess good morals;
- Capable of performing legal actions;
- 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
- Never been sentenced for a criminal offense which caused financial loss to the state in the past 5 (five) years prior to his appointment.

### 3. Conflict of Interest

Should a member of the BOD and the Company have a conflict of interest, another member of the BOD shall then represent the Company. Should all members of the BOD have a 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 require decisions to be made.

#### b) Chairmanship of the BOD

The BOD is chaired by the President Director or another 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, decisions are 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 favor for 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 2011

The BOD met in seventeen (17) meetings throughout 2011, with details of the meetings as follows:

### List of 2011 BOD Meetings Agenda and Attendance

Date	Meeting Agenda	KBW	TL	JR	YES	DH	RF	IB
8 March 2011	1. BoD Meeting schedule for Y2011. 2. Business unit's performance. 3. Other topics.	1	1	1	1	1	1	0*
22 March 2011	1. To confirm the minutes of Board of Directors Meeting held on 8 March 2011. 2. Business unit's performance. 3. Other topics.	1	1	1	0	1	1	1



## List of 2011 BOD Meetings Agenda and Attendance

Date	Meeting Agenda	KBW	TL	JR	YES	DH	RF	IB
28 March 2011	1. To confirm the minutes of Board of Directors Meeting held on 22 March 2011. 2. Business Performance for two months period ended 28 February 2011. 3. Other topics.	1	1	0	1	1	0	1
11 April 2011	1. To confirm the minutes of Board of Directors Meeting held on 28 March 2011. 2. Presentation of legal cases. 3. Other topics.	0	1	1	0	1	1	0
2 May 2011	1. To confirm the minutes of Board of Directors Meeting held on 11 April 2011. 2. Business unit's performance. 3. Other topics.	1	1	1	1	1	1	1
9 May 2011	1. To confirm the minutes of Board of Directors Meeting held on 2 May 2011. 2. IFRS Presentations. 3. Other topics.	1	1	1	1	1	0	1
23 May 2011	1. To confirm the minutes of Board of Directors Meeting held on 9 May 2011. 2. Business unit's performance. 3. Other topics.	0	1	1	1	1	0	1
30 May 2011	1. To confirm the minutes of Board of Directors Meeting held on 23 May 2011. 2. Business unit's performance. 3. Other topics.	0	1	1	0	1	0	1
20 June 2011	1. To confirm the minutes of Board of Directors Meeting held on 30 May 2011. 2. HR Presentations. 3. Other topics.	0	1	1	0	1	0	1
27 June 2011	1. To confirm the minutes of Board of Directors Meeting held on 20 June 2011. 2. Business Performance as of 31 May 2011. 3. Other topics.	0	1	1	0	1	0	0
25 July 2011	1. To confirm the minutes of Board of Directors Meeting held on 27 June 2011. 2. Business unit's performance. 3. Other topics.	1	1	1	1	0	0	0
1 August 2011	1. To confirm the minutes of Board of Directors Meeting held on 25 July 2011. 2. Internal Audit Presentations. 3. Other topics.	0	1	1	1	1	0	1
12 September 2011	1. To confirm the minutes of Board of Directors Meeting held on 1 August 2011. 2. Business unit's performance. 3. Other topics.	0	1	1	0	1	0	1
19 September 2011	1. To confirm the minutes of Board of Directors Meeting held on 12 September 2011. 2. Business unit's performance. 3. Other topics.	0	1	1	1	1	0	1

## List of 2011 BOD Meetings Agenda and Attendance

Date	Meeting Agenda	KBW	TL	JR	YES	DH	RF	IB
26 September 2011	1. To confirm the minutes of Board of Directors Meeting held on 19 September 2011. 2. Business Performance as of 31 August 2011. 3. Other topics.	1	1	1	1	1	1	1
14 November 2011	1. To confirm the minutes of Board of Directors Meeting held on 26 September 2011. 2. Business unit's performance. 3. Other topics.	1	1	1	1	1	1	0
12 December 2011	1. To confirm the minutes of Board of Directors Meeting held on 14 November 2011. 2. Business unit's performance. 3. Other topics.	1	1	1	1	1	1	1

KBW - Ketut Budi Wijaya, TL - Tjokro Libianto, JR - Jopy Rusli, YES - E. Yudhistira Susiloputro, DH - Djoko Harjono, RF - Roberto Feliciano, IB - Ivan S. Budiono, 0 - Absent, 1 - Attend

## Internal Audit

The scope of the Internal Audit Division includes internal control and risk management as the implementation of good corporate governance practices.

The Internal Audit Division also actively assists the Audit Committee in monitoring, evaluating and providing recommendations for internal control and identify problems and prevent or reduce the Company's exposure to risks. 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 forms and empowers its Internal Audit division to carry out the task of monitoring.

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 through the year 2011. The Division's main role is to assess whether the internal control systems have been functioning

effectively. This includes, but is not limited to, assessing adherence towards all established regulations, policies, and guidelines.

The schedule of tasks of the Internal Audit Division is based on an annual work plan that has been approved by the President Director and the Audit Committee. Internal Audit also carries out special examinations if deemed necessary by the President Director. In performing its duties, 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.

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

### Independent Auditor

The AGMS held on 23 February 2011 gave authority to the BOC to commission an independent public accountant to audit the Company's financial statements ending 31 December 2011. Only an Independent Public Accountant Office listed under Bapepam-LK and of good standing can be appointed. 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 2011.

### Communication

As a critical and inevitable part of The Company's business development, Lippo Karawaci has the highest regard for its shareholders and investors. It is for this particular reason that all updates pertaining to the Company's business performances are readily available on the Company's website. Please visit [www.lippokarawaci.co.id](http://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](mailto:corsec@lippokarawaci.co.id)

### Corporate Secretary

The Corporate Secretary holds a critical role in ensuring the Company's transparency and is positioned in the frontline. 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 Correspondences with the Capital Market Authority

No.	Date	Reference No.	Destination	Subject	Regulation
1	5 January 2011	001/LK-COS/I/2011	IDX Bapepam-LK	Submission of the Press Release "LPKR Closes US\$ 160 Million Asset Sale. Gains Rp 195 Billion Extraordinary Profit."	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
2	6 January 2011	002/LK-COS/I/2011	IDX Bapepam-LK	Submission of the Press Release "LPKR Breaks Ground on US\$ 26 Million Eight Hospitals in Makassar."	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
3	11 January 2011	003/LK-COS/I/2011	IDX net e-reporting	Monthly Report on the Shareholders Registry as of 31 December 2010.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
4	15 January 2011	005/LK-COS/I/2011	Bapepam-LK	Realization Report of the usage of Right Issue Funds as of 31 December 2010.	Bapepam Regulation No. IX.I.1 regarding Planning and Conducting the General Meeting of Shareholders.
5	17 January 2011	006/LK-COS/I/2011	Bapepam-LK	Annual General Meeting of Shareholders 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.

## List of The Corporate Secretary's Correspondences with the Capital Market Authority

No.	Date	Reference No.	Destination	Subject	Regulation
6	20 January 2011	008/LK-COS/II/2011	Bapepam-LK	Cover letter of the Independent Accountants' Report on the Implementation of Agreed Upon Procedures for Joint Implementation Report Booking and Allotment Shares in connection with the Right Issue III for the period ended December 29, 2010.	Article 12 of the Company's Article of Association.
7	24 January 2011	010/LK-COS/II/2011	Bapepam-LK	Proof of Announcement of Information of the Annual General Meeting of Shareholders of PT Lippo Karawaci Tbk.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
8	7 February 2011	019/LK-COS/II/2011	IDX Bapepam-LK	Submission of Press Release "LPKR Audited Financials Year 2010 Results, Revenue & Profits up 22% and 35%."	Bapepam Regulation No. X.K.2 regarding Obligation to submit Periodical Financial Statement.
9	8 February 2011	020/LK-COS/II/2011	Bapepam-LK	Submission of PT Lippo Karawaci Tbk 2010 Annual Report.	Bapepam Regulation No. X.K.2 regarding Obligation to submit Periodical Financial Statement.
10	8 February 2011	021/LK-COS/II/2011	Bapepam-LK	Proof of announcement of the Consolidated Financial Statement as of 31 December 2010.	Article 12 of the Company's Article of Association.
11	8 February 2011	022/LK-COS/II/2011	Bapepam-LK	Proof of Invitation to the Annual General Meeting of Shareholders of PT Lippo Karawaci Tbk.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
12	8 February 2011	023/LK-COS/II/2011	IDX	Explanation of 20% Analyze of Change of PT Lippo Karawaci Tbk Financial Report for the year ended 2010.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
13	8 February 2011	024/LK-COS/II/2011	IDX Bapepam-LK	Submission of Press Release "Lippo Malls secure 44,500sqm Deal with Mitra Adiperkasa at upcoming St. Moritz and Kemang Village Shopping Malls."	Bapepam Regulation No. IX.1.1 regarding Planning and Conducting the General Meeting of Shareholders.
14	9 February 2011	031/LK-COS/II/2011	Bapepam-LK	Annual General Meeting of Shareholders and Extraordinary General Meeting of Shareholders of PT Lippo Karawaci Tbk.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
15	11 February 2011	040/LK-COS/II/2011	IDX Bapepam-LK	Submission of Press Release "LPKR Successful US\$125 Million Global Bond Issuance Oversubscribed 6x."	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
16	11 February 2011	047/LK-COS/II/2011	IDX net e-reporting	Monthly Report on the Shareholders Registry as of 31 January 2011.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
17	18 February 2011	051/LK-COS/II/2011	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.



## List of The Corporate Secretary's Correspondences with the Capital Market Authority

No.	Date	Reference No.	Destination	Subject	Regulation
18	18 February 2011	052/LK-COS/II/2011	IDX Bapepam-LK	Submission of Press Release "LPKR Opens US\$ 18 Million Hospital at Siloam Hospitals Jambi."	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
19	18 February 2011	055/LK-COS/II/2011	Bapepam-LK	Submission of Appraisal Report of KJPP Ruky, Safrudin & Rekan.	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately.
20	22 February 2011	058/LK-COS/II/2011	Bapepam-LK	Respond Letter to letter of Bapepam No. S-1519/ BL/2011.	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately.
21	23 February 2011	059/LK-COS/II/2011	Bapepam-LK	Result of the Annual and Extraordinary General Meeting of Shareholders of PT Lippo Karawaci Tbk held on 23 February 2011.	Bapepam Regulation No. IX.I.1 regarding Planning and Conducting the General Meeting of Shareholders.
22	23 February 2011	060/LK-COS/II/2011	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. IX.I.1 regarding Planning and Conducting the General Meeting of Shareholders.
23	23 February 2011	063/LK-COS/II/2011	Bapepam-LK	Audit Committee of PT Lippo Karawaci Tbk.	Bapepam Regulation No. Kep-29/ PM/2004 dated 24 September 2004 regarding Establishment and Implementation Guidelines of Audit Committee.
24	23 February 2011	064/LK-COS/II/2011	IDX Bapepam-LK	Submission of Press Release "LPKR Shareholders Approve Rp150 Billion total Dividend - Payout Ratio of 28,6% and New Appointments of Board of Directors."	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
25	28 February 2011	068/LK-COS/II/2011	IDX Bapepam-LK	Submission of Press Release "Lippo Malls to build 15 Malls in 3 years Spearheaded by New Management Team."	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
26	11 March 2011	075/LK-COS/III/2011	IDX net e-reporting	Monthly Report on the Shareholders Registry as of 28 February 2011.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
27	14 March 2011	077/LK-COS/III/2011	Bapepam-LK	Request of Copy of Document as stated in Letter of Bapepam No. S-2504/ BL/2011.	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately.
28	25 March 2011	083/LK-COS/III/2011	IDX	IDX Confirmation of the Announcement about PT Lippo Karawaci Tbk published at the newspaper.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.

## List of The Corporate Secretary's Correspondences with the Capital Market Authority

No.	Date	Reference No.	Destination	Subject	Regulation
29	31 March 2011	085/LK-COS/III/2011	Bapepam-LK	News Clarification.	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately.
30	12 April 2011	088/LK-COS/IV/2011	Bapepam-LK	Review of Financial Statement of PT Lippo Karawaci Tbk for the year ended 2010.	Bapepam Regulation No. X.K.2 regarding Obligation to submit Periodical Financial Statement.
31	12 April 2011	089/LK-COS/IV/2011	IDX net e-reporting	Monthly Report on the Shareholders Registry as of 31 March 2011.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
32	15 April 2011	091/LK-COS/IV/2011	Bapepam-LK cc: IDX	Realization Report of the usage of Right Issue Funds as of 31 March 2011.	"Bapepam Regulation No. X.K.4 regarding Realization Report of the usage of Right Issue Funds.
33	18 April 2011	092/LK-COS/IV/2011	IDX Bapepam-LK	Submission of Press Release "Lippo Group Ups LPKR Stake in US\$52 Million Market Purchases. Signals Full Confidence in LPKR."	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
34	26 April 2011	093/LK-COS/IV/2011	IDX Bapepam-LK	Submission of Press Release "Broker's Take - LPKR Overweight Buy by HSBC."	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
35	28 April 2011	096/LK-COS/IV/2011	IDX Bapepam-LK	Consolidated Financial Statement of PT Lippo Karawaci Tbk and subsidiaries for the period ending March 31, 2011.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
36	28 April 2011	097/LK-COS/IV/2011	IDX Bapepam-LK	Submission of Press Release "LPKR Q1 Revenues Up +25%. Boosted by +32% Up in Homes Sales. On Target for Rp701 Billion NPAT For Year 2011."	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
37	4 May 2011	101/LK-COS/V/2011	IDX Bapepam-LK	Submission of Press Release "Lippo Group Further Ups Stake in Fresh US\$39.5 Million LPKR Buy. Wants More Global Investors to Join Forces."	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
38	10 May 2011	107/LK-COS/V/2011	IDX net e-reporting	Monthly Report on the Shareholders Registry as of 30 April 2011.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
39	19 May 2011	111/LK-COS/V/2011	Bapepam-LK IDX	The Announcement of the Information Disclosure of PT Lippo Karawaci Tbk.	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately.

## List of The Corporate Secretary's Correspondences with the Capital Market Authority

No.	Date	Reference No.	Destination	Subject	Regulation
40	19 May 2011	112/LK-COS/V/2011	IDX Bapepam-LK	Submission of Press Release "LPKR US\$112 Million New Issue to put US\$798 Million REIT Under Lippo Malls. US\$2.0 Billion Mall Assets to be Injected into REIT over 3 years."	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
41	20 May 2011	113/LK-COS/V/2011	IDX	Respond Letter to Leter of IDX No. : S-03274/BEI. PPH/05-2011 regarding Share Transactions of LPKR Stocks as of 19 May 2011.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
42	23 May 2011	116/LK-COS/V/2011	IDX	Request of Additional Shares Recording of PT Lippo Karawaci Tbk	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
43	23 May 2011	117/LK-COS/V/2011	Bapepam-LK	Implementation Plan of Capital Increases without Preemptive rights of PT Lippo Karawaci Tbk.	Bapepam Regulation No. IX.D.4 regarding Capital Increases without Preemptive Rights.
44	25 May 2011	119/LK-COS/V/2011	IDX	Planning of Additional Shares Recording of PT Lippo Karawaci Tbk	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
45	25 May 2011	121/LK-COS/V/2011	IDX	Implementation Plan of Capital Increases without Preemptive rights of PT Lippo Karawaci Tbk.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
46	26 May 2011	124/LK-COS/V/2011	IDX	Commitment Statement of Lock Up Shares of LPKR Prospective New Shareholders.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
47	30 May 2011	127/LK-COS/V/2011	IDX	Respond Letter to Letter of BEI No. S-03490/BEI.PPJ/05-2011.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
48	3 June 2011	131/LK-COS/VI/2011	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.
49	3 June 2011	132/LK-COS/VI/2011	Bapepam-LK	Implementation Plan of Capital Increases without Preemptive rights of PT Lippo Karawaci Tbk.	Bapepam Regulation No. IX.D.4 regarding Capital Increases without Preemptive Rights.
50	6 June 2011	135/LK-COS/VI/2011	IDX	Expenses of Shares Recording of PT Lippo Karawaci Tbk.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
51	8 June 2011	139/LK-COS/VI/2011	IDX net e-reporting	Monthly Report on the Shareholders Registry as of 31 May 2011.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
52	10 June 2011	142/LK-COS/VI/2011	IDX	Proof of the Announcement of the Information Disclosure.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.

## List of The Corporate Secretary's Correspondences with the Capital Market Authority

No.	Date	Reference No.	Destination	Subject	Regulation
53	10 June 2011	145/LK-COS/VI/2011	Bapepam-LK	Announcement of Disclosures Information regarding Affiliate Transaction and Conflict of Interest of certain transactions of PT Lippo Karawaci Tbk.	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately.
54	13 June 2011	147/LK-COS/VI/2011	Bapepam-LK	Request of Copy of Document (in respond to letter of Bapepam No. S-6328/BL/2011).	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately.
55	15 June 2011	150/LK-COS/VI/2011	Bapepam-LK	Implementation Plan of Capital Increases without Preemptive rights of PT Lippo Karawaci Tbk.	Bapepam Regulation No. IX.D.4 regarding Capital Increases without Preemptive Rights.
56	15 June 2011	152/LK-COS/VI/2011	IDX	Request of Explanation (in respond to letter of BEI No. S-03827/BEI.PPJ/06-2011).	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
57	21 June 2011	155/LK-COS/VI/2011	IDX Bapepam-LK	Submission of Press Release "LPKR Completes Consolidation of Controlling Stake in Singapore REIT. Plans to Inject US\$2 Billion Mall Assets Over 3 years."	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
58	6 July 2011	160/LK-COS/VII/2011	Bapepam-LK	Explanation of Financial Statement Review for the year ended 2010.	Bapepam Regulation No. X.K.2 regarding Obligation to submit Periodical Financial Statement.
59	7 July 2011	166/LK-COS/VII/2011	IDX Bapepam-LK	Submission of Press Release "RI President Opens LPKR's MRCCC, Asia's Largest US\$138.8 Million Cancer Hospital."	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
60	12 July 2011	168/LK-COS/VII/2011	IDX net e-reporting	Monthly Report on the Shareholders Registry as of 30 June 2011.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
61	12 July 2011	169/LK-COS/VII/2011	Bapepam-LK	Realization Report of the usage of Right Issue Funds as of 30 June 2011.	"Bapepam Regulation No. X.K.4 regarding Realization Report of the usage of Right Issue Funds."
62	29 July 2011	175/LK-COS/VII/2011	Bapepam-LK	Consolidated Financial Statement of PT Lippo Karawaci Tbk and subsidiaries for the period ending June 30, 2011.	Bapepam Regulation No. X.K.2 regarding Obligation to submit Periodical Financial Statement.
63	29 July 2011	176/LK-COS/VII/2011	Bapepam-LK	Proof of announcement of the Consolidated Financial Statement as of 30 June 2011.	Bapepam Regulation No. X.K.2 regarding Obligation to submit Periodical Financial Statement.
64	1 August 2011	179/LK-COS/VIII/2011	IDX Bapepam-LK	Submission of Press Release "LPKR 1st Half Results - Revenues and Profits Up 29% and 35%. Township and Residential Revenues Up 38%."	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
65	5 August 2011	182/LK-COS/VIII/2011	IDX net e-reporting	Monthly Report on the Shareholders Registry as of 31 July 2011.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
66	22 August 2011	189/LK-COS/VIII/2011	Bapepam-LK	"Respond to letter of Bapepam No. : S-204/ BL/S.2/2011 dated 11 August 2011 regarding Administrative Sanction of Disclosure related delays in implementation of Affiliate Transaction Capital Increases without Preemptive Rights of PT Lippo Karawaci Tbk.	Bapepam Regulation No. IX.D.4 regarding Capital Increases without Preemptive Rights.
67	24 August 2011	191/LK-COS/VIII/2011	Bapepam-LK	Request of Meeting with Bapepam.	
68	9 September 2011	197/LK-COS/IX/2011	IDX net e-reporting	Monthly Report on the Shareholders Registry as of 31 August 2011.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
69	14 September 2011	201/LK-COS/IX/2011	Bapepam-LK	Cash Dividend Distribution.	IDX Regulation No. II-A Kep-565/ BEJ/11-2003 regarding Securities Trading.
70	14 September 2011	202/LK-COS/IX/2011	Bapepam-LK	Respond letter to letter of Bapepam No. : S-10014/ BL/2011 (as follow up to letter No. 189/LK/VIII/2011).	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately.
71	15 September 2011	203/LK-COS/IX/2011	Bapepam-LK	Proof of announcement of Cash Final Dividend Distribution for the year ended 2010.	IDX Regulation No. II-A Kep-565/ BEJ/11-2003 regarding Securities Trading.
72	15 September 2011	205/LK-COS/IX/2011	IDX Bapepam-LK	Submission of Press Release "LPKR Pays Rp7.21 per share Final Dividend, Payout Ratio of 28.6%."	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
73	30 September 2011	208/LK-COS/IX/2011	Bapepam-LK	Respond letter to letter of Bapepam No. S-10487.	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately.
74	30 September 2011	209/LK-COS/IX/2011	Bapepam-LK IDX	Announcement Letter of the Information Disclosure.	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately.
75	3 October 2011	210/LK-COS/X/2011	IDX	Submission of Public Expose material of PT Lippo Karawaci Tbk.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
76	6 October 2011	213/LK-COS/X/2011	IDX Bapepam-LK	Submission of Press Release "LPKR Voted Best Developer in Indonesia Overall 2011, Reports Record Sales of 29% YOY."	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.

## List of The Corporate Secretary's Correspondences with the Capital Market Authority

No.	Date	Reference No.	Destination	Subject	Regulation
77	6 October 2011	214/LK-COS/X/2011	Bapepam-LK	Notice of Planning of Extraordinary General Meeting of Shareholders of PT Lippo Karawaci Tbk.	Bapepam Regulation No. IX.1.1 regarding Planning and Conducting the General Meeting of Shareholders.
78	10 October 2011	215/LK-COS/X/2011	IDX	Result of Public Expose of PT Lippo Karawaci Tbk.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
79	10 October 2011	216/LK-COS/X/2011	IDX net e-reporting	Monthly Report on the Shareholders Registry as of 30 September 2011.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
80	14 October 2011	220/LK-COS/X/2011	Bapepam-LK	Realization Report of the usage of Right Issue Funds as of 30 September 2011.	"Bapepam Regulation No. X.K.4 regarding Realization Report of the usage of Right Issue Funds.
81	14 October 2011	221/LK-COS/X/2011	Bapepam-LK	Proof of Announcement of Information of the Extraordinary General Meeting of Shareholders of PT Lippo Karawaci Tbk.	Article 12 of the Company's Article of Association.
82	17 October 2011	223/LK-COS/X/2011	IDX Bapepam-LK	Submission of Press Release "LPKR to Get Approval for Rp600 Billion Share Buyback."	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
83	28 October 2011	233/LK-COS/X/2011	IDX	Submission of Press Release "LPKR Q3 YoY Revenues and Profits Up 30% and 38%. Residential and Township Sales Up 42%.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
84	28 October 2011	234/LK-COS/X/2011	IDX	Consolidated Financial Statement of PT Lippo Karawaci Tbk and subsidiaries for the period ending September 30, 2011.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
85	31 October 2011	235/LK-COS/X/2011	Bapepam-LK	Proof of Invitation of the Extraordinary General Meeting of Shareholders of PT Lippo Karawaci Tbk.	Article 12 of the Company's Article of Association.
86	8 November 2011	253/LK-COS/XI/2011	Bapepam-LK	Respond Letter to letter of Bapepam regarding Planning of LPKR Share Buyback Program.	Bapepam Regulation No. XI.B.2 regarding Share Buyback issued by the Issuer or Public listed Company.
87	8 November 2011	254/LK-COS/XI/2011	Bapepam-LK	Respond Letter to letter of Bapepam regarding Late Charges of submission the letter of announcement of disclosure regarding Affiliate Transactions.	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately.
88	9 November 2011	255/LK-COS/XI/2011	IDX net e-reporting	Monthly Report on the Shareholders Registry as of 31 October 2011.	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
89	11 November 2011	259/LK-COS/XI/2011	Bapepam-LK	Proof of Announcement of Disclosure to the Shareholders regarding Planning of LPKR Share Buyback Program of PT Lippo Karawaci Tbk.	Bapepam Regulation No. XI.B.2 regarding Share Buyback issued by the Issuer or Public listed Company.
90	15 November 2011	263/LK-COS/XI/2011	IDX Bapepam-LK	Submission of Press Release "LPKR Shareholders Overwhelmingly Approve LPKR's Rp600 Billion Share Buyback Program."	Bapepam Regulation No. X.K.1 regarding the Disclosure of Information that must be made Public Immediately.
91	17 November 2011	266/LK-COS/XI/2011	Bapepam-LK	Result of Extraordinary General Meeting of Shareholders.	Bapepam Regulation No. IX.I.1 regarding Planning and Conducting the General Meeting of Shareholders.
92	17 November 2011	267/LK-COS/XI/2011	Bapepam-LK	Proof of Announcement of Result of Extraordinary General Meeting of Shareholders.	Bapepam Regulation No. IX.I.1 regarding Planning and Conducting the General Meeting of Shareholders.
93	17 November 2011	268/LK-COS/XI/2011	Bapepam-LK	Administrative sanctions.	
94	6 December 2011	281/LK-COS/XII/2011	IDX Bapepam-LK	Submission of Press Release "The St. Moritz Penthouses Residences Voted A Prestigious Award."	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
95	6 December 2011	282/LK-COS/XII/2011	Bapepam-LK	Respond letter of letter of Bapepam - LK No. : S-12214 / BL/2011 11 November 2011 regarding Realization Report of usage of Right Issue Funds.	"Bapepam Regulation No. X.K.4 regarding Realization Report of the usage of Right Issue Funds.
96	14 December 2011	286/LK-COS/XII/2011	IDX net e-reporting	Monthly Report on the Shareholders Registry as of 31 November 2011.	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.
97	20 December 2011	290/LK-COS/XII/2011	IDX Bapepam-LK	Submission of Press Release "LPKR 2012 Projection and Forecast 2011 Results."	IDX Regulation No. I-E Kep-306/ BEJ/07-2004 regarding Obligation of Information Submission.

## Below is the list of the Company's Press Releases during 2011

No	Date	Reference No.	Title of Press Release
1	5 January 2011	001/LK-COS/I/2011	- LPKR Closes US\$160 Million Asset Sale. - Gains Rp195 Billion Extraordinary Profit.
2	6 January 2011	002/LK-COS/I/2011	LPKR Breaks Ground on US\$26 Million Eight Hospitals in Makassar.
3	7 February 2011	019/LK-COS/II/2011	LPKR Audited FY 2010 Results - Revenues & Profits up 22% & 35%.
4	8 February 2011	024/LK-COS/II/2011	Lippo Malls Secures 44,500sqm Deal with Mitra Adiperkasa at Upcoming St. Moritz & Kemang Village Shopping Malls.
5	11 February 2011	040/LK-COS/II/2011	LPKR Successful US\$125 Million Global Bond Issuance Over-subscribed 6x.
6	18 February 2011	052/LK-COS/II/2011	LPKR Opens US\$18 Million Hospital - Siloam Hospitals Jambi.
7	23 February 2011	064/LK-COS/II/2011	LPKR Shareholders Approve Rp150 Billion total Dividend - Payout Ratio of 28,6% and New Appointments for Board of Directors.
8	28 February 2011	068/LK-COS/II/2011	Lippo Malls to Build 15 Malls in 3 years Spearheaded by New Management Team.
9	18 April 2011	092/LK-COS/IV/2011	Lippo Group Ups LPKR Stake in US\$52 Million Market Purchases. Signals Full Confidence in LPKR.
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12	4 May 2011	101/LK-COS/V/2011	Lippo Group Further Ups Stake in Fresh US\$39.5 Million LPKR Buy. Wants More Global Investors to Join Forces.
13	19 May 2011	112/LK-COS/V/2011	LPKR US\$112 Million New Issue to Put US\$798 Million REIT Under Lippo Malls. US\$2.0 Billion Mall Assets to be Injected into REIT Over 3 Years.
14	23 May 2011	115/LK-COS/V/2011	LPKR to Invest US\$165 Million for Additional Interest in Singapore REIT. Plans to Inject US\$2 Billion Mall Assets Over 3 Years.
15	3 June 2011	133/LK-COS/VI/2011	Fitch Affirms Lippo Karawaci at 'B+' Outlook Stable.
16	21 June 2011	155/LK-COS/VI/2011	LPKR Completes Consolidation of Controlling Stake in Singapore - Listed Mall REIT. US\$2 Billion Mall Assets to be Injected into REIT Over 3 Years.
17	7 July 2011	166/LK-COS/VII/2011	RI President Opens LPKR's MRCCC, Asia's Largest US\$138.8 Million Cancer Hospital.
18	1 August 2011	179/LK-COS/VIII/2011	LPKR 1st Half 2011 Results - Revenues & Profits Up 29% & 35%. Township & Residential Revenues Up 38%.



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No	Date	Reference No.	Title of Press Release
19	15 September 2011	205/LK-COS/IX/2011	LPKR Pays Rp7.21 per share Final Dividend, Payout Ratio of 28.6%.
20	6 October 2011	213/LK-COS/X/2011	LPKR Voted "Best Developer in Indonesia Overall 2011", Reports Record Sales of 29% YOY.
21	17 October 2011	223/LK-COS/X/2011	LPKR to Get Approval for Rp600 Billion Share Buyback.
22	28 October 2011	233/LK-COS/X/2011	LPKR Q3 YoY Revenues & Profits Up 30% & 38%. Residential & Township Sales Up 42%.
23	15 November 2011	263/LK-COS/XI/2011	LPKR Shareholders Overwhelmingly Approve LPKR's Rp600 Billion Share Buyback Program.
24	6 December 2011	281/LK-COS/XII/2011	The St. Moritz Penthouses Residences Voted A Prestigious Award.
25	20 December 2011	290/LK-COS/XII/2011	LPKR 2012 Projection & Forecast 2011 Results.

### Investor Relations

To ensure good relations with investors are maintained, the Company's Investor Relations practices transparency with valued investors, capital market authorities, analysts, rating agencies and other parties associated with the Company's

business. The Company regularly organizes roadshows and participates in international business gatherings to communicate this function. In 2011, it participated in 46 events throughout Asia, Europe and the United States.

### List of Roadshows 2011

No.	Date	Event	Venue	Organizer
1	6 January	OSK Nusadana Indonesia : ASEAN Day	Singapore	OSK Nusadana
2	19 January	BNP Paribas Conference	Singapore	BNP Paribas
3	9 - 11 February	CLSA ASEAN Forum	Bangkok	CLSA
4	18 February	CITI Fixed Income Conference	Singapore	CITI
5	28 February - 4 March	NOMURA Conference	Singapore, London, Edinburg	NOMURA
6	1 - 2 March	UBS Indonesia Conference 2011	Jakarta	UBS
7	4 March	BNP Paribas Conference	Hong Kong	BNP Paribas
8	7 - 8 March	Daiwa Investment Conference	Tokyo	Daiwa
9	14 - 15 March	Credit Suisse Fixed Income	Arizona, USA	Credit Suisse
10	12 April	JP Morgan Indonesia Conference	Jakarta	JP Morgan
11	12 - 13 April	Credit Suisse Global Real Estate Conf.	London	Credit Suisse
12	5 - 6 May	CITI Asia Pacific Property Conference	Singapore	CITI
13	19 May	BAML - Asia Stars Conference	Singapore	Merrill Lynch
14	19 - 20 May	Hong Kong Investor Summit	Hong Kong	Morgan Stanley
15	23 - 24 May	Daiwa Investment Conference	London	Daiwa

## List of Roadshows 2011

No.	Date	Event	Venue	Organizer
16	26 May - 2 June	Non Deal Roadshow	USA & Canada (SF, Denver, Toronto, Boston, NY)	Daiwa
17	10 June	Daiwa Property Conference	Singapore	Daiwa
18	13 - 16 June	BAML CalGEMS Conference	California	Merrill Lynch
19	15 - 16 June	Nomura 8th Asia Equity Forum	Singapore	Nomura
20	20 - 22 June	JP Morgan 15th Annual Asia Pac. Conference	New York	JP Morgan
21	21 - 22 June	Citi Indonesia Investor Conference	Jakarta	CITI
22	27 June	OSK-DMG ASEAN Corporate Day	Kuala Lumpur	OSK Nusadana
23	30 June - 1 July	HSBC ASEAN Conference	Singapore	HSBC
24	11 - 15 July	IDX & Daiwa Conference	London & USA (NY)	IDX & Daiwa
25	14 - 15 July	CIMB Indonesia Corporate Day 2011	Bali	CIMB
26	18 - 22 July	Bahana – Enclave Non Deal Roadshow	USA	Bahana
27	1 August	BAML - Result Lunch	Singapore	BAML
28	3 August	BNPP ASEAN Conference	Singapore	BNPP
29	18 - 19 August	CLSA Regional Property Access Day	Singapore	CLSA
30	23 - 24 August	Macquarie ASEAN Conference	Singapore	Macquarie
31	6 - 7 September	UBS ASEAN Conference	Singapore	UBS
32	7 September	BAML Global Real Estate Conference	New York	BAML
33	19 - 23 September	18th CLSA Investor's Forum	Hong Kong	CLSA
34	28 September	DB Access Indonesia Corporate Day	Singapore	Deutsche Bank
35	6 October	IDX - Investor Summit & Capital Market Expo 2011	Jakarta	IDX
36	11-13 October	Nomura Healthcare Corporate Day	Hong Kong, Singapore	Nomura
37	12 October	OSK-DMG ASEAN Corporate Day	Hong Kong	OSK Nusadana
38	19 - 21 October	Best of RI, Daiwa-IDX	Singapore, Tokyo	IDX, Daiwa
39	26 October - 1 November	HSBC NDR	Eropa	HSBC
40	3 - 4 November	Goldman Sachs Indonesia Corporate Access Day 2011	New York, Boston	Goldman Sachs
41	9 - 10 November	Daiwa Conference	Hong Kong	Daiwa
42	11 November	CIMB Property Access	Jakarta	CIMB
43	15 - 17 November	Morgan Stanley: Tenth Annual Asia Pacific Summit	Singapore	Morgan Stanley
44	22 - 23 November	Standard Chartered APAC Emerging Corporates Autumn Conf.	Hong Kong	Standard Chartered
45	28 - 30 November	DB Access Indonesia	Jakarta	Deutsche Bank
46	29 November - 1 December	UBS 2011 Global Real Estate Conference	London	UBS

### Code of Conduct

The Company formulated a set of work ethics in carrying out duties relating to the Company's partners. The BOD approved this code of conduct.

All members of the Company, without exception, must adhere to the code of conduct to ensure that corporate values and principles are institutionalized and synchronized with international standards. These were enacted to improve accountability, transparency and abide by existing regulations.

The code of conduct has been circularized to all members and constantly emphasized in various Company membership events, as well as during orientation of new members.

The code of conduct highlights these key points:

1. Integrity  
Staff members of the Company must uphold integrity in the performance of their duties. Integrity requires honesty which is an irreplaceable character or trait.
2. Gifts and Assistance  
To maintain professionalism, staff members and their families are prohibited from accepting gifts from any party or other parties outside the Company for personal gain.
3. Conflict of Interest  
Staff members must avoid situations that may cause conflict between the Company's and personal interest.

#### 4. Human Resources

The Company is committed to provide equal opportunities to all staff members regardless of gender, ethnicity or religious belief. The Company strives to create a conducive working environment at all times.

#### 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, regularly done every year or if deemed required by the Company BOD.

### Disclosure

#### Ownership of Shares in the Company

The BOC do not have members who own shares in the Company.

Mr. Ivan S. Budiono owns 937.500 shares of the Company while other Directors do not own any shares in the Company.

#### Litigation

In 2011, there were not any lawsuits nor were there legal charges that significantly affected the Company's businesses.

### Conflict of Interest

In 2011, there were no transactions that could result to conflict of interest as regulated by Bapepam-LK.

### Business Risks

In the course of running business activities, the Company remains exposed to certain business risks that may affect the Company's performance. These risks have been identified based on their potential to significantly impact company performance.

#### Risks Related to Property Business

1. Increased Interest Rate May Affect Demand for the Company's Properties Increase in the country's interest rates has the potential to affect or hinder the flow of property development.
2. Property Market Fluctuation  
The real estate industry in Indonesia is in a cycle affected by changes in the conditions of domestic and regional economies. These conditions include availability of funds, interest rates, and demand for products such as housing, commercial property, retail or industrial properties.
3. Discontinuation of Current Projects and Suspension of Planned Projects  
The Company's success and financial performance depends on its ability to identify, develop, market and sell projects combining source of funds and timely funding needs. The Company faces risks resulting from delays in obtaining the required permits, availability of raw materials, increase in construction costs, natural calamities, and dependency upon third party contractors as well as the risk of decline in market demand during the course of project development.

4. Increased Competition in Indonesia's Property Market  
The properties to be developed in the future by the Company face competition from other property developers in terms of location, facilities, support infrastructure, services and price. Increased competition among property developers may result in increased in land acquisition prices thereby causing oversupply of properties that will then affect the Company's profits.
5. Partially Obtaining the Permits to Operate the Company's Businesses  
Each of the Company's business units requires permits in order to operate. Failure to acquire such permits is tantamount to a risk of being sanctioned by the Government in the form of business closure, fine or jail sentence.
6. Risk of Being Dependent on Contracting Agencies  
The Company appoints third party contractors to execute urban development projects, whether residential or retail. These projects consist of construction work, piling and foundation, interior design, air conditioning and elevator installation, and landscaping. Payment arrangements with contractors are generally fixed amounts. If construction cost exceeds the agreed fixed or predetermined amount, contractors may renegotiate with the Company for an increase in payment. The Company must cover such additional costs so that the contractor can conclude the project. Furthermore, there is a risk that the contractor may undergo financial difficulties or other challenges which may affect its capability to conclude construction. Subsequently, such occurrence will cause a delay in the completion of the project or create additional costs that must be met by the Company.



7. Development of New Property Construction

The development of new construction poses certain risks, such as stock shortage of raw materials or quality manpower, technical issues, and other environment or geological factors. Strike, litigation, weather, flood or unanticipated increase in cost may result to delays in the completion of the project and increase in cost.

**Risks Related to Healthcare Business**

1. Inability to Recruit and Maintain Medical Personnel

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

2. Malpractices and Litigation toward the Company's Hospital Business

The Company's hospitals face risks of confronted claims from both 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 by the Company.

3. Environmental Effluence within the Company's Hospital Business

Operational activities of the Company require the use of certain materials/chemicals, processes or installations that are environmentally regulated

or require certain permits. Such materials/chemicals are part of medical sewage or toxic wastes, which according to the Government's environmental regulations, the Company is required to manage to avoid environmental pollution or public safety. The Mismanagement of such toxic wastes may result in sanctions such as fines or payments to cover public damage and the surrounding natural resources or properties.

4. 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. Foremost of these is the challenge to provide quality treatments while managing costs. Aside from this, the healthcare business unit is affected by factors such as:

- (i) Development of technology and pharmacy that may minimize the need for medical services,
- (ii) Demographical changes, and
- (iii) Changes in the distribution of medical services or other factors that may increase the cost of medical services.

The number of patients and revenue generated by the Company's medical facilities are affected by the economy. It is also part of a cycle determined by external factors, such as (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. Business Crisis Affecting the Indonesian Retail Industry

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 possesses both land and property rights in which retail and commercial spaces will be leased. The Company's financial performance is tied to the economic condition and property industry in Indonesia, especially for the retail sector. Thus, demand for retail and commercial spaces 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. 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 create negative implications for the Company's Hospitality and Infrastructure business units such as: terrorism, emergence of contagious diseases,

increase in air ticket prices and other costs or factors that may reduce the amount of tourists or business travellers; increase in competition against other hotels that may reduce the 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 a national or regional level where the Company's hotels are located; changes in 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.

### Financial Risk

The main financial risks faced by the Company are that of credit risks, foreign exchange rate risk, interest rate risks, liquidity risks and price risks. Attention to managing these risks has significantly increased in light of the considerable changes and volatility of Indonesian and international markets.

#### 1. Credit Risk

Credit risk is the risk wherein the Company incurs a loss arising from their customers, clients or counter parties failing to fulfill their contractual obligations.

The Company manages this credit risk by setting limits on the amount of risk for each customer and by being more selective in choosing banks and financial institutions, which includes choosing only reputable and creditworthy banks and financial institutions.

2. Foreign Exchange Rate Fluctuation Risk

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

To manage foreign exchange rate risk, the Company has entered into several derivative agreements with certain third parties.

3. Interest Rate Risk

The Company is exposed to interest rate risk because they have loans that have floating interest rates.

The Company manages this interest rate risk through an appropriate combination of loans in fixed and floating interest rates and monitoring interest rate movement effects to minimize negative impacts on the Company. As of December 31, 2011, more than 95% of the Company's loans are with fixed interest rates.

4. Liquidity Risk

Liquidity risk refers to the cash flow position of the Company indicating that short-term revenue is insufficient for covering short-term expenditure.

The Company manages this liquidity risk by maintaining an adequate level of cash and cash equivalent to cover the Company's commitments in normal operations and regularly evaluate the projected and actual cash flow, as well as maturity date schedule of their financial assets and liabilities.

5. Price Risk

Price risk is the fluctuation of the value of financial instruments as a result of changes in market prices. The Company is exposed to price risk because they own an investment classified as AFS financial assets.

The Company and Subsidiaries manage this risk by regularly evaluating the financial performance and market price of their investments and continuously monitor global market developments.

**Other Risks**

1. Unavailability of Funding

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

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

Continuity in some of the Company's agreements will depend on license renewals issued by regional governments. 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. Additional Expenses Relating to Environmental Problems

The Company must adhere to laws and policies that regulate the environment, which among others requires the 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 related costs are likely to be a significant amount. Negligence from the property owner's side in this regard will result to imposed fines or other sanctions.

# Audit Committee Report

Lippo Karawaci, 14 March 2012

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

Dear Commissioners,

Re: 2011 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 of PT Lippo Karawaci Tbk ('the Company') hereby render the Audit Committee Report of activities held during 2011.

The main activities conducted by the Audit Committee during 2011 are among others:

1. reviewed the independency and objectivity of the Company's external auditor, Public Accountant Firm Aryanto Amir Jusuf Mawar & Saptoto, in performing the audit of the Consolidated Financial Report of the Company and its subsidiaries for the period ending 31 December 2011. The external auditor who was appointed by the Board of Commissioner of the Company under the authority granted to them during the Annual General Shareholder Meeting held in February 23, 2011.
2. reviewed the qualitative aspects and the integrity in the implementation of accounting, audit and reporting.
3. reviewed the business and risk management process and its compliance to the prevailing law and regulation.
4. discussed with the Internal Auditor relating to its work plans and focused objectives and internal control system in 2011.
5. discussed with the Company's management relating to:
  - quarterly financial statement
  - business strategy and work plan as well as budget of 2011
  - internal control system
  - compliance with the law and regulation
  - risk management process
6. discussed with the External Auditor relating to findings and result of audit
7. reported the result of the audit committee's meeting to the Board of Commissioner.

To fulfill the obligation to disclose the report of the Audit Committee's review in the Company's 2011 Annual Report, we hereby state that to the best of our knowledge, the Company's Financial Statements were prepared in accordance with the generally accepted accounting principles in Indonesia.

The Audit Committee duly submits this report.

Yours sincerely,



**Jonathan L. Parapak**  
Chairman



**Lie Kwang Tak**  
Member



**Isnandar R. Ali**  
Member



# Audit Committee



**Jonathan L. Parapak**  
Chairman

Mr. Jonathan L. Parapak, has broad and extensive experience in large private and state-owned enterprises. His former positions include, among others, President Director of PT Indosat, Secretary-General of the Department of Tourism, Post and Telecommunication, and a member of the People's Consultative Assembly. In addition to his current position as Commissioner of Lippo Karawaci, he is also a Commissioner of PT AsiaNet and PT Broadband Multimedia, as well as being a Commissioner of several companies within the Lippo Group, including PT Multipolar Tbk and PT Matahari Putra Prima Tbk. Mr. Parapak earned his Bachelor of Engineering and Master of Engineering Science degree from the University of Tasmania, Australia.



**Lie Kwang Tak**  
Member

Mr. Lie Kwang Tak, possesses wide experience from many prominent roles he had assumed in a range of businesses, which allows 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, has extensive experience in managing in a number of major business sectors which undoubtedly has brought added value to the Company's diverse business operations. He served in 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, 9 March 2012

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

Dear Commissioners,

Re: Remuneration Committee Report

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:

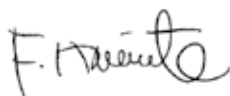
1. To conduct a formal meeting at least once a year.
2. To ensure an adequate remuneration system and to determine the remuneration for the Board of Commissioners and Directors of PT Lippo Karawaci Tbk, including the reward and fringe benefits, if applicable, for the members of the Board of Commissioners 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 24 October 2011 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 31,661,568,613 (thirty one billion six hundred sixty one million five hundred sixty eight thousand six hundred thirteen).



**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 Indonesia's Minister of National Housing and Minister of Labor where he gained abundant insight and experience which is beneficial for the real estate development projects of the company. He provides differing points of view that add to the success of the Company's planned projects. As a former member of the People's Consultative Assembly, he is conversant with many of the socio-economic and regional issues that affect Indonesia. Mr. Sambuaga is currently the President of Lippo Group, President of Berita Satu Media Holding and Commissioner of PT First Media Tbk and PT Multipolar Tbk. Mr. Sambuaga obtained his undergraduate degree in Social and Political Studies from well renowned Universitas Indonesia, and has received a graduate degree from the School of Advanced International Studies at Johns Hopkins University, USA.



**Jonathan L. Parapak**  
Member

Mr. Jonathan L. Parapak, has broad and extensive experience in large private and state-owned enterprises. His former positions include, among others, President Director of PT Indosat, Secretary-General of the Department of Tourism, Post and Telecommunication, and a member of the People's Consultative Assembly. In addition to his current position as Commissioner of Lippo Karawaci, he is also a Commissioner of PT AsiaNet and PT Broadband Multimedia, as well as being a Commissioner of several companies within the Lippo Group, including PT Multipolar Tbk and PT Matahari Putra Prima Tbk. Mr. Parapak earned his Bachelor of Engineering and Master of Engineering Science degree from the University of Tasmania, Australia.



**Viven G. Sitiabudi**  
Member

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



**Farid Harianto**  
Member

Mr. Farid Harianto, is currently serving as a Special Staff to the Vice President of the Republic of Indonesia, and is an advisor to the Governor of Bank Indonesia. He is a member of the Asian Executive Advisory Board of the Wharton School, University of Pennsylvania, and is a member of The President's Advancement Advisory Council of the National University of Singapore. He sits as a member of various corporate boards including PT Pos Indonesia, PT BATA Indonesia, PT Unggul Indah Cahaya Tbk and PT Lippo Karawaci Tbk, and serves as a member of the risk oversight committee of Bank International Indonesia Tbk, and as a contributing editor to Globe Asia magazine.

Over the past thirty years, Mr. Harianto's professional career has encompassed the academics, the public as well as private sectors. He served as an advisor for many leading companies in Indonesia, and for various international organizations including FIAS/the World Bank, ADB, CIDA, and IDRC. He was the CEO of the Credit Rating Company Indonesia (1995-1998) and was then appointed as the Deputy Chairman of the Indonesian Bank Restructuring Agency (IBRA; 1998-2000). During his tenure at IBRA, he spearheaded the consolidation (closing, merging and recapitalization) of the banking sector and the negotiation and settlement with banks' controlling shareholders resulting in billions of dollars of assets being transferred to IBRA. He earned his Masters and PhD (with distinction) from the University of Pennsylvania-the Wharton School in applied economics and managerial science.



# Corporate Data



# Projects / Business Unit 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

## 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

## Retail Malls



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



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



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



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



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



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



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



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



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



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



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



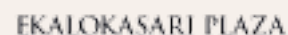
Mal Lippo Cikarang  
Jl. M.H. Thamrin, Lippo Cikarang  
Bekasi 17550, West Java, Indonesia  
Tel. 62 (21) 897 2535 - 37



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



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



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



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



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



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

## Retail Malls



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



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



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

## Healthcare



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



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

## 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 PALEMBANG

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



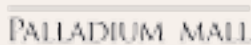
GTC Makassar, Ruko GA 8 No. 35-36  
Jl. Metro Tanjung Bunga  
Makassar 90134  
South Sulawesi, Indonesia  
Tel. 62 (411) 811 4088



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



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



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



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



MRCCC Siloam Hospitals Semanggi  
Jl. Garnisun Kav. 2-3  
Karet Semanggi, Jakarta  
Indonesia  
Tel. 62 (21) 2996 2888



MRCCC + GICAF of Jakarta 2008

Siloam Hospitals Jambi  
Jl. Soekarno Hatta  
Paal Merah, Jambi  
Indonesia  
Tel. 62 (741) 573 333



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 Balikpapan  
Jl. MT Haryono No. 09 Rong Road  
Balikpapan, East Kalimantan  
Indonesia  
Tel. 62 (542) 720 6509

#### 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 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  
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

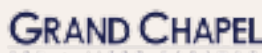


Balai Serpong  
WTC Matahari - Serpong  
Jl. Raya Serpong No. 39  
Tangerang 15326 Banten, Indonesia  
Tel. 62 (21) 5315 5656  
Fax. 62 (21) 5315 5757

Dikelola oleh 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

## 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 Professions & Institutions

## **Registered Public Accountant**

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

## **Share Registrar**

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

# List of Subsidiaries

Subsidiary	Domicile	Main Business	Direct Ownership Percentage	Indirect Ownership Percentage	Year of Start of Operation
Lippo Karawaci Finance B. V.	Netherland	Investment, Trading and Services	100.00%	--	2006
Sigma Capital Pte Ltd	Singapore	Investment	100.00%	--	--
Sigma Trillium Pte Ltd	Singapore	Trading	--	100.00%	--
Lippo Karawaci Corporation Pte Ltd	Singapore	Investment, Trading and Services	100.00%	--	--
LK Reit Management Pte Ltd	Singapore	Investment, Trading and Services	--	100.00%	--
Bowsprit Capital Corporation Ltd	Singapore	Investment, Trading and Services	80.00%	--	2006
Jesselton Investments Ltd	Malaysia	Investment, Trading and Services	100.00%	--	--
Peninsula Investments Ltd	Malaysia	Investment, Trading and Services	--	100.00%	--
Lippo Mappletree Indonesia RTM Ltd	Singapore	Investment	--	100.00%	2007
PT Primakreasi Propertindo	Tangerang	Real Estate	100.00%	--	--
PT Mujur Sakti Graha	Tangerang	Real Estate	--	99.83%	--
PT Surplus Multi Makmur	Jakarta	Real Estate	--	90.00%	--
PT Arta Sarana	Bandung	Investment	--	81.00%	--
PT PuriParagon	Tangerang	Development, Trading and Services	--	99.83%	--
PT Menara Tirta Indah	Tangerang	Development, Trading and Services	--	99.83%	--
PT Gempita Sinar Abadi	Tangerang	Development, Trading and Services	--	99.83%	--
PT Kuta BeachParagon	Tangerang	Development, Trading and Services	--	99.83%	--
PT Graha Buana Utama	Tangerang	Development, Trading and Services	--	99.83%	--
PT Berkat Langgeng Jaya	Tangerang	Development, Trading and Services	--	99.83%	--
PT Pamor Paramita Utama	Jakarta	Development, Trading and Services	--	80.02%	--
PT Titian Semesta Raya	Tangerang	Development, Trading and Services	--	99.83%	--
PT Tatabangun Nusantara	Tangerang	Development, Trading and Services	--	99.83%	--
PT PalembangParagon Mall**	Tangerang	Development, Trading and Services	--	99.83%	--
PT Tirtasari Kencana	Tangerang	Development, Trading and Services	--	99.83%	--
PT Multiguna Selaras Maju	Tangerang	Development, Trading and Services	--	99.83%	--
PT Lintas Lautan Cemerlang	Tangerang	Development, Trading and Services	--	99.83%	--
PT SurabayaParagon Mall	Tangerang	Development, Trading and Services	--	99.83%	--
PT SemarangParagon Mall	Tangerang	Development, Trading and Services	--	99.83%	--
PT LampungParagon Mall	Tangerang	Development, Trading and Services	--	99.83%	--
PT Pontianakparagon Mall	Tangerang	Development, Trading and Services	--	99.83%	--
PT Graha Solusi Mandiri	Jakarta	Services	--	99.83%	--
PT Wijaya Wisesa Propertindo	Jakarta	Development and Services	--	99.83%	--
PT Kharisma Ekacipta Persada	Tangerang	Development, Trading and Services	--	99.83%	--
PT Cipta Mahakarya Gemilang	Tangerang	Development, Trading and Services	--	99.83%	--
PT Mandiri Cipta Gemilang	Jakarta	Real Estate	--	99.83%	2003
PT Jaya Makmur Bersama	Jakarta	Development, Trading and Services	--	100.00%	--
PT Grand Villa Persada	Tangerang	Real Estate	--	99.83%	--
PT Mega Proyek Pertiwi	Tangerang	Real Estate	--	99.83%	--
PT Sinar Surya Timur	Tangerang	Development, Trading and Services	--	100.00%	--
PT Karyabersama Jaya	Tangerang	Development, Trading and Services	--	100.00%	--
PT Bayutama Sukses	Tangerang	Development, Trading and Services	--	100.00%	--
PT Manunggal Utama Makmur	Tangerang	Development, Trading and Services	--	100.00%	--
PT Amanda Cipta Utama	Tangerang	Development, Trading and Services	--	100.00%	--
PT Gempita Cipta Bersama	Tangerang	Development, Trading and Services	--	100.00%	--
PT Suryamas Khatulistiwa	Tangerang	Development, Trading and Services	--	100.00%	--
PT Sentra Dwimandiri	Jakarta	Real Estate	100.00%	--	--
PT Prudential Development	Jakarta	Real Estate	--	100.00%	--

## List of Subsidiaries

Subsidiary	Domicile	Main Business	Direct Ownership Percentage	Indirect Ownership Percentage	Year of Start of Operation
PT Muliasentosa Dinamika	Tangerang	Real Estate	--	100.00%	1997
PT Sentra Realtindo Development	Tangerang	Home Improvement	--	100.00%	2001
PT Darma Sarana Nusa Pratama	Tangerang	Real Estate	--	52.70%	1997
PT Tata Mandiri Daerah Villa Permata	Tangerang	Town Management	--	42.16%	2001
PT Golden Pradamas	Tangerang	Real Estate	--	100.00%	--
PT Mulia Bangun Semesta	Jakarta	Real Estate	--	99.98%	2002
PT Villa Permata Cibodas	Tangerang	Real Estate	--	99.98%	1995
PT Puncak Resort International	Cianjur	Real Estate	--	100.00%	1994
PT Sentosa Seksama	Cianjur	Real Estate	--	100.00%	1994
PT Purimegah Swarga Buana	Cianjur	Real Estate	--	100.00%	1994
PT Adigraha Rancang Sempurna	Cianjur	Real Estate	--	100.00%	1994
PT Pesanggrahan Suripermata Agung	Cianjur	Real Estate	--	100.00%	1994
PT Dona Indo Prima	Cianjur	Real Estate	--	100.00%	--
PT Sukmaprima Sejahtera	Cianjur	Real Estate	--	100.00%	--
PT Sentra Asritama Realty Development	Tangerang	Installation and Water Treatment	--	100.00%	1994
PT Sentragraha Mandiri	Tangerang	Real Estate	--	100.00%	--
PT Tata Mandiri Daerah Lippo Karawaci	Tangerang	Town Management	--	100.00%	1999
PT Saptapersada Jagatnusa	Tangerang	Bowling	--	100.00%	1998
PT Sejatijaya Selaras	Jakarta	Real Estate	--	100.00%	--
PT Surya Makmur Alam Persada	Jakarta	Real Estate	--	100.00%	--
PT Bahtera Pratama Wirasakti	Jakarta	Real Estate	--	100.00%	--
PT Sentra Office Realty	Tangerang	Building Management	--	100.00%	1998
PT Dinamika Intertrans	Tangerang	Transportation	--	100.00%	1994
PT Imperial Karawaci Golf	Tangerang	Golf	--	100.00%	--
PT Agung Sepadan	Tangerang	Real Estate	--	100.00%	--
PT Prudential Townhouse Development	Jakarta	Real Estate	--	100.00%	--
PT Wahana Tatabangun Cemerlang Matahari	Jakarta	Real Estate	--	100.00%	--
PT Wahana Tatabangun Cemerlang	Jakarta	Real Estate	--	100.00%	--
PT Paragon City	Tangerang	Real Estate and Trading	--	100.00%	--
PT Bangun Karya Semesta	Jakarta	Development and Services	--	100.00%	--
PT Padang Indah City	Tangerang	Trading, Development and Services	--	100.00%	--
Bridgewater International Ltd	Seychelles	Investment and Trading	--	100.00%	2006
PT Lippo Karawaci Infrastructure & Utilitas Division	Tangerang	Construction and Services	--	100.00%	--
Brightlink Capital Pte Ltd	Malaysia	Investment, Trading and Services	--	100.00%	--
Evodia Strategic Investment Ltd	Malaysia	Investment, Trading and Services	--	100.00%	--
Great Capital Pte Ltd	Singapore	Investment, Trading and Services	--	100.00%	--
Key Capital Pte Ltd	Singapore	Investment, Trading and Services	--	100.00%	--
Globalink Investments Pte Ltd	Singapore	Investment, Trading and Services	--	100.00%	--
Fortuna Capital Pte Ltd	Singapore	Investment, Trading and Services	--	100.00%	--
PT St Moritz Management	Jakarta	Development, Trading and Services	--	100.00%	--
PT Kemang Village Management	Jakarta	Hotel	--	80.00%	--
PT Wisma Jatim Propertindo	Jakarta	Services	100.00%	--	--

## List of Subsidiaries

Subsidiary	Domicile	Main Business	Direct Ownership Percentage	Indirect Ownership Percentage	Year of Start of Operation
PT Maharama Sakti	Jakarta	Trading	--	100.00%	--
PT KemangParagon Mall	Tangerang	Development, Trading and Services	--	100.00%	--
PT Wahana Usaha Makmur	Jakarta	Real Estate	--	92.00%	--
PT Almaron Perkasa	Jakarta	Real Estate	--	92.00%	2005
PT Gelora Raya Semesta	Tangerang	Trading, Development	--	92.00%	--
PT Prima Aman Sarana	Jakarta	Services	--	92.00%	--
PT Kemang Multi Sarana	Jakarta	Real Estate and Urban Development	--	92.00%	--
PT Adhi Utama Dinamika	Jakarta	Real Estate	--	92.00%	--
PT Lipposindo Abadi	Jakarta	Trading	--	100.00%	--
PT Kemuning Satiatama	Jakarta	Trading	--	100.00%	--
PT Sentra Kharisma Indah	Jakarta	Services	--	80.00%	--
PT Sentra Goldhill Bussinesspark	Jakarta	Services	--	72.00%	--
PT Carakatama Dirgantara	Jakarta	Trading	--	100.00%	--
PT Ariasindo Sejati	Jakarta	Trading and Services	--	95.00%	--
PT Unitech Prima Indah	Jakarta	Real Estate	--	94.68%	2004
PT Karya Cipta Pesona	Medan	Accommodation Services	--	100.00%	--
PT Metropolitan Leisure Corporation	Jakarta	Trading and Services	--	100.00%	--
PT Kurniasindo Sejahtera	Jakarta	Trading and Services	--	100.00%	--
PT Graha Tata Cemerlang	Makassar	Real Estate	--	100.00%	2002
PT Guna Tata Carakatama	Makassar	Trading and Services	--	100.00%	2002
PT Lippo Land Cahaya Indonesia	Jakarta	Services	--	100.00%	2003
PT Lipposindo	Jakarta	Trading	--	100.00%	--
PT Pendopo Niaga	Jakarta	Real Estate	--	100.00%	--
PT Larasati Anugerah	Jakarta	Trading	--	100.00%	--
PT Dwisindo Jaya	Jakarta	Trading and Services	--	100.00%	--
PT Lippo Vacation	Jakarta	Trading	--	100.00%	--
PT Jagatpertala Nusantara	Jakarta	Real Estate	--	100.00%	2004
PT Wisma Sumut Propertindo	Jakarta	Services	--	100.00%	--
PT Mulia Mukti Persada Perkasa	Jakarta	Trading	--	100.00%	--
PT Kemang Village	Jakarta	Trading	--	100.00%	--
PT Menara Bhumimegah	Jakarta	Services	--	100.00%	2005
PT Jaya Usaha Prima	Jakarta	Real Estate	--	80.00%	--
PT Persada Mandiri Abadi	Jakarta	Real Estate	--	80.00%	2005
PT Menara Perkasa Megah	Jakarta	Real Estate and Urban Development	--	100.00%	2005
PT Pelangi Cahaya Intan Makmur	Sidoarjo	Trading	--	85.00%	--
PT Surya Mitra Jaya	Sidoarjo	Trading and Services	--	85.01%	2005
PT Citra Harapan Baru	Surabaya	Accommodation	--	99.99%	--
PT Niaga Utama	Jakarta	Trading	--	100.00%	--
PT Mitra Kasih Karunia	Jakarta	Real Estate	--	100.00%	--
PT Kreasi Megatama Gemilang	Tangerang	Development, Industry, Agribusinesses, Transportation, Trading and Services	--	100.00%	--
PT Consulting & Management Service Division	Tangerang	Services	--	100.00%	--
PT Kreasi Gemilang Perkasa	Tangerang	Development, Trading and Services	--	99.83%	--

## List of Subsidiaries

Subsidiary	Domicile	Main Business	Direct Ownership Percentage	Indirect Ownership Percentage	Year of Start of Operation
PT Saputra Karya	Jakarta	Real Estate and Urban Development	--	100.00%	--
PT Grand Provita	Tangerang	Real Estate	--	100.00%	--
PT Grand Prima Propertindo	Tangerang	Real Estate	--	65.00%	--
PT Pacific Sejahtera	Tangerang	Real Estate	--	100.00%	--
PT Satriamandiri Idola Utama	Jakarta	Real Estate	--	100.00%	--
PT Mahakaya Abadi	Jakarta	Real Estate	--	100.00%	--
PT Persada Mandiri Dunia Niaga	Jakarta	Real Estate	--	100.00%	--
PT Gapura Sakti Prima	Jakarta	Real Estate	--	78.60%	--
PT Menara Megah Tunggal	Jakarta	Real Estate	--	55.02%	--
PT Trias Mitra Investama	Jakarta	Real Estate	--	54.97%	--
PT Permata Agung Propertindo	Jakarta	Real Estate	--	100.00%	--
PT Kencana Mitra Lestari	Jakarta	Development, Transportation, Trading and Services	--	100.00%	--
PT Direct Power	Jakarta	Trading, Real Estate, Industry, Printing, Agribusiness, Transportation and Services	100.00%	--	--
PT Mitra Mulia Kreasi	Jakarta	Development, Trading, Real Estate, Industry, Printing, Agribusiness, Transportation and Services	--	80.00%	--
PT Bellanova Country Mall	Bogor	Development, Transportation, Trading and Services	--	80.00%	--
PT Sarana Global Multindo	Jakarta	Development, Transportation, Trading and Services	--	100.00%	--
PT Guna Sejahtera Karya	Jakarta	Development, Industry, Agribusiness, Garden, Trading and Services	--	100.00%	--
PT Citra Sentosa Raya	Jakarta	Trading, Real Estate, Industry, Printing, Agribusiness, Transportation and Services	--	100.00%	--
PT Gading Nusa Utama	Jakarta	Trading, Development, Industry, Agribusiness, Garden and Services	--	99.60%	--
Rosenet Limited	British Virgin Island	Investment	--	100.00%	--
Sea Pejaten Pte. Ltd	Singapore	Investment	--	100.00%	--
PT Panca Permata Pejaten	Jakarta	Trading, Development and Real Estate	--	100.00%	2008
Continental Investment Ltd	Malaysia	Investment, Trading and Services	--	100.00%	--
PT Sandiego Hills Memorial Park	Tangerang	Trading, Development, Transportation and Services	--	100.00%	2006
PT Pengelola Memorial Park	Tangerang	Development, Trading and Services	--	100.00%	--
PT CB Commercial	Tangerang	Development, Trading and Services	--	100.00%	--
PT Kemilau Karyacipta Persada	Tangerang	Development, Trading and Services	--	100.00%	--
PT Bumi Indah Pertiwi	Tangerang	Development, Trading and Services Public	--	100.00%	--
PT Lippo Cikarang Tbk	Bekasi	Real Estate	--	54.37%	1989
PT Great Jakarta Inti Development	Bekasi	Town Management and Real Estate	--	54.37%	1992
PT Tunas Pundi Baru	Bekasi	Town Management	--	54.37%	2010
PT Erabarur Realindo	Bekasi	Real Estate	--	54.37%	--
PT Dian Citimarga	Bekasi	Transportation	--	54.37%	1993
PT Kreasi Dunia Keluarga	Bekasi	Recreation services	--	54.37%	1993
PT Chandra Mulia Adhidharma	Bekasi	Property Management	--	54.37%	2011



## List of Subsidiaries

Subsidiary	Domicile	Main Business	Direct Ownership Percentage	Indirect Ownership Percentage	Year of Start of Operation
PT Tirtasari Nirmala	Bekasi	Water and Waste Treatment Plant	–	54.37%	2011
PT Waska Sentana	Bekasi	Real Estate	–	54.37%	2011
PT Swadaya Tenopolis	Bekasi	Real Estate	–	54.37%	2009
PT Bekasi Mega Power	Bekasi	Power Plant	–	54.37%	2009
PT Dunia Air Indah	Bekasi	Recreation Services	–	54.37%	2009
Pan Asian Investment Ltd	Vanuatu	Trading	–	100.00%	–
Crowmwell Investment Ltd	Vanuatu	Trading	–	100.00%	–
Indigo Fund Investment Fund Ltd	Cook Island	Investment	–	100.00%	–
Banksia Holdings Ltd	Cook Island	Trading	–	100.00%	–
PT Megapratama Karya Persada	Tangerang	Investment, Trading and Services	100.00%	–	–
PT Siloam International Hospitals	Jakarta	Healthcare	–	100.00%	–
PT Aritasindo Permaisemesta	Jakarta	Healthcare	–	100.00%	–
PT Perdana Kencana Mandiri	Jakarta	Development, Trading, Industry and Services	–	100.00%	–
PT Multiselaras Anugerah	Tangerang	Development, Trading and Services	–	100.00%	–
PT Nusa Medika Perkasa	Bekasi	Healthcare	–	71.00%	–
PT Siloam Graha Utama	Jakarta	Development, Transportation, Trading and Services	–	100.00%	–
PT East Jakarta Medika	Bekasi	Services	–	85.50%	2002
PT Guchi Kencana Emas	Jakarta	Development, and Services	–	100.00%	–
PT Golden First Atlanta	Jakarta	Healthcare	–	83.00%	2008
PT Prawira Tata Semesta	Jakarta	Development, and Services	–	100.00%	–
PT Balikpapan Damai Husada	Balikpapan	Healthcare	–	79.61%	2007
PT Siloam Emergency Services	Tangerang	Healthcare	–	100.00%	–
PT Utama Sentosa Abadi	Jakarta	Trading, Development and Services	–	100.00%	–
PT Karyatama Indah Sentosa	Tangerang	Trading, Development, Printing and Services	–	100.00%	–
PT Medika Harapan Cemerlang Indonesia	Tangerang	Trading, Industry and Services	–	100.00%	–
PT Perisai Dunia Sejahtera	Tangerang	Trading, Industry and Services	–	100.00%	–
PT Primakarya Dunia Sentosa	Tangerang	Trading, Industry and Services	–	100.00%	–
PT Siloam Sumsel Kemitraan	Tangerang	Trading	–	100.00%	–
PT Eramulia Pratamajaya	Jakarta	Healthcare	99.99%	0.01%	–
PT Siloam Karya Sejahtera	Jakarta	Trading	–	100.00%	–
PT Siloam Dinamika Perkasa	Jakarta	Trading, Development, Transportation and Services	–	100.00%	–
PT Siloam Sarana Karya	Jakarta	Healthcare	–	100.00%	2005
PT Siloam Tata Prima	Surabaya	Development,	–	100.00%	–
PT Mahaduta Purnama	Jakarta	Development, Transportation, Trading and Services	–	100.00%	–
PT Buana Mandiri Selaras	Jakarta	Development and Services	–	100.00%	–
PT Serasi Adikarsa	Jakarta	Services, Healthcare	0.01%	99.99%	–
PT Abadi Jaya Sakti	Tangerang	Investment, Trading and Services	100.00%	–	–
PT Shimatama Graha	Jakarta	Restaurant, Cafe and Catering	–	100.00%	1989
PT Aryaduta International Management	Jakarta	Management Services	–	100.00%	1998
PT Aryaduta Surabaya Management	Surabaya	Services	–	100.00%	–
PT Aryaduta Medan Management	Medan	Services	–	100.00%	–
PT Aryaduta Karawaci Management	Tangerang	Services	–	100.00%	–

## List of Subsidiaries

Subsidiary	Domicile	Main Business	Direct Ownership Percentage	Indirect Ownership Percentage	Year of Start of Operation
PT Aryaduta Makassar Management	Makassar	Services	--	100.00%	--
PT Aryaduta Residences	Jakarta	Services	--	100.00%	--
PT Aryaduta Hotels & Resorts	Jakarta	Services	--	100.00%	--
PT Graha Jaya Pratama	Tangerang	Real Estate	100.00%	--	--
PT Tataguna Cemerlang	Jakarta	Trading, Real Estate and Pengembangan	--	100.00%	--
PT Aresta Amanda Lestari	Jakarta	Trading	--	99.99%	--
PT Aresta Permata Utama	Jakarta	Trading	--	99.99%	--
PT Fajar Usaha Semesta	Jakarta	Trading	--	99.99%	--
PT Fajar Raya Cemerlang	Jakarta	Trading	--	99.99%	--
PT Fajar Abadi Aditama	Jakarta	Trading	--	99.99%	--
PT Nuasa Indah Lestari	Jakarta	Trading	--	100.00%	--
PT Metropolitan Permaisemesta	Jakarta	Trading	--	89.74%	--
PT Makassar Permata Sulawesi	Makassar	Trading	--	88.66%	--
PT Gowa Makasar Tourism Development Tbk	Makassar	Real Estate	4.92%	45.33%	1997

# Profile of the Board of Commissioners



**Theo L. Sambuaga**  
President Commissioner

Mr. Theo L. Sambuaga, age 62, has served as Indonesia's Minister of National Housing and Minister of Labor where he gained abundant insight and experience which is beneficial for the real estate development projects of the company. He provides differing points of view that add to the success of the Company's planned projects. As a former member of the People's Consultative Assembly, he is conversant with many of the socio-economic and regional issues that affect Indonesia. Mr. Sambuaga is currently the President of Lippo Group, President of Berita Satu Media Holding and Commissioner of PT First Media Tbk and PT Multipolar Tbk. Mr. Sambuaga obtained his undergraduate degree in Social and Political Studies from well renowned Universitas Indonesia, and has received a graduate degree from the School of Advanced International Studies at Johns Hopkins University, USA.



**Surjadi Soedirdja**  
Vice President Commissioner

Mr. Surjadi Soedirdja, age 73, in his extensive work experience has acquired a broad knowledge of urban development. He serves concurrently as a Senior Advisor to PT Krakatau Steel. Formerly, he has served as both the Coordinating Minister for Political, Social and Security Affairs and as Minister of Home Affairs, as well as the Governor of Jakarta. Prior to his political career, Mr. Soedirdja had a very distinguished career in the Indonesian Armed Forces, retiring with the rank of General.



**Agum Gumelar**  
Independent Commissioner

Mr. Agum Gumelar, age 66, is a decorated Armed Forces General, with over 30 years of experience in managing large scale organizations and complex operations. He has a sound reputation in developing and implementing national policies in the infrastructure, transportation and national security sectors. Mr. Gumelar has served as both the Minister of Transportation & Telecommunications and as Coordinating Minister for Political Affairs, Social and Security. In addition to his military education, Mr. Gumelar also holds a Master of Science degree in Management from American World University, USA.



**Tanri Abeng**  
Independent Commissioner

Mr. Tanri Abeng, age 70, brings his vast experience in the government sector, large multinational corporations and excellent corporate governance to Lippo Karawaci. His former positions, among others, include the Commissioner of the Jakarta Stock Exchange, Minister of State-Owned Enterprises and member of the People's Consultative Assembly. In addition, he was the 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. Abeng earned his MBA degree from the State University of New York, and completed the Advanced Management Program at Claremont Graduate School, Los Angeles, USA.



**Farid Harianto**

Independent Commissioner

Mr. Farid Harianto, age 59, is currently serving as a Special Staff to the Vice President of the Republic of Indonesia, and is an advisor to the Governor of Bank Indonesia. He is a member of the Asian Executive Advisory Board of the Wharton School, University of Pennsylvania, and is a member of The President's Advancement Advisory Council of the National University of Singapore. He sits as a member of various corporate boards including PT Pos Indonesia, PT BATA Indonesia, PT Unggul Indah Cahaya Tbk and PT Lippo Karawaci Tbk, and serves as a member of the risk oversight committee of Bank International Indonesia Tbk, and as a contributing editor to Globe Asia magazine.

Over the past thirty years, Mr. Harianto's professional career has encompassed the academics, the public as well as private sectors. He served as an advisor for many leading companies in Indonesia, and for various international organizations including FIAS/the World Bank, ADB, CIDA, and IDRC. He was the CEO of the Credit Rating Company Indonesia (1995-1998) and was then appointed as the Deputy Chairman of the Indonesian Bank Restructuring Agency (IBRA; 1998-2000). During his tenure at IBRA, he spearheaded the consolidation (closing, merging and recapitalization) of the banking sector and the negotiation and settlement with banks' controlling shareholders resulting in billions of dollars of assets being transferred to IBRA. He earned his Masters and PhD (with distinction) from the University of Pennsylvania-the Wharton School in applied economics and managerial science.



**Jonathan L. Parapak**

Independent Commissioner

Mr. Jonathan L. Parapak, age 69, has broad and extensive experience in large private and state-owned enterprises. His former positions include, among others, President Director of PT Indosat, Secretary-General of the Department of Tourism, Post and Telecommunication, and a member of the People's Consultative Assembly. In addition to his current position as Commissioner of Lippo Karawaci, he is also a Commissioner of PT AsiaNet and PT Broadband Multimedia, as well as being a Commissioner of several companies within the Lippo Group, including PT Multipolar Tbk and PT Matahari Putra Prima Tbk. Mr. Parapak earned his Bachelor of Engineering and Master of Engineering Science degree from the University of Tasmania, Australia.





**Viven G. Sitiabudi**

Commissioner

Mrs. Viven G. Sitiabudi, age 56, has had an outstanding career in many companies. Her experience in general management, corporate planning and marketing brought success to Lippo Karawaci. She is now the Executive Director and CEO of Lippo Malls Indonesia Retail Trust Management Ltd. She pioneered PT Lippo Life Insurance and assumed the position of President Director until 1995. Under her leadership, the company successfully established its position as one of the largest life insurance companies in Indonesia and initiated its Initial Public Offering. Previously, Mrs. Sitiabudi was the CEO of Legal and General Australia's operations in Indonesia and Vice President Director of Allianz Life Indonesia. Mrs. 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 56, brings his in-depth expertise in accounting and corporate finance to Lippo Karawaci. Prior to joining the Company, Mr. 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 52, is very knowledgeable in land development regulations and requirements for its successful developments. He has been instrumental in successfully negotiating a large part of the Lippo Group's land acquisitions in the past and will continue to perform this function 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. Libianto graduated from Universitas Brawijaya, Malang, with a degree in Accounting.



### **E. Yudhistira Susiloputro**

Director

Mr. E. Yudhistira Susiloputro, age 52, has a long tenure in the property business. He started his career at PT Lippo Cikarang Tbk in 1992. He was appointed President Director of PT Lippo Cikarang Tbk in 1999, and Commissioner of PT Lippo Cikarang Tbk in 2007. Mr. Susiloputro social activities 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 (Specific Economic Zone), Bekasi, West Java. In December 2010, he was appointed as the Vice President of the International Real Estate Federation FIABCI. Mr. 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 49, has used his architectural talent and experience to create and effectively market many of Lippo Karawaci's successful projects. A former Project Designer with Tritipo & Associates in San Diego, California, USA and Project Manager and Designer with the Pacific Architecture and Planning Group, San Diego, California. Mr. Rusli has also served as Director of PT Califa Pratama, a subsidiary of Gunung Sewu & Duta Anggada Realty. Mr. Rusli received a Bachelor's degree in Architecture from the University of Oregon, and MBA degree in Real Estate from the National University, San Diego, USA.



**Djoko Harjono**

Director

Mr. Djoko Harjono, age 53, started his career as an Engineer in several reputable construction companies in United States (1983 – 1994). Prior to joining the Company in 2005 as Project Director, he held several key positions within the Lippo Group from 1994 until 2002, and was appointed as Director of PT. Matahari Putra Prima Tbk for Property and Business Development from 2002 until 2005. Mr. Harjono earned his Bachelor of Science, Master of Business Administration and Master of Science in Civil Engineering from San Jose State University, California, USA.



**Roberto Fernandez Feliciano**

Director

Mr. Roberto Feliciano, age 57, commenced his career as a Trainee in OESCO International in Manila – Philippines, and later as a Project Assistant at M Krugger Ltd. in Copenhagen – Denmark. He was assigned to various management positions in the International Division of Manufacturers Hanover Trust Bank, NY in New York for 11 years. Later, he joined Lippo Group and held various senior position including Director of PT Lippo Pacific Finance, Commissioner of PT Lippo General Insurance, Director of PT Lippo E-Net, and Director of PT First Media. He obtained his Bachelor of Science in Business Administration from Ateneo De Manila University in Manila, Philippine, and MBA from Babson College in Wellesley – Massachusetts, USA.



**Ivan S. Budiono**

Director

Mr. Ivan Budiono, age 53, commenced his career at PT Bank Lippo Tbk, from 1987 to 2004 he was assigned to various senior positions as Regional Head, Branch Banking Group Head, Central Credit Group Head, and as a member of the Board of Directors for Commercial Banking. Prior to joining Lippo Karawaci, he was the President Director/CEO of PT Lippo General Insurance Tbk from 2005 – 2011. Mr. Budiono graduated from the Chemical Engineering Faculty of the University of Southern California - Los Angeles in 1983 and obtained his MBA degree in 1986 from the Loyola Marymount University - Los Angeles.



# Profile of the Senior Executives



**Craig Williams**

Mr. Craig Williams, age 48, is a career property professional who has extensive experience in both the Australian and Indonesian property markets. He spent 19 years with professional services firm Jones Lang LaSalle (JLL), beginning his career with JLL in North Sydney in 1985 handling investment property transactions. From 1989 - 1997 Mr. Williams was posted to Jakarta, where from 1993-1997 he was the Chief Executive Officer of the firms' Indonesian Operations, which at the time were associated with PT Procon Indah. From 1997-2004 he held various positions with JLL in Australia including CEO Australasia and MD Capital Markets Asia-Pacific.

From 2005 - 2010 Mr. Williams was Managing Director of a boutique funds management operation in Sydney which specialised in both direct and indirect real estate funds management. He returned to Indonesia in 2011 to join his former Client, Lippo Group, as Managing Director - Property. Mr. Williams is a qualified property Valuer in Australia and is a Fellow of the Australian Property Institute.



**Mark Wong**

Mr. Mark Wong, age 64, a Singaporean, 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 fifth 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 held board positions. Prior to joining Lippo Karawaci, Mr. Wong was involved in Merger & Acquisition and financial advisory transactions. 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. Wong is a business graduate from the University of Singapore and University of Pennsylvania, USA. Mr. Wong has been Investor Relations Director of Lippo Karawaci since 2008.



### **Susanto**

Mr. Susanto, age 42, is an experienced finance and accounting professional. Starting his career in Prasetyo, 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 earned his Accounting degree from STIE “YAI”, Jakarta.



### **Jenny Kuistono**

Mrs. Jenny Kuistono, age 49, has an extensive knowledge in regulations and compliances required by the Company as a public company. Prior to her appointment as the Corporate Secretary of Lippo Karawaci in 2004, she was the President Director and Commissioner of PT Sharestar Indonesia, General Manager PT Jasa Century Permai Nusantara (JCPenny) and Director of PT Multipolar Tbk until July 2004. Mrs. Kuistono was also the Director of PT Multifiling Mitra Indonesia Tbk. Mrs. Kuistono graduated from Universitas Trisakti, Jakarta with Bachelor's degree in Electrical Engineering.



**Gordon Benton, OBE**

Mr. Gordon Benton, age 79, has extensive experience in urban planning, city management, conceptual architectural and construction design, and project and municipal management. Mr. 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. 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.



**Meow Chong Loh**

Mr. Meow Chong Loh, age 59, joined the Company as the President Director of Lippo Cikarang in 2007. He began his professional career as Senior Project Manager then as Executive Director at Pembinaan Desakota Sdn. Bhd. in Malaysia. In 1989, he moved to the USA and became a partner in UniCon Development and then President of Euston Development Corporation/Monfric Construction Inc. Returning to Asia in 1995, he oversaw the construction of two large coal powered plants in China. As Senior Vice President of Ascendas – A JTC Company, he involved in the complete development of large industrial parks in Vietnam and The Philippines during the Asian financial crisis. As General Manager for Tan Chong Motor Holdings Berhad, he completed the construction of a Nissan Car Assembly plant in Malaysia. Mr. Loh obtained a Bachelor of Science degree in Civil Engineering from the National Taiwan University.



**Ninik Nathan**

Prior to her appointment as the CFO of Lippo Homes, Mrs. Ninik Nathan, age 47, held various senior positions in the Company including Chief of Staff to the CEO and Chief of Marketing of Strata Malls. She was also the Associate Director of Consumer Banking of PT Lippo Bank Tbk and Director of PT Lippo Merchants Finance. She obtained her Bachelor of Arts from University of Washington, Seattle, USA.



**Billy Sindoro**

Mr. Billy Sindoro, age 52, began his working career with the Lippo Group in 1986 and has since held a number of top-level positions in banking, insurance, finance, investment, telecommunications, multimedia, and technology companies within the Group. Mr. Sindoro holds a Master's degree in Business Administration from the University of South Dakota, USA (1985) and has received number of accolades, including scholarships and academic awards for his outstanding contribution to the community over the last two decades.



**dr. Gershu Paul**

With 25 years experience in health service planning and strategy development, dr. Gershu Paul, age 53, drives the Siloam Vision, leads the Group's expansion strategy and manages hospital operations. Dr. Gershu's background includes health service planning, organisation transformation and leading and managing all phases of a project life cycle, from needs assessment, through to implementation. Dr. Gershu's sound experience in health service strategy development, project management and clinical operations has facilitated his skill development in formulating and implementing solutions to complex operations in a multi-national environment. Dr. Gershu holds a Bachelor degree in Surgery and Medicine from the University of Bangalore, India and a Diploma of Sports Studies and an MBA from the University of Otago, NZ. He is also a fellow of the Royal Australasian College of Medical Administrators and attended the executive program at Harvard Medical School, USA.



**dr. Grace Frelita**

dr. Grace Frelita, MM, age 55, has dedicated over 25 years to the healthcare services development in Indonesia. One of her notable achievements was introducing the Joint Commission International Accreditation along with colleagues, to the Siloam Hospitals Lippo Village in 2007 and again in 2010. dr. Grace's strong leadership and organisational skills have contributed to the development of the company from the ground up and her unwavering devotion to the community exemplifies her strong character and moral fibre. dr. Grace holds a Masters degree in Management, majoring in Hospital Administration from the University of Esa Unggul. Her Medical degree was earned at Universitas Katolik of Atmajaya dr. Grace is on the committee for the Indonesian Doctors Association (Ikatan Dokter Indonesia), is the Chairman of International Accreditation Division with the Indonesian Hospitals Association (Persatuan Rumah Sakit Seluruh Indonesia), the Vice Chairman of Strategic Healthcare Committee with the Indonesian Chamber of Commerce (KADIN) and is on the National Patient Safety Committee.



**Romeo F. Lledo**

As the Finance Director at Siloam Hospitals, Mr. Romeo Lledo, age 57, leads the Group's Accounting and Financial management and strategy, planning and forecast. After spending 11 years of his professional life as a Certified Public Accountant, Mr. Lledo has gone on to serve 24 years in Commerce and Industry Management. Having served in executive positions in various companies both in the Philippines and Indonesia, he brings a wealth of knowledge to the Siloam management team. Mr. Lledo's educational achievements include his Certification as a Certified Public Accountant in the Philippines, completion Management Programs at the Asian Institute of Management, and the Strategic Business Economics for Senior Executives which leads to Master's degree in Business Economics. Mr. Lledo's previous positions with The Salim Group and SGV & Co. (Ernst & Young International) has enabled his development of a vast range of experiences, among others, in manufacturing, agribusiness and plantation, broadcasting and multimedia, logging and mining, utilities and services.





#### **dr. Anang Prayudi**

With more than 25 years health experience with the Indonesian Army (TNI-AD) and International SOS, dr. Prayudi, age 49, strives to drive the Group's strategy and development plan for start up. He received his Diploma of Medicine (Medical Doctor) from the University of Brawijaya Malang, East Java and his Master of Occupational Medicine from the University of Indonesia. He is also a qualified Instructor of ITLS (International Trauma Life Support) for ISOS Indonesia Chapter, MRO (Medical Review Officer) certification from the Quest Diagnostic London and ACLS (Advanced Cardiac Life Support) provider. dr. Prayudi is currently undergoing training in General and Emergency Medical Care (PGEMC) at Post Graduate Medical Institute (PGMI) of Singapore General Hospital in affiliation with National University of Singapore.



#### **Johana Soeharto**

Mrs. Johana Soeharto, age 47, as the Director of Network Development heads Siloam's ambitious expand its catchment across the country. Mrs. Soeharto's 22 years experience in the banking industry, combined with her sociable nature, enables her to effectively drive the Group's Network and Development strategies. Working together with each hospital, Mrs. Soeharto aims to ensure every patient is handled with utmost care and receives physical, psychological and spiritual healing through our people.



#### **Sugiangananto Budisuharto**

Mr. Sugiangananto Budisuharto, age 53, has more than 30 years management experience in financial and insurance sectors. He is active and well - known within financial organization and sectors especially because of his former experience in Lippo Bank, Lippo Life and AIG Life before joining Siloam Hospitals Group in 2010. His interest in financial and passion in teaching is seen in his involvement as visiting lecturer for university, speaker for seminar and his role as Senior Executive for Universitas Pelita Harapan since 2008. He is also the founder and former Chairman of Financial Planner Association of Indonesia and Director of AON Indonesia.



**Michael Riady**

Mr. Michael Riady, age 31, gained abundant insight and experience, which is beneficial for the Company, when he started his career in a several reputable companies in the USA, among others, Phelps and Phillips Law Firm, ICM AIG-Sun America Securities and Fidelity Investments. Prior to his current position as the President of Lippo Malls, he held several key positions within the Lippo Group. Mr. Riady earned his Master of Business Administration from UCLA Anderson School of Management National University of Singapore.



**Eddy Mumin**

Mr. Eddy Mumin, age 43, brings his extensive experience, of over 17 years, in property and asset management, leasing, marketing and building management to Lippo Karawaci's retail mall division. His former positions prior to joining Lippo Karawaci, among others, include CEO of PT Arah Sejahtera Abadi and Deputy COO of PT Manggala Gelora Perkasa. Mr. Mumin obtained his Bachelor's degree in Graphic Design from Universitas Trisakti.

## Profile of the Senior Executives



### Michael King

Mr. Michael King, age 58, currently manages the business of the Development Division - Lippo Malls working in conjunction with Finance, Leasing, Marketing, Construction and Management. He has an outstanding career as a Development Director leading teams in the procurement, design, feasibilities, development, establishment of operations and management of numerous retail, residential and commercial properties in Australia and Internationally. His latest retail development projects were the predominant component of several mixed-use major developments in South East Queensland, Australia, including the 'Big Top Shopping Mall' site proposed development on The Sunshine Coast in Queensland. Mr. King has previously been engaged as the Development Director for Austcorp, The Raptis Group in Queensland, BHP in New South Wales and Fletcher Challenge in Australia and Hong Kong. Prior to those engagements he worked as the Development Manager for Merlin International Properties at Darling Harbour, Sydney, working on festival marketplace style of retail developments throughout the eastern States of Australia and Challenge Properties/Lend Lease Joint Venture where he managed several shopping mall redevelopments throughout New Zealand including The St Luke's Shopping Mall in Auckland. He has undertaken Architectural Studies at RMIT in Victoria and an MBA degree course at the University of Queensland.



### Mark Robert Farquhar

Mr. Mark Farquhar, age 41, has an outstanding record in project developments, particularly in planning, optimization, consultancy, project leasing management and marketing, 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 member 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 Lasalle Western Australia, State Asset Manager of FPD Savills Western Australia in charge of leasing and management of shopping centres. He obtained his Bachelor of Commerce in Property & Finance from Curtin University of Western Australia. Mr. Farquhar also holds a Real Estate and Business Agents License from the Real Estate Institute of Western Australia.



### Gwen Au Ying Ling

Ms. Gwen Au Ying Ling, age 35, has extensive experience in retail promotions and advertising with a strong track record in establishing and managing teams, promotions and events in leading shopping malls within China, Indonesia, Singapore and Malaysia. Prior to joining Lippo Karawaci she held various senior positions, among others, Portfolio Marketing Manager of DTX Nawawi Tie Leung Property Consultants Sdn Bhd, Marketing & PR Director of Treasury Holdings China Ltd, and General Manager Marketing of PT Grand Indonesia. She earned her Bachelor of Communication Studies with Honors from NTU School of Communication and Information, Singapore.



**Jessy Quantero**

Ms. Jessy Quantero, age 57, had served in several strategic positions within the Lippo Group since 1990, before serving as CEO of The Aryaduta Hotels since 2009. After seven years of dedication at PT Bank Lippo Tbk with the last position as Deputy Regional Office Head, she was appointed as Director for PT Siloam Gleneagles Health Care Tbk. Siloam Group, 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. Quantero worked as an 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 54, has extensive knowledge in hotel and tourism via his experience in Europe, the Middle East, the Caribbean and Asia. He has been the Chief Operating Officer of Aryaduta Hotels since 2007. Prior to joining Aryaduta Hotels, he held 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).

# Responsibility for the 2011 Annual Report

The Board of Commissioners and Board of Directors of PT Lippo Karawaci Tbk have reviewed and are fully responsible for this 2011 Annual Report, including the accompanying financial statements and related financial information.

Lippo Village, March 2012

## 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

**Viven G. Sitiabudi**  
Commissioner

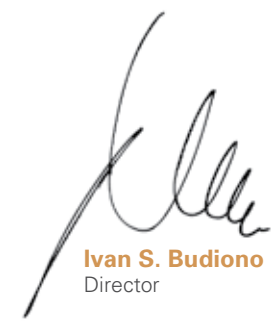
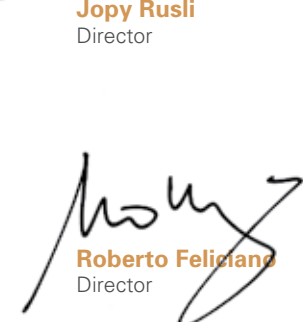


## Board of Directors



**Ketut Budi Wijaya**  
President Director

**Tjokro Libianto**  
Director

**Jopy Rusli**  
Director



**E. Yudhistira Susiloputro**  
Director

**Djoko Harjono**  
Director

**Roberto Feliciano**  
Director

**Ivan S. Budiono**  
Director





# Financial Report

# **PT LIPPO KARAWACI Tbk**

## **AND SUBSIDIARIES**

Consolidated Financial Statements

For the Years Ended

31 December 2011 and 2010,

Consolidated Statements of Financial Position

As of 1 January 2010 / 31 December 2009



**DIRECTORS' STATEMENT  
ON  
THE RESPONSIBILITY FOR PT LIPPO KARAWACI TBK  
CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2011**

We the undersigned:

- |  |  |
|--|--|
| 1. Name                                      | : Ketut Budi Wijaya  |
| Address                                      | : Menara Matahari Lt. 22<br>Jln. Bulevar Palem Raya No. 7<br>Lippo Karawaci, Tangerang 15811         |
| Residential Address<br>(as in identity card) | : Jln. Percetakan Negara II/3<br>Johar Baru, Jakarta Pusat.  |
| Telephone                                    | : (021)2566 9000   |
| Title  | : President Director   |
| 2. Name                                      | : Tjokro Libianto  |
| Address                                      | : Menara Matahari Lt. 22<br>Jln. Bulevar Palem Raya No. 7<br>Lippo Karawaci, Tangerang 15811         |
| Residential Address<br>(as in identity card) | : Jln. Kembangan Utama Blok L.J. No. 10<br>Rt 010/Rw 009 Kembangan Utara<br>Kembangan, Jakarta Barat |
| Telephone                                    | : (021)2566 9000   |
| Title  | : 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, 17 February 2012  
**PT Lippo Karawaci Tbk**

**Ketut Budi Wijaya**  
President Director



**Tjokro Libianto**  
Director

*This report is originally issued in Indonesia language*

**Number : R/081.AGA-E/dwd.3/2012**

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## **Independent Auditors' Report**

The Stockholders, Commissioners and Directors  
**PT Lippo Karawaci Tbk**

We have audited the accompanying consolidated statements of financial position of PT Lippo Karawaci Tbk ("the Company") and subsidiaries as of December 31, 2011 and 2010, and January 1, 2010 / December 31, 2009, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2011 and 2010. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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, 2011 and 2010, which reflected a total assets of Rp 487,194 million and Rp 358,990 million as of December 31, 2011 and 2010, respectively, and a total revenue of Rp 189,241 million and Rp 118,479 million for the years then ended, respectively. Those financial statements were audited by other independent auditors, whose reports dated February 16, 2012 and January 24, 2011, 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.

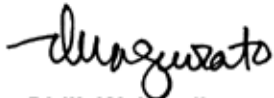
We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An 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 statements 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 consolidated financial position of PT Lippo Karawaci Tbk and subsidiaries as of December 31, 2011 and 2010, and January 1, 2010 / December 31, 2009 and the consolidated results of their operations, their changes in equity and their cash flows for the years ended December 31, 2011 and 2010, in conformity with the Indonesian Financial Accounting Standards.



## RSM AAJ Associates

As described in the Note 2.a to the consolidated financial statements, the Company and subsidiaries have implemented certain Statements of Financial Accounting Standards which became effective starting January 1, 2011, on a prospective and a retrospective basis. Accordingly, the consolidated statement of financial position as of January 1, 2010 / December 31, 2009 has been restated.



**Didik Wahyudiyanto**

Public Accountant License Number: AP.0502

Jakarta, February 17, 2012

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The accompanying consolidated financial statements are not intended to present the consolidated financial position, results of operations and changes in 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 STATEMENTS OF FINANCIAL POSITION**  
 As of December 31, 2011 and 2010 and January 1, 2010/December 31, 2009  
 (Expressed In Full Rupiah, Unless Otherwise Stated)

ASSETS	Notes	December 31, 2011	December 31, 2010	January 1, 2010/ December 31, 2009
		Rp	Rp	Rp
Cash and Cash Equivalent	3.c, 3.d, 3.f, 3.y, 4, 10, 37, 39,	2,174,560,697,339	3,660,087,191,120	1,533,259,921,843
Investments	3.c, 3.e, 3.y, 5, 10, 37, 39	2,435,250,851,937	534,223,727,332	498,496,367,809
Trade Accounts Receivable	3.c, 3.g, 3.y, 3.z, 6, 37, 39			
Third Parties		561,856,099,019	656,604,474,581	530,422,288,809
<i>(Net of allowance for doubtful accounts of         Rp 44,731,336,807, Rp 44,734,119,179 and         Rp 52,696,124,794 as of December 31, 2011 and 2010,         and January 1, 2010/December 31, 2009, respectively)</i>				
Related Parties	3.f, 10	2,779,461,708	5,083,171,699	7,713,338,502
<i>(Net of allowance for doubtful accounts of         Rp 749,719,412 as of January 1, 2010/         December 31, 2009)</i>				
Other Accounts Receivable	3.c, 3.t, 3.y, 3.z, 7, 35.c, 37, 39	358,920,595,562	141,624,955,538	183,522,948,292
<i>(Net of allowance for doubtful accounts of     Rp 6,353,293,962 as of December 31, 2011 and 2010,     respectively and Rp 7,135,675,394 as of January 1, 2010/     December 31, 2009)</i>				
Inventories	3.h, 3.m, 8	7,892,170,591,837	7,068,539,007,802	5,893,283,214,333
<i>(Net of allowance for decline in inventory value of     Rp 39,505,683 as of December 31, 2011 and 2010,     and January 1, 2010/December 31, 2009, respectively)</i>				
Prepaid Taxes and Expenses	3.i, 3.l	305,216,674,671	255,637,355,778	230,805,594,045
Advances	9	738,765,092,504	699,295,415,957	192,710,855,542
Due from Related Parties	3.f, 3.y, 3.z, 10, 39	10,102,936,910	9,373,247,862	12,887,018,903
<i>(Net of allowance for doubtful accounts of     Rp 12,004,700,338, Rp 12,255,328,472 and     Rp 11,724,811,276 as of December 31, 2011 and 2010,     and January 1, 2010/December 31, 2009, respectively)</i>				
Deferred Tax Assets - Net	3.v, 3.z, 18.b	77,480,992,299	72,636,806,041	61,129,611,748
Land for Development	3.h, 3.m, 11	987,757,345,136	953,759,187,924	985,301,853,498
Investment Property	3.j, 3.l, 3.n, 12	528,400,307,942	517,985,863,654	421,018,137,130
<i>(Net of accumulated depreciation of Rp 71,487,590,028,     Rp 46,246,106,530 and Rp 24,766,419,985     as of December 31, 2011 and 2010, and     January 1, 2010/December 31, 2009, respectively)</i>				
Property and Equipment	3.k, 3.l, 3.n, 3.z, 13	1,556,124,819,331	1,206,374,544,429	1,245,661,350,665
<i>(Net of accumulated depreciation of     Rp 967,491,387,814, Rp 808,428,507,527     and Rp 720,751,144,553 as of December 31, 2011 and 2010,     and January 1, 2010/December 31, 2009, respectively)</i>				
Intangible Assets	3.p, 14	210,276,495,852	104,623,556,841	133,888,176,502
Other Assets	3.c, 3.y, 15, 35.a, 37, 39	419,508,452,837	269,536,413,368	197,543,333,175
<b>TOTAL ASSETS</b>		<b>18,259,171,414,884</b>	<b>16,155,384,919,926</b>	<b>12,127,644,010,796</b>

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

**PT LIPPO KARAWACI Tbk AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)**

As of December 31, 2011 and 2010 and January 1, 2010/December 31, 2009

(Expressed In Full Rupiah, Unless Otherwise Stated)

LIABILITIES AND EQUITY	Notes	December 31, 2011	December 31, 2010	January 1, 2010/ December 31, 2009
		Rp	Rp	Rp
<b>LIABILITIES</b>				
Loans - Third Parties	3.c, 3.m, 3.y, 16, 37, 39	3,753,098,394,403	3,375,862,742,114	2,883,801,146,170
Trade Accounts Payable	3.c, 3.y, 37, 39			
Third Parties		416,870,564,924	265,820,833,435	284,355,158,707
Related Party	3.f, 10	—	9,710,280,000	10,152,000,000
Other Accounts Payable	3.c, 35, 37, 39	80,304,858,641	194,955,274,696	139,376,768,103
Accrued Expenses	3.c, 3.t, 3.u, 17, 35.c, 37, 39	329,498,785,935	487,353,660,423	480,201,717,418
Taxes Payable	3.v, 18.c	166,090,643,179	202,293,996,406	148,238,887,532
Advances from Customers	3.u, 3.y, 19, 39	2,371,269,493,293	1,678,589,772,974	1,249,951,529,862
Customers' Deposits	3.y, 39	42,502,042,308	27,417,395,136	15,710,783,162
Deferred Income	3.f, 3.u, 10, 20	903,347,985,847	910,929,546,289	906,835,381,734
Due to Related Parties	3.f, 3.y, 10, 39	4,447,347,258	10,307,468,479	23,643,836,417
Deferred Gain on Sale and Leaseback Transactions	3.l, 21, 35.b	639,551,620,412	695,637,180,197	584,196,843,025
Post-Employment Benefits Liability	3.r, 3.z, 22	143,171,484,230	117,089,448,839	112,248,363,748
<b>Total Liabilities</b>		<b>8,850,153,220,430</b>	<b>7,975,967,598,988</b>	<b>6,838,712,415,878</b>
<b>EQUITY</b>				
<b>Equity Attributable to Owner of the Parent Company</b>				
Capital Stock				
Par Value - Rp 100				
Authorized Capital - 64,000,000,000 shares as of December 31, 2011 and 2010, and 40,000,000,000 shares as of January 1, 2010/December 31, 2009				
Issued and Fully Paid - 23,077,689,619 and 21,627,689,619 shares as of December 31, 2011 and 2010, respectively, and 17,302,151,695 shares as of January 1, 2010/December 31, 2009	23	2,307,768,961,900	2,162,768,961,900	1,730,215,169,500
Additional Paid-in Capital - Net	24	4,043,613,274,615	3,244,737,189,310	1,304,222,206,548
Difference in Value from Restructuring Transactions between Entities Under Common Control - Net	3.b, 3.s, 25	19,535,347,265	19,535,347,265	19,535,347,265
Unrealized Gain (Loss) on Changes in Fair Value of Available-for-Sale Financial Assets	3.y, 5.a, 27, 37	(214,851,685,152)	25,583,562,051	58,597,260,712
Difference from Foreign Currency Translations	3.c	9,540,001,087	3,281,827,017	(3,814,354,758)
Changes in Equity Transaction of Subsidiaries	26	(177,677,727,750)	—	—
Treasury Stock	23	(61,731,458,788)	—	—
Retained Earnings				
Appropriated		5,000,000,000	4,000,000,000	3,000,000,000
Unappropriated		2,902,500,486,689	2,250,001,459,123	1,775,485,869,998
<b>Total Equity Attributable to Owner of the Parent Company</b>		<b>8,833,697,199,866</b>	<b>7,709,908,346,666</b>	<b>4,887,241,499,265</b>
<b>Non-Controlling Interest</b>	3.b	<b>575,320,994,588</b>	<b>469,508,974,272</b>	<b>401,690,095,653</b>
<b>Total Equity</b>		<b>9,409,018,194,454</b>	<b>8,179,417,320,938</b>	<b>5,288,931,594,918</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>18,259,171,414,884</b>	<b>16,155,384,919,926</b>	<b>12,127,644,010,796</b>

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

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

For the Years Ended December 31, 2011 and 2010

(Expressed In Full Rupiah, Unless Otherwise Stated)

	Notes	2011 Rp	2010 Rp
<b>NET SALES, SERVICES AND OTHER REVENUES</b>	3.f, 3.u, 3.z, 10, 29	4,189,580,354,855	3,125,312,604,025
<b>COST OF SALES AND SERVICES</b>	3.u, 3.z, 30	(2,293,260,256,746)	(1,601,542,288,803)
<b>GROSS PROFIT</b>		<b>1,896,320,098,109</b>	<b>1,523,770,315,222</b>
Selling Expenses	3.u, 31.a	(217,781,474,334)	(185,968,223,638)
General and Administrative Expenses	3.u, 31.b	(750,542,491,683)	(616,442,769,777)
Amortization Expenses - Net	3.l, 3.p, 3.y	(50,258,372,845)	(49,486,903,223)
Penalty Income (Expenses) - Net	32	(14,236,399,924)	6,738,739,974
Gain (Loss) on Foreign Exchange - Net	3.c	(6,727,591,726)	92,714,434,789
Interest Expense - Net	33	(776,546,729)	(21,502,225,224)
Dividend Income		71,398,263,601	--
Others Income (Charges)- Net		55,048,439,189	(36,725,763,859)
Share in the Profit of Associates	3.e, 5.b	2,366,381,400	6,156,047,506
<b>PROFIT BEFORE INCOME TAX BENEFIT (EXPENSE)</b>		<b>984,810,305,058</b>	<b>719,253,651,770</b>
<b>INCOME TAX BENEFIT (EXPENSE)</b>	3.v, 18.a		
Current		(175,560,142,390)	(136,239,927,283)
Deferred		4,844,186,258	11,507,194,293
Total Income Tax Expense		(170,715,956,132)	(124,732,732,990)
<b>PROFIT FOR THE YEAR</b>		<b>814,094,348,926</b>	<b>594,520,918,780</b>
<b>OTHER COMPREHENSIVE INCOME NET OF TAX:</b>			
Unrealized Loss on Changes in Fair Value of Available-for-Sale Financial Assets	3.c, 3.y, 5.a, 27	(240,435,247,203)	(33,013,698,661)
Difference from Foreign Currency Translations	3.c	6,258,174,070	7,096,181,775
<b>Total Other Comprehensive Income Net of Tax</b>		<b>(234,177,073,133)</b>	<b>(25,917,516,886)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>579,917,275,793</b>	<b>568,603,401,894</b>
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO:</b>			
Owner of the Parent Company		708,282,328,610	525,345,786,018
Non-Controlling Interest	3.b	105,812,020,316	69,175,132,762
<b>TOTAL</b>		<b>814,094,348,926</b>	<b>594,520,918,780</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
Owner of the Parent Company		474,105,255,477	499,428,269,132
Non-Controlling Interest	3.b	105,812,020,316	69,175,132,762
<b>TOTAL</b>		<b>579,917,275,793</b>	<b>568,603,401,894</b>
<b>BASIC EARNINGS PER SHARE</b>	3.w, 34	31.56	30.30

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

These consolidated financial statements are originally issued in Indonesian language

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

For the Years Ended December 31, 2011 and 2010

(Expressed In Full Rupiah, Unless Otherwise Stated)

Notes	Issued and Fully Paid-in Capital Capital Stock	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	Changes in Equity Transaction of Subsidiaries	Treasury Stock	Retained Earnings		Total Equity Attributable to Owner of the Parent Company	Non-Controlling Interest	Total Equity
								Appropriated	Unappropriated			
	Rp	Rp	Rp	Rp	Rp	Rp	Rp	Rp	Rp	Rp	Rp	Rp
<b>BALANCE AS OF DECEMBER 31, 2009</b>	<b>1,730,215,169,500</b>	<b>1,304,222,206,548</b>	<b>19,535,347,265</b>	<b>58,597,260,712</b>	<b>(3,814,354,758)</b>	--	--	<b>3,000,000,000</b>	<b>1,775,485,889,998</b>	<b>4,887,241,499,265</b>	<b>401,690,095,653</b>	<b>5,288,931,594,918</b>
Non-Controlling Interest	--	--	--	--	--	--	--	--	--	--	--	--
Limited Public Offering III - Net	432,553,792,400	1,940,514,982,762	--	--	--	--	--	--	--	2,373,068,775,162	(1,356,254,143)	(1,356,254,143)
Reserved Fund	--	--	--	--	--	--	--	1,000,000,000	(1,000,000,000)	--	--	--
Interim Dividend	--	--	--	--	--	--	--	--	(49,830,196,893)	(49,830,196,893)	--	(49,830,196,893)
Total Comprehensive Income for the Year	--	--	--	(33,013,698,661)	7,096,181,775	--	--	--	525,345,786,018	499,428,269,132	69,175,132,762	568,603,401,894
<b>BALANCE AS OF DECEMBER 31, 2010</b>	<b>2,162,768,961,900</b>	<b>3,244,737,189,310</b>	<b>19,535,347,265</b>	<b>25,583,562,051</b>	<b>3,281,827,017</b>	--	--	<b>4,000,000,000</b>	<b>2,250,001,459,123</b>	<b>7,709,908,346,666</b>	<b>469,508,974,272</b>	<b>8,179,417,320,938</b>
Effect of Initial Adoption of PSAK No. 22 (Revised 2010)	--	--	--	--	--	--	--	--	45,143,095,372	45,143,095,372	--	45,143,095,372
<b>BALANCE AS OF JANUARY 1, 2011 AFTER EFFECT OF INITIAL ADOPTION OF PSAK NO. 22 (REVISED 2010)</b>	<b>2,162,768,961,900</b>	<b>3,244,737,189,310</b>	<b>19,535,347,265</b>	<b>25,583,562,051</b>	<b>3,281,827,017</b>	--	--	<b>4,000,000,000</b>	<b>2,295,144,554,495</b>	<b>7,755,051,442,038</b>	<b>469,508,974,272</b>	<b>8,224,560,416,310</b>
Limited Public Offering III - Net	--	(12,518,114,695)	--	--	--	--	--	--	--	(12,518,114,695)	--	(12,518,114,695)
Issuance of Capital Stocks - Non-Preemptive Rights Issuance	145,000,000,000	811,394,200,000	--	--	--	--	--	--	--	956,394,200,000	--	956,394,200,000
Share Buyback	--	--	--	--	--	--	(61,731,458,788)	--	--	(61,731,458,788)	--	(61,731,458,788)
Purchase of Minority Stocks by Subsidiary	--	--	--	--	--	(177,677,727,750)	--	--	--	(177,677,727,750)	--	(177,677,727,750)
Dividend and Reserved Fund	--	--	--	--	--	--	--	1,000,000,000	(100,926,396,416)	(99,926,396,416)	--	(99,926,396,416)
Total Comprehensive Income for the Year	--	--	--	(240,435,247,203)	6,258,174,070	--	--	--	708,282,328,610	474,105,255,477	105,812,020,316	579,917,275,793
<b>BALANCE AS OF DECEMBER 31, 2011</b>	<b>2,307,768,961,900</b>	<b>4,043,613,274,615</b>	<b>19,535,347,265</b>	<b>(214,851,685,152)</b>	<b>9,540,001,087</b>	<b>(177,677,727,750)</b>	<b>(61,731,458,788)</b>	<b>5,000,000,000</b>	<b>2,902,500,486,689</b>	<b>8,833,697,199,866</b>	<b>575,320,994,588</b>	<b>9,409,018,194,454</b>

The accompanying notes form 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, 2011 and 2010  
 (Expressed In Full Rupiah, Unless Otherwise Stated)

	2011 Rp	2010 Rp
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Collections from Customers	4,972,581,629,604	3,421,406,787,564
Payments to Suppliers and Third Parties	(3,402,713,135,032)	(2,913,401,562,035)
Payments to Employees	(408,083,017,261)	(363,783,374,404)
Cash Flows From Operations	1,161,785,477,311	144,221,851,125
Interest Payments - Net	(316,064,203,550)	(451,007,651,518)
Payments of Taxes	(471,193,813,655)	(383,209,973,393)
Net Cash Provided by (Used in) Operating Activities	374,527,460,106	(689,995,773,786)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend Received	35,370,007,588	37,314,903,005
Redemption of Promissory Note	4,495,500,000	9,400,000,000
Proceeds from Disposal of Property and Equipment	1,590,421,400	220,929,025,288
Placement of Restricted Funds	(101,528,556,906)	(30,750,547,164)
Purchase of Minority Stock by Subsidiary	(221,067,000,000)	--
Acquisition of Property and Equipment and Investment Property	(424,456,041,894)	(330,627,012,618)
Placement of Investments	(2,199,746,371,810)	--
Net Cash Used in Investing Activities	(2,905,342,041,622)	(93,733,631,489)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Proceeds from Limited Public Offering III	--	2,373,068,775,162
Net Proceeds from Capital Stocks Issuance - Non-Preemptive Rights Issuance	956,394,200,000	--
Net Proceeds from Bond Issuance	568,970,232,006	721,760,391,601
Proceeds from Bank Loan	140,000,000,000	--
Payments to Related Parties - Net	(6,339,182,135)	(3,005,038,778)
Share Buyback	(61,731,458,788)	--
Dividend Payment	(99,926,396,416)	(49,830,196,893)
Repayment of Loans	(459,622,201,824)	(88,937,164,665)
Net Cash Provided by Financing Activities	1,037,745,192,843	2,953,056,766,427
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT</b>	(1,493,069,388,673)	2,169,327,361,152
Effect of Foreign Exchange on Cash and Cash Equivalent at the End of the Year	7,542,894,892	(42,500,091,875)
<b>BEGINNING BALANCE OF CASH AND CASH EQUIVALENT</b>	3,660,087,191,120	1,533,259,921,843
<b>ENDING BALANCE OF CASH AND CASH EQUIVALENT</b>	<b>2,174,560,697,339</b>	<b>3,660,087,191,120</b>
<b>Cash and Cash Equivalent at the End of the Year consist of:</b>		
Cash on Hand	5,001,649,939	5,063,225,418
Cash in Banks	371,671,936,207	502,535,718,067
Time Deposits	1,797,887,111,193	3,152,488,247,635
<b>Total</b>	<b>2,174,560,697,339</b>	<b>3,660,087,191,120</b>
<b>Non-Cash Transaction:</b>		
Reclassification of advance for investment in relation to acquisition of the subsidiaries	104,098,825,813	--

The accompanying notes form 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, 2011 and 2010  
(Expressed In Full Rupiah, Unless Otherwise Stated)

#### **1. General**

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##### **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 the Deed of Establishment No. 233, which was made in the presence of Misahardi Wilamarta, S.H., a notary in Jakarta. The deed of establishment was approved by the Minister of Justice of the Republic of Indonesia in his Decree No. C2-6974.HT.01.01.TH.91 dated November 22, 1991 and was published in the State Gazette No. 62, Supplement No. 3593 on August 4, 1992. The Company's articles of association has been amended several times, and the latest is by the Deed of Extraordinary General Meeting of Stockholders No. 19 dated May 31, 2011, made in the presence of Unita Christina Winata, S.H., a notary in Tangerang, in relation to the increase of the Company's issued and fully paid-in capital and the changes in the Company's scope of activities. The deed was received by the Minister of Law and Human Rights of the Republic of Indonesia in his decree No.AHU-AH.01.10-16825 dated June 1, 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 and sports centers, 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 and accommodation services and operating activities in services consisting of public transportation, security services and other supporting services, except for legal and taxation services.

As of reporting date, the main activities of the Company include urban development, large scale integrated development, retail malls, healthcare, hospitals and infrastructure and property and portfolio management.

The Company is domiciled at 7 Boulevard Palem Raya # 22-23, Menara Matahari, Lippo Karawaci Central, Tangerang 15811, Banten - Indonesia. The Company is a member of the Lippo Group.

##### **1.b. The Company's Initial Public 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 in the Indonesian 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 the Indonesian 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 which increased the Company's total outstanding shares to 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 stockholders through Limited Public Offering II in connection with Preemptive Rights Issuance and issued 529,143,440 Warrants Series I as a compliment to stockholders who exercised their rights in the Limited Public

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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 the Indonesian Stock Exchange on January 20, 2005.

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

On December 26, 2007, the Company exercised stock split from Rp 250 to Rp 100 per share. The outstanding 17,302,151,695 shares as of December 31, 2007 have been listed in the Indonesian Stock Exchange.

In December 2010, the Company offered 4,325,537,924 common shares with a par value of Rp 100 to the stockholders 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 stockholders through a resolution of the EGM on same date. On December 29, 2010 these shares were listed in the Indonesian Stock Exchange.

Based on the Deed of Extraordinary General Meeting of Stockholders (EGMS) No. 02 dated May 3, 2011 which was made in the presence of Unita Christina Winata, SH, a Notary in Jakarta, which was recently updated by the Deed of EGMS Resolution No. 13 dated March 9, 2011, made in the presence of same notary, the stockholders approved the issuance of new shares within the framework of the Non Preemptive Rights Issuance (NPRI) with a maximum of 10% of paid-in capital or 2,162,768,961 shares. The NPRI can be implemented at once and / or gradually within a period of 2 (two) years as approved by the EGMS. On June 6, 2011, the addition of 1,450,000,000 shares has been issued. The new shares were listed in the Indonesian Stock Exchange on June 8, 2011.

**1.c. The Company's Structure**

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

Subsidiary	Domicile	Main Business	Direct Ownership Percentage	Indirect Ownership Percentage	Year of Start of Operation	Total Assets	
						December 31, 2011 Rp	December 31, 2010 Rp
Lippo Karawaci Finance B. V.	Netherlands	Investment, Trading and Services	100.00%	--	2006	22,312,456,969	632,579,344,913
Sigma Capital Pte Ltd and Subsidiary	Singapore	Investment	100.00%	--	--	3,611,115,954,828	2,476,049,606,236
Sigma Trillium Pte Ltd	Singapore	Trading	--	100.00%	--	3,905,137,473,276	2,480,608,298,041
Lippo Karawaci Corporation Pte Ltd and Subsidiary	Singapore	Investment, Trading and Services	100.00%	--	--	107,362,372,788	79,187,319,423
LK Reit Management Pte Ltd and Subsidiary	Singapore	Investment, Trading and Services	--	100.00%	--	107,362,379,762	79,224,388,113
Bowsprit Capital Corporation Ltd	Singapore	Investment, Trading and Services	--	80.00%	2006	107,362,372,788	79,224,381,132
Jesselton Investments Ltd and Subsidiary	Malaysia	Investment, Trading and Services	100.00%	--	--	174,500,536,785	124,035,378,178
Peninsula Investments Ltd and Subsidiary	Malaysia	Investment, Trading and Services	--	100.00%	--	174,500,545,853	124,035,387,169
LMIRT Management Ltd.	Singapore	Investment, Trading and Services	--	100.00%	2007	174,500,554,921	123,917,428,178

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Subsidiary	Domicile	Main Business	Direct Ownership Percentage	Indirect Ownership Percentage	Year of Start of Operation	Total Assets	
						December 31, 2011 Rp	December 31, 2010 Rp
PT Primakreasi Proptindo and Subsidiary	Tangerang	Real Estate	100.00%	--	--	1,573,627,445,922	1,457,840,502,027
PT Mujur Sakti Graha and Subsidiary	Tangerang	Real Estate	--	99.83%	--	65,101,800,434	65,094,751,048
PT Surplus Multi Makmur and Subsidiary	Jakarta	Real Estate	--	90.00%	--	16,254,144,933	22,073,769,891
PT Arta Sarana	Bandung	Investment, Trading and Services	--	81.00%	--	41,398,663,274	42,233,313,149
PT PuriParagon	Tangerang	Development, Trading and Services	--	99.83%	--	585,757,942	587,202,942
PT Menara Tirta Indah (formerly PT PluitParagon Mall)	Tangerang	Development, Trading and Services	--	99.83%	--	571,710,942	587,672,942
PT Gempita Sinar Abadi (formerly PT BallParagon Mall)	Tangerang	Development, Trading and Services	--	99.83%	--	20,122,967,000	587,677,941
PT Kuta BeachParagon and Subsidiary	Tangerang	Development, Trading and Services	--	99.83%	--	147,583,996,652	103,637,536,035
PT Graha Buana Utama and Subsidiary	Tangerang	Development, Trading and Services	--	99.83%	--	128,591,708,352	102,663,055,542
PT Berkat Langgeng Jaya and Subsidiary	Tangerang	Development, Trading and Services	--	99.83%	--	128,553,127,852	102,624,475,042
PT Pamor Paramita Utama	Jakarta	Development, Trading and Services	--	80.02%	--	118,168,649,427	92,239,996,617
PT Titian Semesta Raya (formerly PT PejatenParagon Mall)	Tangerang	Development, Trading and Services	--	99.83%	--	501,603,012	587,677,941
PT Tatabangun Nusantara (formerly PT CibuburParagon Mall)	Tangerang	Development, Trading and Services	--	99.83%	--	6,739,826,051	587,672,941
PT PalembangParagon Mall**	Tangerang	Development, Trading and Services	--	99.83%	--	--	587,677,941
PT Tirtasari Kencana (formerly PT MedanParagon Mall)	Tangerang	Development, Trading and Services	--	99.83%	--	571,678,441	587,672,941
PT Multiguna Selaras Maju (formerly PT BogorParagon Mall)	Tangerang	Development, Trading and Services	--	99.83%	--	3,853,963,634	1,207,258,295
PT Lintas Lautan Cemerlang (formerly PT ThaminParagon Mall)	Tangerang	Development, Trading and Services	--	99.83%	--	11,358,825,326	582,772,941
PT SurabayaParagon Mall	Tangerang	Development, Trading and Services	--	99.83%	--	5,000,528,000	5,001,945,000
PT SemarangParagon Mall	Tangerang	Development, Trading and Services	--	99.83%	--	10,000,525,000	10,001,945,000
PT LampungParagon Mall	Tangerang	Development, Trading and Services	--	99.83%	--	10,002,313,000	10,001,945,000
PT Pontianakparagon Mall	Tangerang	Development, Trading and Services	--	99.83%	--	5,002,313,000	5,001,945,000
PT Graha Solusi Mandiri and Subsidiary	Jakarta	Services	--	99.83%	--	124,561,433,312	283,592,670,223
PT Wijaya Wisesa Proptindo and Subsidiaries	Jakarta	Development and Services	--	99.83%	--	8,168,101,297	282,851,627,569
PT Simpruk Arteri Realiti **	Jakarta	Development, Trading and Services	--	99.83%	--	--	169,332,075,861
PT Kharisma Ekacipta Persada	Tangerang	Development, Trading and Services	--	99.83%	--	593,000,000	594,548,000
PT Cipta Mahakarya Gemilang	Tangerang	Development, Trading and Services	--	99.83%	--	600,000,000	600,000,000
PT Mandiri Cipta Gemilang	Jakarta	Real Estate	--	99.83%	2003	1,244,132,370,575	1,001,295,265,806
PT Jaya Makmur Bersama	Jakarta	Development, Trading and Services	--	100.00%	--	3,985,109,782	2,185,114,678
PT Grand Villa Persada	Tangerang	Real Estate	--	99.83%	--	574,276,250	577,444,250
PT Mega Proyek Pertiwi	Tangerang	Real Estate	--	99.83%	--	35,569,756,353	578,147,000
PT Sinar Surya Timur	Tangerang	Development, Trading and Services	--	100.00%	--	600,000,000	--
PT Karyabersama Jaya	Tangerang	Development, Trading and Services	--	100.00%	--	600,000,000	--
PT Bayutama Sukses	Tangerang	Development, Trading and Services	--	100.00%	--	600,000,000	--
PT Manunggal Utama Makmur	Tangerang	Development, Trading and Services	--	100.00%	--	600,000,000	--

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Subsidiary	Domicile	Main Business	Direct Ownership Percentage	Indirect Ownership Percentage	Year of Start of Operation	Total Assets	
						December 31, 2011 Rp	December 31, 2010 Rp
PT Amanda Cipta Utama	Tangerang	Development, Trading and Services	–	100.00%	--	600,000,000	--
PT Gempita Cipta Bersama	Tangerang	Development, Trading and Services	–	100.00%	--	600,000,000	--
PT Suryamas Khatulistiwa	Tangerang	Development, Trading and Services	–	100.00%	--	600,000,000	--
PT Sentra Dwimandiri and Subsidiary	Jakarta	Real Estate	100.00%	--	--	3,189,412,809,316	2,049,794,325,694
PT Prudential Development	Jakarta	Real Estate	--	100.00%	--	572,206,692	572,637,542
PT Muliasentosa Dinamika (has 4.48% ownership in PT Lippo Cikarang Tbk)	Tangerang	Real Estate	–	100.00%	1997	317,624,311,342	308,795,832,869
PT Sentra Realindo Development (has 4.62% ownership in PT Lippo Cikarang Tbk) and	Tangerang	Home Improvement	–	100.00%	2001	107,060,698,248	56,832,112,554
PT Darma Sarana Nusa Pratama and Subsidiary	Tangerang	Real Estate	–	52.70%	1997	117,568,635,640	114,275,570,952
PT Tata Mandiri Daerah Villa Permata	Tangerang	Town Management	–	42.16%	2001	23,967,560	30,825,310
PT Golden Pradamas and Subsidiary	Tangerang	Real Estate	–	100.00%	--	261,032,873,518	224,753,019,752
PT Mulia Bangun Semesta and Subsidiary	Jakarta	Real Estate	–	99.98%	2002	271,269,461,266	194,323,576,784
PT Villa Permata Cibodas	Tangerang	Real Estate	–	99.98%	1995	158,250,689,885	131,875,246,423
PT Puncak Resort International and Subsidiary	Cianjur	Real Estate	–	100.00%	1994	76,499,537,511	75,343,212,255
PT Sentosa Seksama	Cianjur	Real Estate	–	100.00%	1994	23,234,088,939	23,234,895,364
PT Purimegah Swarga Buana	Cianjur	Real Estate	–	100.00%	1994	8,778,429,901	8,778,623,151
PT Adigraha Rancang Sempurna	Cianjur	Real Estate	–	100.00%	1994	7,206,288,381	7,206,481,631
PT Pesanggrahan Surpermata Agung	Cianjur	Real Estate	–	100.00%	1994	1,974,610,891	1,974,804,141
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 Asritama Realty Development	Tangerang	Installation and Water Treatment	–	100.00%	1994	92,369,889,767	81,281,303,685
PT Sentragraha Mandiri	Tangerang	Real Estate	–	100.00%	--	33,319,028,392	33,316,901,392
PT Tata Mandiri Daerah Lippo Karawaci	Tangerang	Town Management	–	100.00%	1999	136,880,341,147	117,291,870,668
PT Saptapersada Jagathusa	Tangerang	Bowling	–	100.00%	1998	9,815,683,386	10,229,072,988
PT Sejahtera Selaras	Jakarta	Real Estate	–	100.00%	--	16,919,391,826	18,631,139,118
PT Surya Makmur Alam Persada	Jakarta	Real Estate	–	100.00%	--	20,286,239,984	20,286,871,984
PT Bahtera Pratama Wirasakti	Jakarta	Real Estate	–	100.00%	--	15,738,278,512	15,741,785,860
PT Sentra Office Realty	Tangerang	Building Management	–	100.00%	1998	714,765,952	714,765,952
PT Dinamika Intertrans	Tangerang	Transportation	–	100.00%	1994	307,038,901	501,493,395
PT Imperial Karawaci Golf	Tangerang	Golf	–	100.00%	--	475,441,000	479,137,000
PT Agung Sepadan	Tangerang	Real Estate	–	100.00%	--	2,545,963,804	2,473,198,654
PT Prudential Townhouse Development	Jakarta	Real Estate	–	100.00%	--	37,146,663	91,219,153
PT Wahana Tatabangunan Cemerlang Matahari	Jakarta	Real Estate	–	100.00%	--	16,972,808	17,754,808
PT Wahana Tatabangunan Cemerlang	Jakarta	Real Estate	–	100.00%	--	17,592,066	18,624,066
PT Paragon City	Tangerang	Real Estate and Trading	–	100.00%	--	7,159,209,926	7,501,935,126
PT Bangun Karya Semesta	Jakarta	Development and Services	–	100.00%	--	2,500,000,000	--
PT Padang Indah City	Tangerang	Trading Development and Services	–	100.00%	--	2,000,000,000	--
Bridgewater International Ltd	Seychelles	Investment and Trading	–	100.00%	2006	2,208,458,541,705	1,214,423,387,202
PT Lippo Karawaci Infrastructure & Utilitas Division	Tangerang	Construction and Services	–	100.00%	--	232,477,000	233,199,000
Brightlink Capital Pte Ltd	Malaysia	Investment, Trading and Services	–	100.00%	--	67,341,313,692	66,859,401,774
Evodia Strategic Investment Ltd and Subsidiaries	Malaysia	Investment, Trading and Services	–	100.00%	--	83,698,615	150,429,533
Great Capital Pte Ltd and Subsidiary	Singapore	Investment, Trading and Services	–	100.00%	--	41,850,974	75,216,435
Key Capital Pte Ltd	Singapore	Investment, Trading and Services	–	100.00%	--	20,928,974	37,611,708
Globalink Investments Pte Ltd and Subsidiaries	Singapore	Investment, Trading and Services	–	100.00%	--	41,850,974	75,216,435
Fortuna Capital Pte Ltd	Singapore	Investment, Trading and Services	–	100.00%	--	20,928,974	37,611,708
PT St Moritz Management	Jakarta	Development, Trading and Services	–	100.00%	--	600,000,000	--
PT Kemang Village Management (formerly PT Pesona Indah Lestari)	Jakarta	Hotel	–	80.00%	--	11,345,068,695	10,096,848,000



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						December 31, 2011 Rp	December 31, 2010 Rp
PT Wisma Jatim Propertindo and Subsidiary	Jakarta	Services	100.00%	--	--	3,443,723,178,489	3,635,476,380,002
PT Maharama Sakti	Jakarta	Trading	--	100.00%	--	111,240,000	113,758,250
PT KemangParagon Mall and Subsidiary	Tangerang	Development, Trading and Services	--	100.00%	--	1,245,773,231,077	1,222,664,290,150
PT Wahana Usaha Makmur and Subsidiary	Jakarta	Real Estate	--	92.00%	--	1,291,190,997,714	1,222,588,508,657
PT Almaron Perkasa	Jakarta	Real Estate	--	92.00%	2005	1,341,481,352,448	1,165,467,237,362
PT Gelora Raya Semesta	Tangerang	Trading	--	92.00%	--	600,000,000	--
		Development, Trading					
PT Prima Aman Sarana	Jakarta	Services	--	92.00%	--	52,435,913,545	1,550,275,017
PT Kemang Multi Sarana	Jakarta	Real Estate and Urban Development	--	92.00%	--	35,461,406,724	495,000,000
PT Adhi Utama Dinamika	Jakarta	Real Estate	--	92.00%	--	62,109,230,226	58,359,253,960
PT Lippoindo Abadi and Subsidiary	Jakarta	Trading	--	100.00%	--	238,260,853,618	236,147,769,530
PT Kemuning Satiatama (has 42.20% ownership in PT Lippo Cikarang Tbk) and Subsidiaries	Jakarta	Trading	--	100.00%	--	233,343,919,800	231,229,807,461
PT Megachandra Karyalestari	Jakarta	Trading	--	100.00%	1992*	285,428,894	294,850,466
PT Prudential Apartment Development	Jakarta	Services	--	100.00%	1993*	579,334,194	631,364,667
PT Sentra Kharisma Indah and Subsidiary	Jakarta	Services	--	80.00%	--	2,181,315,119	5,750,735
PT Sentra Goldhill Bussinesspark	Jakarta	Services	--	72.00%	--	--	3,329,600
PT Carakatama Dirgantara and Subsidiary	Jakarta	Trading	--	100.00%	--	72,542,637,657	73,447,484,301
PT Prudential Hotel Development	Tangerang	Trading and Services	--	100.00%	1994*	72,524,394,153	73,428,299,001
PT Ariasindo Sejati and Subsidiary	Jakarta	Trading and Services	--	95.00%	--	135,893,261,673	256,072,204,309
PT Unitech Prima Indah and Subsidiary	Jakarta	Real Estate	--	94.68%	2004	231,265,606,945	223,585,477,468
PT Karya Cipta Pesona	Medan	Accommodation Services	--	100.00%	--	110,073,526,984	131,624,957,928
PT Metropolitan Leisure Corporation and Subsidiary	Jakarta	Trading and Services	--	100.00%	--	90,050,629,438	76,903,130,556
PT Kurniasindo Sejahtera	Jakarta	Trading and Services	--	100.00%	--	1,353,671,776	1,370,068,764
PT Graha Tata Cemerlang Makassar (has 0.34% ownership in PT Lippo Cikarang Tbk)	Makassar	Real Estate	--	100.00%	2002	78,314,592,848	70,787,135,544
PT Guna Tata Carakatama	Makassar	Trading and Services	--	100.00%	2002	141,603,003	198,082,657
PT Lippo Land Cahaya Indonesia	Jakarta	Services	--	100.00%	2003	11,738,107,155	18,115,009,413
PT Lippoindo and Subsidiary	Jakarta	Trading	--	100.00%	--	114,447,348,358	127,241,295,095
PT Pendopo Niaga	Jakarta	Real Estate	--	100.00%	--	131,953,043,530	127,241,295,095
PT Larasati Anugerah	Jakarta	Trading	--	100.00%	--	23,858,420	24,890,420
PT Bathara Brahma Sakti	Tangerang	Trading and Services	--	100.00%	1992*	2,456,105,746	2,468,975,084
PT Realty Limaribu	Jakarta	Services	--	100.00%	1998*	358,615,010	369,814,852
PT Dwisindo Jaya	Jakarta	Trading	--	100.00%	--	79,099,268	79,786,676
PT Lippo Vacation and Subsidiary	Jakarta	Trading	--	100.00%	--	212,396,510,075	242,918,229,385
PT Jagatpatala Nusantara	Jakarta	Real Estate	--	100.00%	2004	212,396,510,075	242,918,229,385
PT Wisma Sumut Propertindo	Jakarta	Services	--	100.00%	--	--	--
PT Mulia Mukti Persada Perkasa	Jakarta	Trading	--	100.00%	--	4,417,000	5,199,000
PT Kemang Village and Subsidiary	Jakarta	Trading	--	100.00%	--	288,948,127,613	278,042,663,904
PT Menara Bhumimegah and Subsidiary	Jakarta	Services	--	100.00%	2005	288,858,660,388	277,952,759,699
PT Jaya Usaha Prima and Subsidiary	Jakarta	Real Estate	--	80.00%	--	168,221,382,316	88,698,163,627
PT Persada Mandiri Abadi and Subsidiary	Jakarta	Real Estate	--	80.00%	2005	168,257,098,666	88,731,137,627
PT Menara Perkasa Megah and Subsidiary	Jakarta	Real Estate and Urban Development	--	100.00%	2005	412,101,648,495	416,908,133,063
PT Pelangi Cahaya Intan Makmur and Subsidiary	Sidoarjo	Trading	--	85.00%	--	414,828,489,629	419,628,357,708
PT Surya Mitra Jaya and Subsidiary	Sidoarjo	Trading and Services	--	85.01%	2005	415,337,276,737	419,931,340,307
PT Citra Harapan Baru	Surabaya	Accommodation Services	--	99.99%	--	2,000,000,000	2,000,000,000
PT Niaga Utama	Jakarta	Trading	--	100.00%	--	108,235,418	109,591,042
PT Mitra Kasih Karunia	Jakarta	Real Estate	--	100.00%	--	1,887,217,700	2,227,827,000
PT Kreasi Megatama Gemilang and Subsidiary	Tangerang	Development, Industry, Agribusiness, Transportation, Trading and Services	--	100.00%	--	28,718,113,114	18,568,721,613
PT Consulting & Management Service Division and Subsidiary	Tangerang	Services	--	100.00%	--	29,359,776,914	19,162,355,554
PT Kreasi Gemilang Perkasa (formerly PT BatamParagon Mall)	Tangerang	Development, Trading and Services	--	99.83%	--	2,039,667,180	2,075,920,801
PT Saputra Karya	Jakarta	Real Estate and Urban Development	--	100.00%	--	65,469,347,752	51,767,789,172

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Subsidiary	Domicile	Main Business	Direct Ownership Percentage	Indirect Ownership Percentage	Year of Start of Operation	Total Assets	
						December 31, 2011 Rp	December 31, 2010 Rp
PT Grand Provita and Subsidiary	Tangerang	Real Estate	–	100.00%	--	479,456,900	487,625,000
PT Grand Prima Propertindo	Tangerang	Real Estate	–	65.00%	--	10,798,100	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%	--	4,843,952,900	589,158,900
PT Mahakaya Abadi	Jakarta	Real Estate	–	100.00%	--	480,573,100	490,000,000
PT Persada Mandiri Dunia Niaga and Subsidiary	Jakarta	Real Estate	–	100.00%	--	135,893,261,673	129,989,792,419
PT Gapura Sakti Prima and Subsidiary	Jakarta	Real Estate	–	78.60%	--	133,938,964,378	127,182,032,457
PT Menara Megah Tunggal and Subsidiary	Jakarta	Real Estate	–	55.02%	--	133,438,964,378	126,682,032,457
PT Trias Mitra Investama	Jakarta	Real Estate	–	54.97%	--	132,938,964,378	126,182,032,457
PT Permata Agung Propertindo	Jakarta	Real Estate	–	100.00%	--	522,746,791	523,827,191
PT Kencana Mitra Lestari	Jakarta	Development, Transportation and Services	–	100.00%	--	577,800,000	584,262,750
PT Direct Power and Subsidiary	Jakarta	Trading, Real Estate, Industry, Printing, Agribusiness, Transportation and Services	–	100.00%	--	114,447,348,358	115,150,774,145
PT Mitra Mulia Kreasi and Subsidiary	Jakarta	Development, Industry, Mining, Agribusiness, Transportation and Services	–	80.00%	--	47,178,680,129	51,092,390,908
PT Bellanova Country Mall	Bogor	Development, Transportation and Services	–	80.00%	--	47,083,096,129	50,996,024,908
PT Sarana Global Multindo and Subsidiary	Jakarta	Development, Transportation and Services	–	100.00%	--	260,565,605,117	265,474,762,293
PT Guna Sejahtera Karya and Subsidiary	Jakarta	Development, Industry, Agribusiness, Park Trading and Services	–	100.00%	--	260,507,319,013	265,431,266,774
PT Citra Sentosa Raya and Subsidiary	Jakarta	Trading, Real Estate, Industry, Agribusiness, Transportation and Services	–	100.00%	--	260,887,854,635	265,801,582,898
PT Gading Nusa Utama	Jakarta	Trading, Development, Industry, Gardens, Agribusiness and Services	–	99.60%	--	4,918,659,900	3,149,343,900
Rosenet Limited and Subsidiary	British Virgin Island	Investment	–	100.00%	--	259,399,872,209	264,305,151,736
Sea Pejaten Pte. Ltd and Subsidiary	Singapore	Investment	–	100.00%	--	259,399,872,209	264,805,151,736
PT Panca Permata Pejaten	Jakarta	Trading, Development and Real Estate	–	100.00%	2008	259,380,515,745	264,892,379,903
Continental Investment Ltd	Malaysia	Investment, Trading and Services	–	100.00%	--	18,891,636	22,477,500
PT Sandiego Hills Memorial Park and Subsidiaries	Tangerang	Trading, Development, Transportation and Services	–	100.00%	2006	319,685,841,622	309,426,625,564
PT Pengelola Memorial Park (formerly RiauParagon Mall)	Tangerang	Development, Trading and Services	–	100.00%	2010	587,339,941	588,715,941
PT CB Commercial	Tangerang	Development, Trading and Services	–	100.00%	--	585,857,600	586,879,045
PT Kemilau Karyacipta Persada	Tangerang	Development, Trading and Services	–	100.00%	--	2,466,119,000	2,467,151,000
PT Bumi Indah Pertiwi	Tangerang	Development, Trading and Services	–	100.00%	--	2,216,817,102	2,039,467,400

**PT LIPPO KARAWACI Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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Subsidiary	Domicile	Main Business	Direct Ownership Percentage	Indirect Ownership Percentage	Year of Start of Operation	Total Assets	
						December 31, 2011 Rp	December 31, 2010 Rp
PT Lippo Cikarang Tbk and Subsidiary	Bekasi	Real Estate	--	54.37%	1989	2,041,958,524,822	1,670,186,556,526
PT Great Jakarta Inti Development	Bekasi	Town	--	54.37%	1992	139,941,155,922	130,670,667,728
		Management and Real Estate					
PT Tunas Pundi Baru	Bekasi	Town	--	54.37%	2010	35,503,371,765	14,768,516,629
		Management					
PT Erabar Realindo	Bekasi	Real Estate	--	54.37%	--	16,980,287,500	16,980,287,500
PT Dian Citimarga	Bekasi	Transportation	--	54.37%	1993	57,350,064	30,261,195
PT Kreasi Dunia Keluarga	Bekasi	Recreation Services	--	54.37%	1993	4,747,280,213	3,817,135,487
PT Chandra Mulia Adhitharma	Bekasi	Management of Property	--	54.37%	2011	39,513,001,987	15,000,000
PT Tirtasari Nirmala	Bekasi	Water Treatment	--	54.37%	2011	14,534,975,118	40,000,000
PT Waska Sentana	Bekasi	Real Estate	--	54.37%	2011	500,000,000	--
PT Swadaya Tenopolis	Bekasi	Real Estate	--	54.37%	2009	250,000,000	250,000,000
PT Bekasi Mega Power	Bekasi	Power Plant	--	54.37%	2009	100,000,000	100,000,000
PT Dunia Air Indah	Bekasi	Recreation Services	--	54.37%	2009	3,432,732,840	3,432,732,840
Pan Asian Investment Ltd and Subsidiary	Vanuatu	Trading	--	100.00%	--	6,790,208,086	6,790,208,086
Crowmwell Investment Ltd	Vanuatu	Trading	--	100.00%	--	18,138	16,930
Indigo Fund Investment Fund Ltd	Cook Island	Investment	--	100.00%	--	9,068	17,982
Banksia Holdings Ltd	Cook Island	Trading	--	100.00%	--	9,068	8,991
PT Megapratama Karya Persada and Subsidiaries	Tangerang	Investment, Trading and Services	100.00%	--	--	1,115,864,133,350	778,429,334,016
PT Siloam International Hospitals and Subsidiaries	Jakarta	Healthcare	--	100.00%	--	1,116,409,743,520	778,303,291,607
PT Antasindo Permaisemesta	Jakarta	Healthcare	--	100.00%	--	313,475,859	2,411,189,792
PT Perdana Kencana Mandiri	Jakarta	Development	--	100.00%	--	139,940,484	2,855,311,500
		Trading, Industry and Services					
PT Multiselaras Anugerah	Tangerang	Development, Trading and Services	--	100.00%	--	118,439,411	2,686,843,025
PT Nusa Medika Perkasa	Bekasi	Healthcare	--	71.00%	--	849,214,066	849,214,066
PT Siloam Graha Utama and Subsidiary	Jakarta	Development, Transportation, Trading and Services	--	100.00%	--	175,313,104,094	297,312,374,317
PT East Jakarta Medika	Bekasi	Healthcare	--	85.50%	2002	175,313,104,094	297,068,375,317
PT Guchi Kencana Emas	Jakarta	Development, and Services	--	100.00%	--	104,451,101,043	--
PT Golden First Atlanta	Jakarta	Healthcare	--	83.00%	2008	103,351,555,306	--
PT Prawira Tata Semesta	Jakarta	Development, and Services	--	100.00%	--	151,221,127,479	--
PT Balikpapan Damai Husada	Balikpapan	Healthcare	--	79.61%	2007	113,981,340,136	--
PT Siloam Emergency Services	Tangerang	Healthcare	--	100.00%	--	1,000,000,000	--
PT Utama Sentosa Abadi	Jakarta	Trading, Development, and Services	--	100.00%	--	400,000,000	--
PT RS Siloam Hospital Sumsel (formerly PT Karyatama Indah Sentosa)	Tangerang	Trading, Development, Printing and Services	--	100.00%	--	600,000,000	--
PT Medika Harapan Cemerlang Indonesia	Tangerang	Trading, Industry, and Services	--	100.00%	--	600,000,000	--
PT Perisai Dunia Sejahtera	Tangerang	Trading, Industry, and Services	--	100.00%	--	600,000,000	--
PT Primakarya a Dunia Sentosa	Tangerang	Trading, Industry, and Services	--	100.00%	--	2,400,000,000	--
PT Siloam Sumsel Kemitraan	Tangerang	Trading, Industry, and Services	--	100.00%	--	8,000,000,000	--
PT Eramulia Pratamajaya and Subsidiary	Jakarta	Healthcare	99.99%	0.01%	--	268,376,731,130	80,765,165,404
PT Siloam Karya Sejahtera	Jakarta	Trading and Services	--	100.00%	--	62,287,906,142	26,848,599,088
PT Siloam Dinamika Perkasa	Jakarta	Trading, Development, Transportation and Services	--	100.00%	--	55,213,997,644	27,287,229,822
PT Siloam Sarana Karya	Jakarta	Healthcare	--	100.00%	2005	3,189,898,140	3,823,569,397
PT Siloam Tata Prima	Surabaya	Development, Transportation, Trading and Services	--	100.00%	--	26,575,516,545	26,653,057,078

**PT LIPPO KARAWACI Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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Subsidiary	Domicile	Main Business	Direct Ownership Percentage	Indirect Ownership Percentage	Year of Start of Operation	Total Assets	
						December 31, 2011 Rp	December 31, 2010 Rp
PT Mahaduta Purnama	Jakarta	Development, Transportation, Trading and Services	–	100.00%	--	7,396,814,370	49,048,805,314
PT Buana Mandiri Selaras	Jakarta	Development and Services	–	100.00%	--	88,657,298,288	40,925,150,010
PT Serasi Adikarsa	Jakarta	Healthcare	0.01%	99.99%	--	19,805,000	20,898,000
PT Sentra Star Dinamika**	Jakarta	Healthcare	–	100.00%	--	–	19,793,000
PT Abadi Jaya Sakti and Subsidiary	Tangerang	Investment, Trading and Services	100.00%	--	--	579,931,300	579,931,300
PT Tigamitra Ekamulia and Subsidiary	Jakarta	General	0.01%	99.99%	1998*	2,051,420	2,578,920
PT Shimatama Graha	Jakarta	Restaurant, Bar, Catering, Etc	–	100.00%	1989	2,249,806,899	859,400,618
PT Aryaduta International Management and Subsidiary	Jakarta	Management Services	–	100.00%	1998	15,464,850,352	10,977,241,804
PT Aryaduta Surabaya Management	Surabaya	Services	–	100.00%	--	590,029,245	590,648,178
PT Aryaduta Medan Management	Medan	Services	–	100.00%	--	589,859,500	590,951,000
PT Aryaduta Karawaci Management	Tangerang	Services	–	100.00%	--	589,973,562	590,971,062
PT Aryaduta Makassar Management	Makassar	Services	–	100.00%	--	594,590,500	595,248,449
PT Aryaduta Residences	Jakarta	Services	–	100.00%	--	2,244,228,877	1,771,451,047
PT Aryaduta Hotels & Resorts	Jakarta	Services	–	100.00%	--	583,472,000	584,463,500
PT Graha Jaya Pratama and Subsidiary	Tangerang	Real Estate	100.00%	--	--	571,510,521,441	678,437,900
PT Tataguna Cemerlang	Jakarta	Trading, Real Estate, and Development	–	100.00%	--	100,000,000	100,006,000
PT Aresta Amanda Lestari (has 0.31% ownership in PT Gowa Makassar Tourism Development Tbk)	Jakarta	Trading	–	99.99%	--	559,220,103	204,379,650
PT Aresta Permata Utama (has 3.45% ownership in PT Gowa Makassar Tourism Development Tbk)	Jakarta	Trading	–	99.99%	--	6,043,179,631	2,204,855,750
PT Fajar Usaha Semesta (has 4.73% ownership in PT Gowa Makassar Tourism Development Tbk)	Jakarta	Trading	–	99.99%	--	8,283,682,209	3,022,718,666
PT Fajar Raya Cemerlang (has 4.58% ownership in PT Gowa Makassar Tourism Development Tbk)	Jakarta	Trading	–	99.99%	--	8,025,821,704	2,923,731,973
PT Fajar Abadi Aditama (has 3.45% ownership in PT Gowa Makassar Tourism Development Tbk)	Jakarta	Trading	–	99.99%	--	6,041,037,578	2,206,741,750
PT Nusa Indah Lestari and Subsidiary	Jakarta	Trading	–	100.00%	--	73,879,520,428	47,179,654,493
PT Metropolitan Permaisemesta and Subsidiary	Jakarta	Trading	–	89.74%	--	73,708,288,528	48,968,945,993
PT Makassar Permata Sulawesi (has 32.5% ownership in PT Gowa Makassar Tourism Development Tbk)	Makassar	Trading	–	88.66%	--	73,723,382,150	46,963,247,615
PT Gowa Makassar Tourism Development Tbk	Makassar	Real Estate and Property	4.92%	45.33%	1997	487,193,845,496	358,990,245,776

\* Liquidated

\*\* Transferred

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.

PT Bangun Karya Semesta was established under deed No. 1 dated March 3, 2011 made in the presence of Imam Wahyudi, SH, a notary in Tangerang. The deed of establishment was approved by the Minister of Law and Human Rights Republic of Indonesia with Decree No. AHU-22454.AH.01.01 Tahun 2011 dated May 4, 2011.

On March 11, 2011, two subsidiaries namely PT Siloam International Hospitals (SIH) and PT Karya Persada Megapratama (MKP) acquired 99.98% and 0.02% ownership in PT Guchi Kencana Emas (GKE), respectively, for a total consideration of Rp 27,506,252,496. GKE has 83% ownership in PT Golden First Atlanta.

On March 11, 2011, SIH and MKP acquired 99.98% and 0.02% ownership in PT Prawira Tata Semesta (PTS), respectively, for a total consideration of Rp 61,513,931,238. PTS has 79.61% ownership in PT Balikpapan Damai Husada.

PT Siloam Emergency Services was established under deed No. 18 dated March 25, 2011 made in the presence of Unita Christina Winata, SH, a notary in Tangerang. The deed of establishment was approved by the Minister of Law and Human Rights Republic of Indonesia with Decree No. AHU-19053.AH.01.01.Tahun 2011 dated April 15, 2011.

**PT LIPPO KARAWACI Tbk AND SUBSIDIARIES**  
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On March 31, 2011, all of the Company's ownership in PT Palembang Paragon Star Mall and PT Sentra Star Dinamika, both subsidiaries, was sold.

PT Karyatama Indah Sentosa was established under deed No. 2 dated April 1, 2011 made in the presence of Sriwi Bawana Nawaksari, SH, MKn, a notary in Tangerang. The deed of establishment was approved by the Minister of Law and Human Rights Republic of Indonesia with Decree No. AHU-23018.AH.01.01. Tahun 2011 dated May 6, 2011.

PT Sinar Surya Timur was established under deed No. 10 dated April 22, 2011 made in the presence of Linda Hapsari Yuwono, SH, a notary in Jakarta. The deed of establishment was approved by the Minister of Law and Human Rights Republic of Indonesia with Decree No. AHU-33972.AH.01.01. Tahun 2011 dated July 7, 2011.

PT Padang Indah City was established under deed No. 3 dated June 11, 2011 made in the presence of Sriwi Bawana Nawaksari, SH, MKn, a notary in Tangerang. The deed of establishment was approved by the Minister of Law and Human Rights Republic of Indonesia with Decree No. AHU-30298.AH.01.01. Tahun 2011 dated June 16, 2011.

On June 16, 2011, Peninsula Investments Ltd., the subsidiary purchased 40% ownership in Lippo Malls Indonesia RTM Ltd for a total consideration of SGD 31,900,000 or the equivalent to Rp 221,067,000,000, which increased the ownership of the subsidiary to 100%.

PT Perisai Dunia Sejahtera was established under deed No. 6 dated July 21, 2011 which in the presence of Sriwi Bawana Nawaksari, SH, MKn, a notary in Tangerang. The deed of establishment was approved by the Minister of Law and Human Rights Republic of Indonesia with Decree No. AHU-38099.AH.01.01. Tahun 2011 dated July 28, 2011.

PT Primakarya Dunia Sentosa was established under deed No. 8 dated July 27, 2011 made in the presence of Sriwi Bawana Nawaksari, SH, MKn, a notary in Tangerang. The deed of establishment was approved by the Minister of Law and Human Rights Republic of Indonesia with Decree No. AHU-38968.AH.01.01. Tahun 2011 dated August 2, 2011.

PT Karyabersama Jaya was established under deed No. 3 dated August 5, 2011 made in the presence of Sriwi Bawana Nawaksari, SH, MKn, a notary in Tangerang. The deed of establishment was approved by the Minister of Law and Human Rights Republic of Indonesia with Decree No. AHU-40998.AH.01.01. Tahun 2011 dated August 12, 2011.

PT Bayutama Sukses was established under deed No. 4 dated August 5, 2011 made in the presence of Sriwi Bawana Nawaksari, SH, MKn, a notary in Tangerang. The deed of establishment was approved by the Minister of Law and Human Rights Republic of Indonesia with Decree No. AHU-40887.AH.01.01. Tahun 2011 dated August 12, 2011.

PT Manunggal Utama Makmur was established under deed No. 5 dated August 5, 2011 made in the presence of Sriwi Bawana Nawaksari, SH, MKn, a notary in Tangerang. The deed of establishment was approved by the Minister of Law and Human Rights Republic of Indonesia with Decree No. AHU-41064.AH.01.01. Tahun 2011 dated August 12, 2011.

PT Siloam Sumsel Kemitraan was established under deed No. 7 dated August 5, 2011 made in the presence of Sriwi Bawana Nawaksari, SH, MKn, a notary in Tangerang. The deed of establishment was approved by the Minister of Law and Human Rights Republic of Indonesia with Decree No. AHU-41373.AH.01.01. Tahun 2011 dated August 15, 2011.

On September 12, 2011, PT Siloam Emergency Services and PT Siloam International Hospitals, both are subsidiaries, acquired 99.75% and 0.25% interest in PT Utama Sentosa Abadi, respectively.



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PT Medika Harapan Cemerlang Indonesia was established under deed No. 1 dated September 5, 2011 which was made in the presence of Sriwi Bawana Nawaksari, SH, MKn, a notary in Tangerang. The deed of establishment was approved by the Minister of Law and Human Rights Republic of Indonesia with Decree No. AHU-51717.AH.01.01. Tahun 2011 dated August 15, 2011.

PT Amanda Cipta Utama was established under deed No. 27 dated October 14, 2011 made in the presence of Unita Christina Winata, SH, a notary in Tangerang. The deed of establishment was approved by the Minister of Law and Human Rights Republic of Indonesia with Decree No. AHU-62509.AH.01.01. Tahun 2011 dated December 19, 2011.

PT Gelora Raya Semesta was established under deed No. 20 dated October 17, 2011 made in the presence of Sriwi Bawana Nawaksari, SH, MKn, a notary in Tangerang. The deed of establishment was approved by the Minister of Law and Human Rights Republic of Indonesia with Decree No. AHU-51939.AH.01.01. Tahun 2011 dated August 15, 2011.

PT Gempita Cipta Bersama was established under deed No. 1 dated November 2, 2011 made in the presence of Sriwi Bawana Nawaksari, SH, MKn, a notary in Tangerang. The deed of establishment was approved by the Minister of Law and Human Rights Republic of Indonesia with Decree No. AHU-60465.AH.01.01. Tahun 2011 dated December 8, 2011.

PT St Moritz Management was established under deed No. 11 dated November 8, 2011 made in the presence of Unik Setyawati SH, a notary in Tangerang. The deed of establishment was approved by the Minister of Law and Human Rights Republic of Indonesia with Decree No. AHU-60805.AH.01.01. Tahun 2011 dated December 14, 2011.

PT Suryamas Khatulistiwa was established under deed No. 31 dated November 17, 2011 made in the presence of Unik Setyawati SH, a notary in Tangerang. The deed of establishment was approved by the Minister of Law and Human Rights Republic of Indonesia with Decree No. AHU-01920.AH.01.01. Tahun 2012 dated January 12, 2012.

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

Based on the Deeds of Annual General Meeting of Stockholders No. 11 dated March 9, 2011 and No. 3 dated May 3, 2010 which were made in the presence of Unita Christina Winata, S.H., a notary in Tangerang, the composition of the Board of Commissioners and Directors as of December 31, 2011 and 2010 are as follows:

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
<b>Board of Commissioners:</b>		
President Commissioner	: Theo L. Sambuaga	Theo L. Sambuaga
Vice President Commissioner	: Surjadi Soedirdja*	Surjadi Soedirdja*
Independent Commissioner	: Tanri Abeng	Tanri Abeng
Independent Commissioner	: Agum Gumelar	Agum Gumelar
Independent Commissioner	: Farid Harianto	Farid Harianto
Independent Commissioner	: Jonathan Limbong Parapak	Jonathan Limbong Parapak
Independent Commissioner	: --	Adrianus Mooy
Commissioner	: Gouw Vi Ven (Viven G. Sitiabudi)	Gouw Vi Ven (Viven G. Sitiabudi)

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

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	December 31, 2011	December 31, 2010
<b>Directors:</b>		
President Director	: Ketut Budi Wijaya	Ketut Budi Wijaya
Director	: Tjokro Libianto	Tjokro Libianto
Director	: Jopy Rusli	Jopy Rusli
Director	: Elia Yudhistira Susiloputro	Elia Yudhistira Susiloputro
Director	: Djoko Harjono	Djoko Harjono
Director	: Roberto Fernandez Feliciano	--
Director	: Ivan Setiawan Budiono	--

\* also as Independent Commissioner

The audit committee composition as of December 31, 2011 and 2010 are as follows:

	December 31, 2011	December 31, 2010
Chairman	: Jonathan Limbong Parapak	Adrianus Mooy
Member	: Isnandar Rachmat Ali	Isnandar Rachmat Ali
Member	: Lie Kwang Tak	Lie Kwang Tak

The Company's corporate secretary as of December 31, 2011 and 2010 is Jenny Kuistono.

The Head of Internal Audit Unit of the Company as of December 31, 2011 and 2010 is Gunawan H. Prayitno.

The amount of compensation in the form of short-term employees' benefits paid to the board of commissioners and directors of the Company for the years ended December 31, 2011 and 2010 amounted to Rp 31,661,568,613 and Rp 26,299,353,314, respectively.

As of December 31, 2011 and 2010, the Company and subsidiaries have 5,000 and 4,067 permanent employees, respectively (unaudited).

## 2. New Financial Accounting Standards

### 2.a. Financial Accounting Standards Effective on or After January 1, 2011

The following are the Statement of Financial Accounting Standards (PSAK), Interpretation of Financial Accounting Standards (ISAK) and Revocation of Financial Accounting Standards (PPSAK) that have been issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants (DSAK-IAI) effective on or after January 1, 2011:

- PSAK No. 1 (Revised 2009) : Presentation of Financial Statements
- PSAK No. 2 (Revised 2009) : Statement of Cash Flows
- PSAK No. 3 (Revised 2010) : Interim Financial Reporting
- PSAK No. 4 (Revised 2009) : Consolidated and Separate Financial Statements
- PSAK No. 5 (Revised 2010) : Operating Segments
- PSAK No. 7 (Revised 2010) : Related Party Disclosures
- PSAK No. 8 (Revised 2010) : Events after the Reporting Period
- PSAK No. 12 (Revised 2009) : Interests in Joint Ventures
- PSAK No. 15 (Revised 2009) : Investment in Associates
- PSAK No. 19 (Revised 2010) : Intangible Assets
- PSAK No. 22 (Revised 2010) : Business Combination
- PSAK No. 23 (Revised 2010) : Revenue
- PSAK No. 25 (Revised 2009) : Accounting Policies, Changes in Accounting Estimates and Errors

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

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- PSAK No. 48 (Revised 2009) : Impairment of Assets
- PSAK No. 57 (Revised 2009) : Provisions, Contingent Liabilities and Contingent Assets
- PSAK No. 58 (Revised 2009) : Non-current Assets Held for Sale and Discontinued Operations
- ISAK No. 7 (Revised 2009) : Consolidation – Special Purpose Entities
- ISAK No. 9 : Changes in Existing Decommissioning, Restoration and Similar Liabilities
- ISAK No. 10 : Customer Loyalty Programs
- ISAK No. 11 : Distributions of Non-cash Assets to Owners
- ISAK No. 12 : Jointly Controlled Entities – Non-monetary Contributions by Venturers
- ISAK No. 14 : Intangible Assets – Web Site Costs
- ISAK No. 17 : Interim Financial Reporting and Impairment
- PPSAK No.6 : Revocation of PSAK No.21: Accounting of Equity, ISAK No. 1: Interpretation on Paragraph 23 of PSAK No. 21 regarding Determining the Market Value of Stock Dividend, ISAK No. 2: Interpretation of the Presentation of Receivable on Stock Subscription and ISAK No. 3: Interpretation regarding the Accounting Treatment of Giving Donations or Grants

The impact of the new standards that are significant and relevant to the Company's financial statements are as follows:

- PSAK No.1 (Revised 2009), "Presentation of Financial Statements"  
 This standard introduced new terminologies (including the revised title of the financial statements) and changed the format and presentation of financial statements that affected the Company's financial statements as follows:
  - Balance Sheet was changed to Statement of Financial Position
  - Statement of Income was changed in name and format with two options of presenting either a single Statement of Comprehensive Income or two statements consisting of Statement of Income and Statement of Comprehensive Income.
  - Terminology of "aktiva" changed to "asset", "kewajiban" changed to "liability" and "minority interest" changed to "non-controlling interest".

This standard also requires several additional disclosures in the Company's consolidated financial statements. The recognition and measurement of assets, liabilities, revenues and expenses of the Company did not change. Some income and expense accounts that were previously recognized directly in equity are now recognized in the statements of comprehensive income as "Other comprehensive income". The Company has chosen to present the consolidated statements of comprehensive income in the form of one statement and presented the analysis of expenses by function.

In addition, the standard changed the presentation of non-controlling interest from being presented between liabilities and equity to being presented as part of equity. Due to this reclassification, the Company presented the consolidated statement of financial position of the beginning of the earliest comparative period, that is, January 1, 2010 / December 31, 2009 based on the audited consolidated statement of financial position as of December 31, 2009. The technical Bulletin No. 7 issued by DSAK-IAI provides clarity on the impact of the reclassification to the statement of financial position.

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- PSAK No. 4 (Revised 2009), "Consolidated and Separate Financial Statements"  
The scope of the standard is applicable when a parent entity prepares separate financial statements as supplementary information to the consolidated financial statements. The Company did not present a separate financial report to the consolidated financial statements.

Upon adopting this standard, the Company, through its subsidiary, has consolidated several entities with voting rights of more than 50% since the Company assumed to have the control even though those entities have not yet commenced their commercial operations. This consolidation is applied prospectively because it does not have a material impact to the previously issued consolidated financial statements. The investments were previously accounted for under the equity method or cost method (Note 5.c). In addition, the amount of non-controlling interest (formerly minority interest) on December 31, 2010 and January 1, 2010 / December 31, 2009 amounting to Rp 469,508,974,272 and Rp 401,690,095,653, respectively, has been reclassified as part of equity items.

- PSAK No. 5 (Revised 2010), "Operating Segments"  
This standard requires the Company to disclose information that enables users of financial statements to evaluate the nature and financial effects of the business activity.

This standard also refines the definition and the procedures used to identify and report the operating segments. The standard requires a "management approach" in providing segment information using the same basis with that of the internal reporting.

- PSAK No. 7 (Revised 2010), "Related Party Disclosures"  
Related party is the person or entity related to the Company (referred to as the "reporting entity") as disclosed in Note 3.f.

This standard requires the disclosure of the amount of compensation to key management personnel of the Company. Also, this standard no longer defines two entities as related parties simply because they have a common director or key management personnel.

- PSAK 15 (Revised 2009), "Investment in Associates"  
This standard prescribes the accounting for investments in associates as in determining the significant influence, accounting method to be applied, impairment of investments and separate financial statements. The standard requires to record the investment in associates under equity method and requires further disclosures such as disclosure of the fair value of investment and summary of financial information of the associates.

- PSAK 22 (Revised 2010), "Business Combination"  
Starting January 1, 2011, goodwill is no longer amortized. The accumulated amortization is written-off to its acquisition costs. Subsequently, goodwill is measured at cost less accumulated impairment losses, if any. This refers to the annual impairment testing in accordance with PSAK No. 48 (Revised 2009), "Impairment of Assets".

Beginning January 1, 2011, the carrying amount of negative goodwill that resulted from the business combinations prior to January 1, 2011 was derecognized by making an adjustment to retained earnings amounting to Rp 45,143,095,372 (see Note 20).

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**2.b. Financial Accounting Standards Issued but are Not Yet Effective**

The following are the PSAK, ISAK and PPSAK that have been issued by DSAK-IAI but are not yet effective on or after January 1, 2011:

Effective on or after January 1, 2012:

- |                              |   |
|------------------------------|---|
| • PSAK No. 10 (Revised 2010) | : The Effects of Changes in Foreign Exchange Rates  |
| • PSAK No. 13 (Revised 2011) | : Investment Property   |
| • PSAK No. 16 (Revised 2011) | : Property, Plant and Equipment   |
| • PSAK No. 18 (Revised 2010) | : Accounting and Reporting by Retirement Benefit Plans  |
| • PSAK No. 24 (Revised 2010) | : Employee Benefits   |
| • PSAK No. 26 (Revised 2011) | : Borrowing Costs   |
| • PSAK No. 28 (Revised 2010) | : Accounting for Losses on Insurance Contract   |
| • PSAK No. 30 (Revised 2011) | : Leases  |
| • PSAK No. 33 (Revised 2010) | : Stripping Activities and Environmental Management in General Mining                                     |
| • PSAK No. 34 (Revised 2010) | : Construction Contracts  |
| • PSAK No. 36 (Revised 2010) | : Accounting for Life Insurance   |
| • PSAK No. 45 (Revised 2010) | : Financial Reporting for Non-profit Entity   |
| • PSAK No. 46 (Revised 2010) | : Income Taxes  |
| • PSAK No. 50 (Revised 2010) | : Financial Instruments: Presentation   |
| • PSAK No. 53 (Revised 2010) | : Share-based Payment   |
| • PSAK No. 55 (Revised 2011) | : Financial Instruments: Recognition and Measurement  |
| • PSAK No. 56 (Revised 2010) | : Earnings per Share  |
| • PSAK No. 60                | : Financial Instruments: Disclosures  |
| • PSAK No. 61                | : Accounting for Government Grants and Disclosure of Government Assistance                                |
| • PSAK No. 62                | : Insurance Contract  |
| • PSAK No. 63                | : Financial Reporting in Hyperinflationary Economies  |
| • PSAK No. 64                | : Exploration and Evaluation Activities in the Mining and Mineral Resources                               |
| • ISAK No. 13                | : Hedges of Net Investment in a Foreign Operation   |
| • ISAK No. 15                | : PSAK No. 24 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction  |
| • ISAK No. 16                | : Service Concession Arrangements   |
| • ISAK No. 18                | : Government Assistance - No Specific Relation to Operating Activities                                    |
| • ISAK No. 19                | : Applying the Restatement Approach under PSAK No. 63: Financial Reporting in Hyperinflationary Economies |
| • ISAK No. 20                | : Income Taxes-Change in the Tax Status of an Entity or its Stockholders                                  |
| • ISAK No. 22                | : Service Concession Arrangements: Disclosure   |
| • ISAK No. 23                | : Operating Leases – Incentives   |
| • ISAK No. 24                | : Evaluating the Substance of Transactions in the Legal Form of a Lease                                   |
| • ISAK No. 25                | : Land Rights   |
| • ISAK No. 26                | : Reassessment of Embedded Derivatives  |
| • PPSAK No. 7                | : Revocation of PSAK No. 44: Accounting for Real Estate Development Activity paragraph 47-48 and 56-61    |
| • PPSAK No. 8                | : Revocation of PSAK No. 27: Accounting for Cooperatives  |



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- PPSAK No. 9 : Revocation ISAK No. 5: Interpretation of Paragraph 14 on PSAK No. 50 (1998) regarding the Reporting of Fair Value Changes in Equity Investment – Available-for-Sale
- PPSAK No. 11 : Revocation of PSAK No. 39: Accounting for Joint Ventures

Effective on or after January 1, 2013:

- ISAK No. 21 : Real Estate Construction Contracts
- PPSAK No. 7 : Revocation of PSAK No. 44: Accounting for Real Estate Development Activity paragraph 1-46, 49-55 and 62-64

The Company's management did not early adopt the abovementioned PSAKs, ISAKs and PPSAKs and has yet not determined the effects of those standards to the consolidated financial statements.

### **3. Summary of Significant Accounting Policies**

#### **3.a. Financial Accounting Standards Compliance and Basis of Measurement and Preparation of Consolidated Financial Statements**

The consolidated financial statements have been prepared and presented in accordance with the Indonesian Financial Accounting Standards which include the Statement and Interpretation of Financial Accounting Standards issued by Indonesian Institute of Accountant and regulation of Bapepam-LK.

The consolidated financial statements have been prepared on the going concern assumption and on the accrual basis, except for the consolidated statements of cash flows which used the cash basis. The basis of measurement in the preparation of these consolidated financial statements is the historical cost principle, except for certain accounts that were measured using other basis, as described in the respective accounting policy.

The consolidated statements of financial position 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 presented by classifying the activities into operating, investing and financing. The cash flows from operating activities were prepared using the direct method.

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

#### **3.b. Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its subsidiaries (include special purpose entity) either directly or indirectly controlled as presented in Note 1.c.

Entities are consolidated from the date the effective control is transferred to the Company and are no longer consolidated when the Company ceases to effective control. Control is obtained when the Company has the power to govern the financial and operating policies of an entity to benefit from the activities of such entities.

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.

The changes in the Company's ownership interest in a subsidiary that do not result to a loss of control are accounted for as equity transactions and attributed to the owners of the parent.

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**3.c. Foreign Currency Transactions and Translation of Consolidated Financial Statements**

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

	December 31, 2011	December 31, 2010
	Rp	Rp
1 USD	9,068	8,991
1 SGD	6,974	6,981
1 EUR	11,379	11,956
100 JPY	11,680	11,029
1 AUD	9,203	9,143

The accounts of foreign subsidiaries were translated into Rupiah at the middle exchange rates prevailing at reporting date for assets, liabilities and equity accounts and the average rate during the year for profit or loss 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 as other comprehensive income to "Difference from Foreign Currency Translations".

**3.d. Cash Equivalent**

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

**3.e. Investment in Associates**

An associate is an entity in which the investor (i.e., the Company or subsidiary, which acts as an investor) has a significant influence to participate in decision making on financial and operational policies of the investee, but does not control or jointly control those policies. Significant influence is presumed to exist if the investor owns 20% or more of the voting rights of the investee, either directly or indirectly.

Investment in associates are initially recognized at cost. The carrying amount is increased or decreased by the share in the profit or loss of the investee after the date of acquisition in proportion with the percentage of ownership and reduced by dividends received (equity method).

The carrying amount is also adjusted if there is a change in the investor's proportionate interest in the investee arising from the investee's other comprehensive income. Those changes are recognized in other comprehensive income of the investor.

**3.f. Transaction with Related Parties**

In a normal business transaction, the Company has transactions with related parties. Related party is the person or entity that is related to the Company (referred to as the "reporting entity"), which includes:

- a) A person or a close member of that person's family is related to a reporting entity if that person:
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to the reporting entity if any of following conditions applies:
  - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

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- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity in itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).

**3.g. Trade Accounts Receivable**

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

An allowance for impairment is established when there is objective evidence that the Company will not be able to collect all the 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 delinquencies in payments are considered indicators that the trade accounts receivable 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 accounts, and the amount is recognized as loss for the current year. When a trade accounts receivable is uncollectible, it is written-off against the allowance account for receivables. Subsequent recoveries of amounts previously written-off are credited against the profit for the year.

**3.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, apartments and buildings (houses) under construction, are carried at the lower of cost and net realizable value (NRV). 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 and NRV. Cost is determined by using the average method. Allowance for decline in inventory 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 and NRV. Cost is determined by using the first-in-first-out method (FIFO). Allowance for decline in inventory 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 appropriate.

**3.i. Prepaid Expenses**

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

**3.j. Investment Property**

Investment property is 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. Land is not depreciated and is presented at acquisition cost. Building is depreciated using straight line method based on its estimated useful life of 20 years. The cost of repairs and maintenance is charged to the consolidated statement of comprehensive income as incurred while significant renovations and additions are capitalized.

**3.k. Property and Equipment**

Property and equipment is accounted for using cost model after initial recognition. Property and equipment is carried at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost and is 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 the consolidated profit or loss as incurred while 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 comprehensive 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 and NRV.

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

**3.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 consolidated statement of financial position at amounts equal to the fair value of the leased asset or the present value of the minimum lease payments, whichever is lower. 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 is not immediately recognized as income in the financial statements of a seller (lessee) but is 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 or loss is recognized immediately. If the sales price is below fair value, any profit or loss is recognized immediately except if the loss is compensated by future lease payments below market price where it is deferred and amortized in proportion to the lease payments over the period for which the asset is expected to be used. If the sales price is above fair value, the excess over fair value is deferred and amortized over the period for which the asset is expected to be used.

**3.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 when the assets are ready for their intended use.

**3.n. Impairment of Non-Financial Assets**

Recoverable of assets value shall be estimated whenever events and changes of circumstances indicate that the carrying value may not be recoverable. Impairment of non-financial asset is recognized as loss for the year.

**3.o. Business Combination**

The Company accounts for each business combination by applying the acquisition method.

The consideration transferred for an acquisition is measured at the aggregate of the fair values of assets given-up, liabilities assumed, and equity instruments issued by the Company. Acquisition-related costs are recognized in the profit or loss as incurred.

The Company recognizes the identifiable assets acquired and liabilities assumed at their fair value on acquisition date, except if:

- Deferred tax assets or liabilities that are related to assets acquired and liabilities assumed in business combination are recognized and measured in accordance with PSAK No. 46, "Income Taxes".
- Liabilities (or assets, if any) related to employee benefit arrangement from the acquiree are recognized and measured in accordance with PSAK No. 24 (Revised 2004), "Employee Benefits".
- Liabilities or equity instruments related to the replacement of an acquiree's share-based payment awards are measured in accordance with PSAK No. 53 (Revised 2010), "Share-based Payment".
- Non-current assets (or disposal groups) acquired that are classified as held for sale in accordance with PSAK No. 58 (Revised 2009), "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

**3.p. Intangible Assets**

Goodwill

Goodwill arising in a business combination is recognized as an asset on the date that the control is acquired.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is not amortized but is reviewed for impairment at least annually or more frequently when there is an indication that the goodwill may be impaired. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units expected to benefit from the synergies of the combination. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss



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is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit prorated on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in the subsequent period.

The negative goodwill that resulted from bargain purchases is recognized as gain in profit or loss. The gain is attributed to the acquirer.

Cost of Software

Acquisition cost of accounting software is deferred and amortized using the straight line method based on the estimated of economic useful life of Five (5) years.

**3.q. Bond Issuance Cost**

Bond issued is classified into the category of financial liabilities measured at amortized cost (see Note 3.y). Therefore, bond issuance cost is deducted directly from the 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 using the effective interest rate method.

**3.r. Employee Benefit**

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

The Company recognizes provisions for post-employment benefits in accordance with Labor Law No. 13/2003 and PSAK No. 24 (Revised 2004) "Employee Benefits".

Post-employment benefits are 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.

**3.s. 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, do not represent changes of ownership in terms of economic substance, and thus, should not result in a gain or loss for the group of companies as a whole or for the individual entity in the groups.

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 the account "Difference in Value from Restructuring Transactions between Entities Under Common Control" and is presented as a component of stockholders' equity.

**3.t. Derivative Financial Instruments**

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

Derivative Instruments are recognized based on its fair value and classified as financial asset and/or financial liabilities. Changes in the fair value are recognized in the consolidated statement of comprehensive income for the year.

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**3.u. 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 is fully recognized if the following conditions for each type of sale are met:

For the 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 collectibility of the selling price can be 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 and 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 on the part of the seller to construct a building on the land sold.

For the 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 collectibility of the selling price can 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 which represents a sale in substance and the seller does not have substantial continuing involvement with such property.

If a real estate sale fails to meet all the 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 are fulfilled.

The revenue from shopping centers and apartments are recognized based on the 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 a percentage of actual activities accomplished to total development activities that need to be accomplished. Cost of land lots sold is determined based on the 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 in the "Accrued Expenses" account which is presented in the consolidated statements of financial position. 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 benefit.

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Expenses are recognized when incurred.

**3.v. Income Tax**

Final Income Tax

Final income tax expense is recognized proportionately with the accounting income recognized during the year. The difference between the final income tax paid and the final tax expense in the profit or loss for the year is recognized as prepaid tax or tax payable. If the income is already subjected to final income tax, the differences between the consolidated financial statements 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 of unused tax losses are recognized to the extent that it is probable that 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 income tax is recognized based on the taxable income for the year in accordance with the current tax regulations.

**3.w. Earnings per Share**

Basic earnings per share (EPS) is calculated by dividing profit attributable to common stockholders of the parent entity by the weighted average number of common stocks in the one (1) reporting period.

Diluted EPS accounted for other securities potentially have dilutive effect to ordinary shares which are outstanding during the reporting period.

**3.x. Segment Information**

Segment information of the Company and subsidiaries are presented based on operating segment.

Operating segment is a component of an entity that engages in business activities whose operating results are regularly reviewed by the management and for which discrete financial information is available.

The Company organized its business into six (6) operating segments:

- (i) Urban development, which comprises, among others, activities in real estate, urban development, land acquisition and clearing, land development and excavation and infrastructure development.
- (ii) Large scale integrated development, which comprises, among others, activities in real estate in large scale integrated development project and its infrastructure development.
- (iii) Retail malls, which comprises among others, activities in real estate in development and management of shopping center.
- (iv) Healthcare, which comprises activities in health services.
- (v) Hospitals and infrastructure, which comprise, 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 above operating segments are strategic business units that offer different products and services. Products and services are managed separately because each business requires market strategies and different resources. The accounting policies for operating segments are the same as described in this summary of significant accounting policies.

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**3.y. Financial Assets and Liabilities**

**Financial Assets**

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

**(i) Financial assets measured at FVTPL**

Financial assets measured at FVTPL are financial assets which are held for trading. Financial asset 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 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. Loans and receivables are initially recognized at fair value plus transaction costs and are subsequently measured at amortized cost using the effective interest rate method.

**(iii) HTM financial assets**

HTM 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 financial assets measured at FVTPL upon initial recognition;
- b. Those that are designated as AFS financial assets; and
- c. Those that meet the definition of loans and receivables.

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

**(iv) AFS financial assets**

AFS financial assets are non-derivative financial assets that are intended to be held for an 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, HTM financial assets or financial assets measured at FVTPL.

AFS financial assets are initially recognized at fair value, plus transaction cost, and are measured subsequently at fair value with gains and losses being recognized in the consolidated statements of changes in equity, except for impairment losses and foreign exchange gains and losses, until the financial assets is derecognized. If AFS financial assets are determined to be impaired, the cumulative gain or loss previously recognized in the equity section will be recognized in the consolidated statements of comprehensive income. Interest income is calculated using the effective interest method and foreign exchange gains or losses on monetary assets classified as AFS financial assets is recognized in the consolidated statements of comprehensive income.

**Impairment of Financial Assets**

Financial assets, other than measured at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For listed and unlisted equity investments classified as AFS financial assets, a significant or prolonged decline in the fair value of the security below its cost is considered to be an objective evidence of impairment.

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For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

For certain categories of financial asset, such as receivables, the impairment value of assets are assessed individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statements of comprehensive income.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in equity are reclassified to the consolidated statements of comprehensive income.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed as profit to the extent that the carrying amount of the investment on the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized as loss are not reversed through profit for the year. Any increase in fair value subsequent to an impairment loss is recognized directly to other comprehensive income.

**Derecognition of Financial Assets**

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

**Financial Liabilities**

Financial liabilities are classified into the category of (i) financial liabilities measured at FVTPL and (ii) financial liabilities measured at amortized cost.

**(i) Financial liabilities measured at FVTPL**

Financial liabilities measured at FVTPL are financial liabilities which are 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.



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**(ii) Financial liabilities measured at amortized cost**

Financial liabilities that are not classified as financial liabilities at FVTPL are categorized and measured at amortized cost using effective interest rate method.

**Derecognition of Financial Liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired.

**Equity Instruments**

Equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The equity instruments issued by the Company are recognized at net proceeds after deducting the cost of its issuance.

Reacquisition of the Company's own equity instruments are recognized as treasury stock at cost and deducted from equity. Treasury stock is owned for a maximum of three (3) years from the date of reacquisition. Gains or losses arising from the purchase, sale, issuance or cancellation of equity instruments are not recognized in the profit or loss. Consideration paid or received is recognized directly in equity.

**Fair Value Determination**

The fair value of financial instruments traded in an active market is determined based on the prevailing market value at reporting date.

Investments in equity securities with unavailable fair value are recorded at cost.

The fair value of other financial instruments not traded in the market is determined using certain valuation techniques. The Company uses discounted cashflows with assumptions based on market conditions existing at reporting date to determine the fair value of other financial instruments.

**3.2. Assumptions and Sources of Estimation Uncertainty**

The preparation of financial statements in accordance with the Indonesian Financial Accounting Standards requires the management to make assumptions and estimates that could affect the carrying amounts of certain assets and liabilities at end of reporting period.

In the preparation of these consolidated financial statements, accounting assumptions have been made in the process of applying accounting policies that may affect the carrying amounts of assets and liabilities in financial statements. In addition, there are accounting assumptions about the sources of estimation uncertainty at end of reporting period that could materially affect the carrying amounts of assets and liabilities in the subsequent reporting period.

The management periodically reviews them to ensure that the assumptions and estimates have been made based on all relevant information available on the date in which the consolidated financial statements have been prepared. Because there is inherent uncertainty in making estimates, the value of assets and liabilities to be reported in the future might differ from those estimates.

At the reporting date, the management has made significant assumptions and estimates which have the most significant impact to the carrying amount recognized in the consolidated financial statements, as follows:

**Allowance for Doubtful Accounts**

In general, the management analyzes the adequacy of the allowance for doubtful accounts based on several data, which include analyzing historical bad debts, the concentration of each customer's accounts

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receivable, credit worthiness and changes in a given period of repayment. The analysis is carried out individually on a significant amount of accounts receivable, while the insignificant group of accounts receivable is carried on the collective basis. At the reporting date, the carrying amount of accounts receivable has been reflected at fair value and the carrying value may change materially in the subsequent reporting period, but the change, however, will not be attributable to the assumptions and estimates made as of this reporting date.

**Deferred Tax Assets Estimation**

Management considerations are needed to determine the amount of deferred tax recognized in the profit or loss and the amount recorded as deferred tax assets. Recognition is performed only if it is probable that the asset will be recovered in the form of economic benefits to be received in future periods, in which the temporary differences and tax losses can still be used. Management also considers the future estimated taxable income and strategic tax planning in order to evaluate its deferred tax assets in accordance with applicable tax laws and its updates. As a result, related to its inherent nature, it is likely that the calculation of deferred taxes is related to a complex pattern where assessment requires a judgment and is not expected to provide an accurate calculation.

**Useful Lives of Property and Equipment Estimation**

The Company makes a periodic review of the useful lives of property and equipment based on several factors such as physical and technical conditions and development of medical equipment technology in the future. The results of future operations will be materially influenced by the change in estimate as caused by changes in the factors mentioned above. Changes in estimated useful life of property and equipment, if any, are prospectively treated in accordance with PSAK No. 25 (Revised 2010), "Accounting Policies, Changes in Accounting Estimates and Errors".

**Post-employment Benefits**

The present value of post-employment benefits liability depends on several factors that are determined by actuarial basis based on several assumptions. Assumptions used to determine the cost (income) include the discount rate. Changes in these assumptions will affect the carrying amount of post-employment benefits.

The Company determines the appropriate discount rate at the end of the reporting period by the interest rate used to determine the present value of future cash outflows expected to settle an estimated liability. In determining the appropriate level of interest rates, the Company considers the interest rate of government bonds denominated in Rupiah that has a similar period to the corresponding period of liability.

Other key assumption is partly determined by current market conditions, during the period in which the post-employment benefits liability is resolved. Changes in the employee benefits assumption will impact on recognition of actuarial gains or losses at the end of the reporting period.

**Revenue Recognition - Percentage of Completion Method**

Revenue from the sale of shopping centers and apartment units are recognized using the percentage of completion method. By this method, revenue is recognized proportionately with the amount of load that generates revenue. As a consequence, the sales proceeds that can not be recognized as revenue are recognized as a liability until the sale have met the criteria for revenue recognition.

To determine the percentage of completion of the development activities of shopping centers and apartment units, the management uses physical progress approach that is determined based on the survey report for each project or the part of project (e.g., for each tower of apartment). The management conducted a review of the determination of the estimated percentage of completion and it realized that a negligence in determining the percentage of completion at the reporting date can result in revenue recognition errors for the subsequent reporting period, in which the material error correction will be carried out retrospectively.

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**4. Cash and Cash Equivalent**

	2011 Rp	2010 Rp
<b>Cash on Hand</b>		
(including 2011: USD 8,000, SGD 632, EUR 4,805, JPY 113,800, AUD 6,376; 2010: USD 32,614, SGD 22,675, EUR 4,605, JPY 113,800, AUD 6,419)	5,001,649,939	5,063,225,418
<b>Cash in Banks</b>		
<b>Third Parties</b>		
<u>Rupiah</u>		
PT Bank CIMB Niaga Tbk	47,605,432,497	67,899,337,216
PT Bank Negara Indonesia (Persero) Tbk	41,338,333,344	27,019,168,345
PT Bank Central Asia Tbk	20,571,533,773	18,072,023,981
PT Bank Mandiri (Persero) Tbk	17,891,440,435	8,938,951,317
PT Bank Pan Indonesia Tbk	14,872,730,013	4,642,252,107
PT Bank Danamon Indonesia Tbk	12,819,849,124	2,707,330,012
PT Bank Permata Tbk	9,724,401,592	4,889,620,144
PT Bank Rakyat Indonesia (Persero) Tbk	8,130,484,892	4,086,250,203
PT Bank Mega Tbk	7,556,527,894	5,487,108,526
PT Bank Artha Jasa	3,242,979,052	--
PT Bank Tabungan Negara (Persero) Tbk	3,015,178,358	844,162,206
PT Bank OCBC NISP Tbk	2,845,986,453	5,705,991,399
PT Bank Internasional Indonesia Tbk	2,566,745,760	3,134,006,870
Others (each below Rp 1 billion)	1,956,922,188	1,438,030,273
<u>Foreign Currencies</u>		
PT Bank CIMB Niaga Tbk (2011: USD 729,619, SGD 16,200,578; 2010: USD 5,492,228)	119,599,016,011	49,380,619,726
OCBC Bank, Singapore (2011: SGD 2,929,956; 2010: SGD 3,198,902)	20,433,510,633	22,331,537,166
PT Bank Mega Tbk (2011: USD 31,193, SGD 579,249; 2010: USD 1,882,335, SGD 9,764)	4,322,537,164	16,992,235,576
Credit Suisse, Singapore (2011: USD 113,475, SGD 307,804; 2010: USD 376,751, SGD 1,063,653)	3,175,620,900	10,812,728,838
PT Bank OCBC NISP Tbk (2011: USD 168,453, SGD 9,923, EUR 6,221; 2010: USD 6,687, SGD 256,194, EUR 6,847)	1,669,755,395	1,930,508,395
DBS Bank, Singapore (2011: USD 30,943, SGD 167,079; 2010: USD 30,943, SGD 35,111,817)	1,445,801,183	245,393,806,826
Others (each below Rp 1 billion)	657,889,393	830,048,941
<b>Related Party</b>		
<u>Rupiah</u>		
PT Bank Nationalnobu	26,229,260,153	--
	371,671,936,207	502,535,718,067

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	2011 Rp	2010 Rp
<b>Time Deposits</b>		
<b>Third Parties</b>		
<u>Rupiah</u>		
PT Bank CIMB Niaga Tbk	1,032,601,026,587	1,686,217,347,826
PT Bank Negara Indonesia (Persero) Tbk	344,799,694,493	745,550,000,000
PT Bank Mega Tbk	67,600,000,000	26,500,000,000
PT Bank Mandiri (Persero) Tbk	17,739,853,072	--
PT Bank Permata Tbk	14,656,126,000	--
PT Bank Mayapada International Tbk	4,803,657,456	4,600,000,000
PT Bank Rakyat Indonesia (Persero) Tbk	2,915,654,720	245,813,680
PT Bank Central Asia Tbk	1,016,752,500	--
Others (each below Rp 1 billion)	520,700,000	--
<u>Foreign Currencies</u>		
PT Bank CIMB Niaga Tbk (2011: USD 20,000,000; 2010: USD 12,041)	181,468,264,767	108,264,767
PT Bank ICBC Indonesia (USD 10,000,000)	90,680,000,000	--
OCBC Bank, Singapore (2011: SGD 3,003,926; 2010: SGD 2,000,000)	20,949,381,598	13,962,000,000
PT Bank OCBC NISP Tbk (USD 2,000,000)	18,136,000,000	--
Raiffeisen Bank International, Labuan (USD 75,000,000)	--	674,325,000,000
Bank of India, Singapore (USD 87,824)	--	789,624,145
Credit Suisse, Singapore (2011: USD 3,015; 2010: USD 21,154)	--	190,197,217
	<u>1,797,887,111,193</u>	<u>3,152,488,247,635</u>
<b>Total Cash and Cash Equivalent</b>	<b><u>2,174,560,697,339</u></b>	<b><u>3,660,087,191,120</u></b>

Interest rates and maturity period of the time deposits are as follows:

	2011	2010
<b>Interest Rates</b>		
Rupiah	4.00% - 7.75%	5.25% - 8.00%
Foreign Currencies	2.50% - 3.00%	0.20% - 3.60%
<b>Maturity Period</b>	0 - 3 months	0 - 3 months

**5. Investments**

	2011 Rp	2010 Rp
Investment in Real Estate Investment Trust (REIT)	2,312,900,505,000	406,294,289,217
Investment Share of Stock of:		
Associates	64,021,323,926	69,571,917,104
Other Company	58,329,023,011	58,357,521,011
<b>Total Investments</b>	<b><u>2,435,250,851,937</u></b>	<b><u>534,223,727,332</u></b>

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**a. Real Estate Investment Trust (REIT)**

	2011 Rp	2010 Rp
<b>AFS Financial Assets</b>		
Acquisition Cost		
Lippo Malls Indonesia Retail Trust (LMIRT)		
(2011: 641,866,183 units; 2010: 21,292,758 units)	1,930,847,872,352	63,555,036,845
First REIT (2011: 140,780,294 units; 2010: 66,545,888 units)	593,433,528,789	319,341,196,911
Foreign Exchange Translation	5,420,100,928	(236,194,673)
Accumulated Unrealized Gain (Loss):		
Charged to Profit or Loss	(1,949,311,917)	(1,949,311,917)
Charged to Other Comprehensive Income	(214,851,685,152)	25,583,562,051
<b>Total Investment in Real Estate Investment Trust</b>	<b>2,312,900,505,000</b>	<b>406,294,289,217</b>

REIT represents investments in REITs which are listed in Singapore Stock Exchange.

On March 18, 2011, Bridgewater International Ltd., a subsidiary, purchased 68,750,000 units of First REIT with acquisition costs amounting to SGD 35,321,512 and Bowsprit Capital Corporation Ltd, a subsidiary, purchased 6,414,382 units of First REIT with acquisition costs amounting to SGD 3,295,500.

On June 20, 2011 and November 24, 2011, Bridgewater International Ltd., a subsidiary, purchased each 295,511,944 LMIRT units with acquisition costs of SGD 166,396,865 and SGD 91,608,702, respectively.

**b. Investment in Associates**

2011						
	Domicile	Percentage of Ownership	Acquisition Cost	Accumulated Share in Profit of Associates	Accumulated Dividend Received	Carrying Value
		%	Rp	Rp	Rp	Rp
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	83,484,882,245	(77,084,873,862)	12,555,431,753
PT Menara Inti Development	Bekasi	40.00	100,000,000	7,762,753,227	(1,512,000,000)	6,350,753,227
Others (each below Rp 5 billion)			25,143,494,000	(16,348,493,317)	--	8,795,000,683
<b>Total</b>			<b>64,363,900,866</b>	<b>78,254,296,922</b>	<b>(78,596,873,862)</b>	<b>64,021,323,926</b>

2010						
	Domicile	Percentage of Ownership	Acquisition Cost	Accumulated Share in Profit of Associates	Accumulated Dividend Received	Carrying Value
		%	Rp	Rp	Rp	Rp
<b>Equity Method</b>						
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)	--	--
Subtotal			56,257,906,866	77,858,238,363	(74,080,730,625)	60,035,414,604



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2010						
	Domicile	Percentage of Ownership %	Acquisition Cost Rp	Accumulated Share in Profit of Associates Rp	Accumulated Dividend Received Rp	Carrying Value Rp
<b>Cost Method</b>						
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 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
Subtotal			9,536,502,500	--	--	9,536,502,500
<b>Total</b>			<b>65,794,409,366</b>	<b>77,858,238,363</b>	<b>(74,080,730,625)</b>	<b>69,571,917,104</b>

\*) The Company or subsidiary record investments in entities which has not started operation at cost because the fair value of investments can not be determined. Since January 1, 2011, these investments are recognized as investments in subsidiaries or associates in connection with the application of PSAK No. 4 (Revised 2010) and PSAK No. 15 (Revised 2010).

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.

The following is the summary of financial information of associates:

	2011 Rp	2010 Rp
Total Aggregate of Assets	219,828,013,404	193,289,150,369
Total Aggregate of Liabilities	50,374,329,158	65,117,482,830
Total Aggregate of Net Sales and Revenues	74,900,291,166	71,764,094,005
Total Aggregate Profit for the Years	16,625,151,937	23,173,049,978

No information is available for the quotation published price over the fair value of the abovementioned investments in associates.

**c. Equity Instruments in Other Companies**

	Domicile	2011 Rp	2010 Rp
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	--	29,384,011	57,882,011
<b>Total Investment in Other Companies</b>		<b>58,329,023,011</b>	<b>58,357,521,011</b>

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**6. Trade Accounts Receivable**

	2011 Rp	2010 Rp
<b>Third Parties</b>		
Urban Development:		
Land Lots	85,200,032,683	36,522,738,817
Memorial Park	24,912,639,872	29,373,886,548
Residential Houses and Shophouses	10,691,599,536	85,623,090,499
Asset Enhancements	7,237,479,346	1,847,572,394
Subtotal	<u>128,041,751,437</u>	<u>153,367,288,258</u>
Large Scale Integrated Development:		
Apartments	66,428,182,633	25,620,888,057
Asset Enhancements	6,064,792,643	5,955,895,249
Subtotal	<u>72,492,975,276</u>	<u>31,576,783,306</u>
Retail Malls:		
Shopping Centers	106,377,164,473	129,245,814,631
Asset Enhancements	23,005,756,720	22,871,814,202
Others	-	172,295,775
Subtotal	<u>129,382,921,193</u>	<u>152,289,924,608</u>
Healthcare:		
Inpatient and Outpatient	<u>125,560,907,484</u>	<u>73,174,728,266</u>
Hospitals and Infrastructure:		
Town Management and Water Treatment	81,590,444,252	72,451,745,585
Hotels and Restaurants	22,374,490,783	22,024,183,551
Recreations and Sports	120,317,651	5,020,547,825
Others	10,416,338,478	7,140,675,642
Subtotal	<u>114,501,591,164</u>	<u>106,637,152,603</u>
Property and Portfolio Management:		
Management Fee	<u>36,607,289,272</u>	<u>184,292,716,719</u>
Total Trade Accounts Receivable from Third Parties	<u>606,587,435,826</u>	<u>701,338,593,760</u>
Less : Allowance for Doubtful Accounts	<u>(44,731,336,807)</u>	<u>(44,734,119,179)</u>
Trade Accounts Receivable from Third Parties - Net	<u>561,856,099,019</u>	<u>656,604,474,581</u>
<b>Related Parties</b>		
Healthcare:		
Inpatient and Outpatient	2,779,461,708	5,083,171,699
Less : Allowance for Doubtful Accounts	-	-
Total Trade Accounts Receivable from Related Parties - Net	<u>2,779,461,708</u>	<u>5,083,171,699</u>
<b>Trade Accounts Receivable - Net</b>	<u><b>564,635,560,727</b></u>	<u><b>661,687,646,280</b></u>

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The trade accounts receivable aging analysis based on the date of invoices are as follows:

	2011 Rp	2010 Rp
<b>Third Parties</b>		
Current	349,140,095,941	485,797,044,845
Over Due		
Up to 3 Months	114,409,541,547	75,533,741,629
> 3 months - 6 months	22,998,089,661	27,492,332,406
> 6 months - 1 year	23,548,065,187	19,257,330,509
> 1 year	96,491,643,490	93,258,144,371
Sub Total	606,587,435,826	701,338,593,760
Less: Allowance for Doubtful Accounts	(44,731,336,807)	(44,734,119,179)
Trade Accounts Receivable from Third Parties - Net	561,856,099,019	656,604,474,581
<b>Related Parties</b>		
Current		
Over Due		
Up to 3 Months	1,503,820,523	2,506,470,079
> 3 months - 6 months	245,546,435	1,187,728,745
> 6 months - 1 year	117,601,390	753,186,728
> 1 year	912,493,360	635,786,147
Sub Total	2,779,461,708	5,083,171,699
<b>Trade Accounts Receivable - Net</b>	<b>564,635,560,727</b>	<b>661,687,646,280</b>

The movements in allowance for doubtful accounts are as follows:

	2011 Rp	2010 Rp
<b>Third Parties</b>		
Beginning Balance	44,734,119,179	52,696,124,794
Addition	-	-
Reversal	(2,782,372)	(7,962,005,615)
<b>Ending Balance</b>	<b>44,731,336,807</b>	<b>44,734,119,179</b>
<b>Related Parties</b>		
Beginning Balance	-	749,719,412
Addition	-	-
Reversal	-	(749,719,412)
<b>Ending Balance</b>	<b>-</b>	<b>-</b>

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

Trade accounts receivable of PT Golden First Atlanta Corporation and PT Lippo Cikarang Tbk, subsidiaries, are pledges as collateral for the loans obtained from PT Bank Central Asia Tbk and PT Bank ICBC (see Notes 16.d and 16.a).

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

Details of trade accounts receivable denominated in foreign currencies are presented in Note 37.

**7. Other Accounts Receivable**

	2011 Rp	2010 Rp
<b>Third Parties</b>		
Dividend	106,258,709,139	16,387,970,632
Promissory Notes (2011: USD 3,500,000; 2010: USD 4,000,000)	31,738,000,000	35,964,000,000
Call Spread Option (see Note 35.c)	27,231,624,872	16,992,504,426
PT Palembangparagon Mall	25,163,567,059	--
PT Graha Pilar Sejahtera	22,976,633,104	--
PT Simpruk Arteri Realty	15,358,489,712	--
Tenant Association for Apartments, Condominium and Shopping Centers	15,295,556,730	13,766,739,915
Security Services	3,761,288,916	6,431,088,288
Others (each below Rp 5 billion)	117,490,019,992	58,435,946,239
Sub Total	365,273,889,524	147,978,249,500
Less: Allowance for Doubtful Accounts	(6,353,293,962)	(6,353,293,962)
<b>Other Accounts Receivable - Net</b>	<b>358,920,595,562</b>	<b>141,624,955,538</b>

Dividend receivable represents dividend of Bridgewater International Ltd., Bowsprit Capital Corp. Ltd. and Lippo-Malls Indonesia Retail Trust Management Ltd., subsidiaries, on the respective investment of each company in the REIT (see Note 5).

Promissory notes represent non-interest bearing promissory notes received from PT Makassar Hotel Network for sale of Aryaduta Hotel Makassar in 2008. The notes were issued by PT Makassar Capital (MC) with a total amount of USD 6,000,000. First promissory note amounting to USD 3,000,000 matured on December 31, 2008 and was extended based on Rescheduling Agreement (RA) dated April 22, 2009. Based on RA, MC shall pay to Company on an installment basis whereby the last installment should be paid on October 22, 2009. Up to completion date of this consolidated financial statements, MC had made an installment of USD 2,500,000 and the balance of USD 3,500,000 is being processed for extension.

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

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**8. Inventories**

	2011 Rp	2010 Rp
Urban Development:		
Land under Development	3,827,524,803,604	3,176,257,613,520
Residential Houses and Shophouses	751,455,916,266	563,789,954,872
Apartments	89,550,197,029	40,353,799,109
Others	6,032,140,133	6,526,120,007
Subtotal	<u>4,674,563,057,032</u>	<u>3,786,927,487,508</u>
Large Scale Integrated Development:		
Land under Development	844,071,788,492	805,150,121,700
Apartments	830,134,588,109	587,146,043,382
Shopping Centers	440,173,966,821	459,661,068,085
Subtotal	<u>2,114,380,343,422</u>	<u>1,851,957,233,167</u>
Retail Malls:		
Shopping Centers	847,326,543,760	818,936,315,818
Land under Development	207,196,599,373	574,938,160,855
Subtotal	<u>1,054,523,143,133</u>	<u>1,393,874,476,673</u>
Healthcare:		
Medical and Non Medical Supplies	44,083,509,282	31,407,575,642
Hospitality and Infrastructure:		
Hotels and Restaurants	3,736,784,881	3,346,698,197
Recreation and Sports	447,730,985	869,272,842
Others	475,528,785	195,769,456
Less: Allowance for Decline in Inventory Value	(39,505,683)	(39,505,683)
Subtotal	<u>4,620,538,968</u>	<u>4,372,234,812</u>
<b>Inventories - Net</b>	<b><u>7,892,170,591,837</u></b>	<b><u>7,068,539,007,802</u></b>

In 2011, inventory amounting to Rp 4,522,904,605 was reclassified to investment property (see Notes 12), and property and equipment was reclassified to inventory amounting to Rp 36,336,951,904 (see Note 13).

In 2010, land under development amounting to Rp 117,603,913,069 was reclassified to investment property (see Notes 12) and property and equipment was reclassified to inventory amounting to Rp 221,894,237,841 (see Note 13).

Interests and other borrowing costs from bonds (see Note 16.f), loans obtained from PT Bank Negara Indonesia (Persero) Tbk, PT Bank Agroniaga Tbk and PT Bank ICBC (see Notes 16.b, 16.e and 16.a), have been capitalized into land under development for the years ended December 31, 2011 and 2010 amounted to Rp 314,005,561,818 and Rp 416,256,671,864, respectively.

As of December 31, 2011, land under development consisted of land covering a net area of approximately 28 hectares in Kelapa Dua and Bencongan Village, 11 hectares in Jalan Lingkar Luar Barat - Puri Kembangan, 15 hectares in Mampang Prapatan District, 20 hectares in West Panunggangan Village, 29 hectares in Binong Village, 2 hectares in Kelapa Indah Village, 10 hectares in Bonang Village, 20 hectares in Sukanagalih Village, 101 hectares in Margakaya Village, Telukjambe, Karawang, 129 hectares in Cibatu Village, 10 hectares in Serang Village, 34 hectares in Sukaresmi Village, 106 hectares in Cicau Village, 3 hectares in Kuta, Bali, 31 hectares in Tanjung Merdeka Village, 23 hectares in Macini Sombala Village, 15 hectares in Tamanyeleng Village, 32 hectares in Barombong Village and 14 hectares in Mariso District.



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Medical supplies and consumables of PT Golden First Atlanta, subsidiary, are pledged as collateral for the loan obtained from PT Bank Central Asia Tbk (see Note 16.d).

Land under development owned by PT Lippo Cikarang Tbk, a subsidiary, with a total area of 22.1 hectares and 12.7 hectares are pledged as collateral for the loan obtained from PT Bank ICBC Indonesia and PT Bank Negara Indonesia (Persero) Tbk (see Notes 16.a and 16.b).

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, related party and PT Asuransi Bintang Tbk, third party with the insured amount of Rp 5,039 billion and 3,481 billion as of December 31, 2011 and 2010, respectively. The Company and subsidiaries' management believes that the insured amount is adequate to cover any possible losses.

The Company and subsidiaries' management is in the opinion that there is no impairment in the carrying value of inventories as of December 31, 2011.

## 9. Advances

	2011 Rp	2010 Rp
Advances for Investments:		
PT Anugerah Bahagia Abadi	312,400,000,000	255,000,000,000
PT Menara Abadi Megah	25,000,000,000	--
PT Guchi Kencana Emas	--	57,443,246,813
PT Prawira Tata Semesta	--	46,655,579,000
SubTotal	<u>337,400,000,000</u>	<u>359,098,825,813</u>
Advances for Construction	201,018,870,661	225,838,118,982
Advances for Land Acquisition	98,195,801,641	57,284,570,705
Advances for Acquisition of Property and Equipment	11,205,812,335	1,520,988,674
Others	<u>90,944,607,867</u>	<u>55,552,911,783</u>
<b>Total</b>	<b><u>738,765,092,504</u></b>	<b><u>699,295,415,957</u></b>

On December 2, 2010, based on Sale and Purchase of Shares Agreements, PT Satria Mandiri Idola Utama, subsidiary, purchased the shares of PT Anugerah Bahagia Abadi of Rp 549,686,500,000. Up to December 31, 2011, the advanced payment amounted to Rp 312,400,000,000.

On March 11, 2011, two subsidiaries namely PT Siloam International Hospitals (SIH) and PT Karya Persada Megapratama (MKP) acquired 99.98% and 0.02% ownership in PT Guchi Kencana Emas, respectively. On the same date, SIH and MKP also acquired 99.8% and 0.2% ownership in PT Prawira Tata Semesta, respectively (see Note 1.c).

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**10. Transactions and Balances with Related Parties**

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

	2011 Rp	2010 Rp	Percentage to Total Assets/Liabilities	
			2011 %	2010 %
<b>Cash and Cash Equivalent</b>				
Cash in Bank				
PT Bank Nasiona	26,229,260,153	--	0.14	--
<b>Investment in Associates</b>				
PT Surya Citra Investama	36,320,138,263	36,320,138,263	0.20	0.22
PT Hyundai Inti Development	12,555,431,753	12,747,230,814	0.07	0.08
PT Menara Inti Development	6,350,753,227	7,573,038,844	0.03	0.05
PT Medika Sehat Lestari	4,999,994,000	4,999,994,000	0.03	0.03
PT Tritunggal Sentra Utama	2,368,153,241	2,368,153,241	0.01	0.01
PT Lippo Indorent	1,026,853,442	1,026,853,442	0.01	0.01
PT Dunia Air Indah *)	--	3,781,609,500	--	0.02
Others (each below Rp 1 billion)	400,000,000	754,899,000	0.00	0.00
<b>Total Investment in Associates</b>	<b>64,021,323,926</b>	<b>69,571,917,104</b>	<b>0.35</b>	<b>0.43</b>
<b>Trade Accounts Receivable</b>	<b>2,779,461,708</b>	<b>5,083,171,699</b>	<b>0.02</b>	<b>0.03</b>
<b>Due from Related Parties</b>				
PT Bumi Lemahabang Permai	9,919,451,291	9,917,213,291	0.05	0.06
PT Duta Mas Kharisma Indah	4,891,935,451	4,891,935,451	0.03	0.03
Directors and Key Management	2,623,728,985	1,975,306,724	0.01	0.01
Others (each below Rp 1 billion)	4,672,521,521	4,844,120,868	0.03	0.03
Total	22,107,637,248	21,628,576,334	0.12	0.13
Less: Allowance for Doubtful Accounts	(12,004,700,338)	(12,255,328,472)	(0.07)	(0.08)
<b>Due from Related Parties - Net</b>	<b>10,102,936,910</b>	<b>9,373,247,862</b>	<b>0.06</b>	<b>0.06</b>
<b>Trade Accounts Payable</b>				
PT First Media Tbk	--	9,710,280,000	--	0.12
<b>Due to Related Parties</b>				
PT Tirta Graha Sentana	2,215,692,479	1,620,804,400	0.03	0.02
PT Dunia Air Indah *)	--	3,790,587,326	--	0.05
PT Cahaya Harapan	--	2,799,999,500	--	0.04
Others (each below Rp 1 billion)	2,231,654,779	2,096,077,253	0.03	0.03
<b>Total Due to Related Parties</b>	<b>4,447,347,258</b>	<b>10,307,468,479</b>	<b>0.06</b>	<b>0.13</b>
<b>Deferred Income</b>				
PT Matahari Putra Prima Tbk	791,891,898,867	776,312,009,263	8.95	9.73
<b>Post-Employment Benefits Liability</b>				
Directors and Key Management	8,429,185,161	6,982,079,161	0.10	0.09

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	2011 Rp	2010 Rp	Percentage to Net Sales	
			2011 %	2010 %
<b>Net Sales, Services and Other Revenues</b>				
PT Matahari Putra Prima Tbk	<b>15,431,882,945</b>	<b>13,453,525,173</b>	<b>0.37</b>	<b>0.43</b>

The transactions were conducted in an arm's length basis, 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 intercompany charges, advances 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 Tritunggal Sentra Utama	Associate	Investment in shares of stock
PT Menara Inti Development	Associate	Investment in shares of stock
PT Bank Nationalnobu	Under Common Control	Placement of cash and cash equivalent
PT Medika Sehat Lestari	Associate	Investment in shares of stock
PT Duta Mas Kharisma Indah	Under Common Control	Non-interest bearing intercompany charges
PT Dunia Air Indah *)	Associate	Investment in shares of stock and non-interest bearing of intercompany charges
PT Tirta Graha Sentana	Under Common Control	Non-interest bearing intercompany charges
PT Cahaya Harapan	Under Common Control	Intercompany advances
PT First Media Tbk	Under Common Control	Rental of lease line

\*) Consolidated since January 1, 2011

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

Payable to BLP represents non-interest bearing intercompany charges which are unsecured and has no fixed repayment period.

## 11. Land for Development

	2011		2010	
	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	3,452,178	399,314,565,060	3,567,083	395,545,217,623
PT Gowa Makassar Tourism Development Tbk	2,095,956	169,496,202,116	2,066,224	137,533,188,653
PT Muliasentosa 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	110,617	16,882,272,105	121,543	18,620,363,550
PT Bahtera Pratama Wirasakti	83,405	15,699,340,352	83,405	15,695,452,595
PT Surya Makmur Alam Persada	71,303	20,283,623,533	71,303	20,283,623,533
<b>Total Land for Development</b>	<b>8,549,723</b>	<b>987,757,345,136</b>	<b>8,645,822</b>	<b>953,759,187,924</b>

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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.

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 have been capitalized into land for development amounting to Rp 291,877,317 and Rp 1,535,688,268 for the years ended December 31, 2011 and 2010, respectively (see Note 16.e).

Land for development of PT Erabaru Realindo, a subsidiary, with an area of 65.6 hectares is pledged as collateral for a loan obtained from PT Bank Negara Indonesia Tbk (Persero) (see Note 16.b).

Partial land for development of PT Gowa Makassar Tourism Development Tbk (GMTD), a subsidiary, with an area of 21.4 hectares is pledged as collateral for a loan obtained by GMTD from PT Bank Mandiri (Persero) Tbk (see Note 35.a).

**12. Investment Property**

	2011				
	Balance as of	Addition	Deduction	Reclassification	Balance as of
	December 31, 2010	Rp	Rp	Rp	December 31, 2011
	Rp				Rp
<b>Acquisition Cost</b>					
Land	104,497,432,432	--	--	4,743,555,628	109,240,988,060
Building	459,734,537,752	11,103,158,806	--	19,809,213,352	490,646,909,910
Total Acquisition Cost	564,231,970,184	11,103,158,806	--	24,552,768,980	599,887,897,970
<b>Accumulated Depreciation</b>					
Building	46,246,106,530	24,528,746,750	--	712,736,748	71,487,590,028
Total Accumulated Depreciation	46,246,106,530	24,528,746,750	--	712,736,748	71,487,590,028
<b>Carrying Value</b>	<b>517,985,863,654</b>				<b>528,400,307,942</b>
	2010				
	Balance as of	Addition	Deduction	Reclassification	Balance as of
	December 31, 2009	Rp	Rp	Rp	December 31, 2010
	Rp				Rp
<b>Acquisition Cost</b>					
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	445,784,557,115	--	--	118,447,413,069	564,231,970,184
<b>Accumulated Depreciation</b>					
Building	24,766,419,985	21,479,686,545	--	--	46,246,106,530
Total Accumulated Depreciation	24,766,419,985	21,479,686,545	--	--	46,246,106,530
<b>Carrying Value</b>	<b>421,018,137,130</b>				<b>517,985,863,654</b>

In 2011, the Company reclassified inventories and property and equipment to investment property amounting to Rp 4,522,904,605 (see Note 8) and Rp 19,317,127,627 (see Note 13), respectively. In 2010, the Company reclassified inventories and property and equipment to investment properties amounting to Rp 117,603,913,069 (see Note 8) and Rp 843,500,000 (see Note 13), respectively. Those inventories and property and equipment were reclassified to investment property with the intension of generating rental revenue.

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Rental revenue earned and direct operating expense from investment property amounted to Rp 97,745,846,141 and Rp 42,149,435,880 for the year ended December 31, 2011, respectively and Rp 70,390,281,725 and Rp 26,956,811,966 for the year ended December 31, 2010, respectively.

Depreciation charges that were allocated in the consolidated statements of comprehensive income are as follows:

	2011 Rp	2010 Rp
Cost of Sales and Services	13,546,521,712	12,200,180,872
General and Administrative Expense	10,982,225,038	9,279,505,673
<b>Total Depreciation Expense</b>	<b>24,528,746,750</b>	<b>21,479,686,545</b>

The Company's investment property has been insured against fire damage and other risks to PT Lippo General Insurance Tbk, related party, with an insured amount of Rp 589 billion and Rp 341.7 billion as of December 31, 2011 and 2010, respectively. The Company and subsidiaries' management is in the opinion that the insured amount is adequate to cover any possible losses.

Based on the valuation report of Kantor Jasa Penilai Publik Willson and Rekan (Knight Frank), an independent appraiser, the fair value of all inventories (Note 8), investment property, and property and equipment (Note 13) as of December 31, 2010 amounted to Rp 33,369,618,735,003. The appraiser is a member of the Indonesian Society of Appraisers (MAPPI) and has appropriate qualifications and experience in the property valuation. The valuation is conducted using the market data approach and in accordance with the Indonesian Valuation Standard 2007 and the code of ethics of Indonesian valuation. The management believes that the fair value in 2011 did not decline as compared to 2010.

The Company's and subsidiaries' management is in the opinion that there is no impairment in the carrying value of investment property as of December 31, 2011.

### 13. Property and Equipment

	2011				
	Balance as of December 31, 2010 Rp	Addition Rp	Deduction Rp	Reclassification Rp	Balance as of December 31, 2011 Rp
<b>Acquisition Cost</b>					
<b>Direct Ownership</b>					
Land	289,359,411,869	10,737,049,747	--	3,380,001,215	303,476,462,831
Building, Infrastructure and Renovations	501,468,320,680	140,980,025,880	1,058,513,765	(1,667,365,443)	639,722,467,352
Parks and Interiors	20,870,163,890	593,251,265	612,791,100	--	20,850,624,055
Golf Course and Club House	168,182,844,789	901,594,121	--	--	169,084,438,910
Transportation Equipment and Vehicles	27,472,340,628	2,996,973,818	276,793,363	191,830,000	30,384,351,083
Furniture, Fixtures and Office Equipment	328,807,744,262	93,647,385,400	737,754,223	1,315,580,164	423,032,955,603
Tools and Medical Equipment	403,939,873,178	125,506,503,658	1,186,440,733	(3,382,808,533)	524,877,127,570
Machinery and Project Equipment	152,774,839,260	3,322,707,901	804,907,503	258,415,078	155,551,054,736
Bowling Machinery	14,385,991,861	--	--	12,000,000	14,397,991,861
Playground Areas	3,135,746,092	--	--	--	3,135,746,092
	1,910,397,276,509	378,685,491,790	4,677,200,687	107,652,481	2,284,513,220,093
<b>Assets under Finance Lease</b>	191,830,000	--	--	(191,830,000)	--
<b>Construction in Progress</b>	104,213,945,447	196,860,589,197	--	(61,971,547,592)	239,102,987,052
<b>Total Acquisition Cost</b>	<b>2,014,803,051,956</b>	<b>575,546,080,987</b>	<b>4,677,200,687</b>	<b>(62,055,725,111)</b>	<b>2,523,616,207,145</b>



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	2011				
	Balance as of	Addition	Deduction	Reclassification	Balance as of
	December 31, 2010				December 31, 2011
	Rp	Rp	Rp	Rp	Rp
<b>Accumulated Depreciation</b>					
<b>Direct Ownership</b>					
Building, Infrastructure and Renovations	111,055,091,073	44,296,839,960	966,882,337	(2,613,474,093)	151,771,574,603
Parks and Interiors	17,043,115,891	1,458,349,744	202,137,687	–	18,299,327,948
Golf Course and Club House	115,303,326,467	8,523,588,973	--	–	123,826,915,440
Transportation Equipment and Vehicles	19,264,052,975	3,154,651,635	263,218,363	192,287,502	22,347,773,749
Furniture, Fixtures and Office Equipment	252,332,706,809	50,605,601,624	345,984,256	(708,123,732)	301,884,200,445
Tools and Medical Equipment	191,782,402,984	48,607,717,894	1,186,440,733	(3,267,246,777)	235,936,433,368
Machinery and Project Equipment	84,048,201,964	11,882,284,291	131,549,271	186,028,277	95,984,965,261
Bowling Machinery	14,272,033,272	31,704,392	--	713,244	14,304,450,908
Playground Areas	3,135,746,092	--	--	–	3,135,746,092
	808,236,677,527	168,560,738,513	3,096,212,647	(6,209,815,579)	967,491,387,814
<b>Assets under Finance Lease</b>	191,830,000	--	--	(191,830,000)	–
<b>Total Accumulated Depreciation</b>	808,428,507,527	168,560,738,513	3,096,212,647	(6,401,645,579)	967,491,387,814
<b>Carrying Value</b>	<b>1,206,374,544,429</b>				<b>1,556,124,819,331</b>
	2010				
	Balance as of	Addition	Deduction	Reclassification	Balance as of
	December 31, 2009				December 31, 2010
	Rp	Rp	Rp	Rp	Rp
<b>Acquisition Cost</b>					
<b>Direct Ownership</b>					
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	307,406,423,243	21,467,800,152	673,543,146	607,064,013	328,807,744,262
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	137,120,945,514	6,366,565,350	172,947,900	9,460,276,296	152,774,839,260
Bowling Machinery	14,385,991,861	--	--	–	14,385,991,861
Playground Areas	3,536,633,375	--	--	(400,887,283)	3,135,746,092
	1,718,762,765,172	219,407,055,146	53,532,125,905	25,759,582,096	1,910,397,276,509
<b>Assets under Finance Lease</b>	1,896,813,500	--	--	(1,704,983,500)	191,830,000
<b>Construction in Progress</b>	245,752,916,546	111,219,957,472	--	(252,758,928,571)	104,213,945,447
<b>Total Acquisition Cost</b>	1,966,412,495,218	330,627,012,618	53,532,125,905	(228,704,329,975)	2,014,803,051,956
<b>Accumulated Depreciation</b>					
<b>Direct Ownership</b>					
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
	720,005,194,915	110,882,421,537	17,238,466,429	(5,412,472,496)	808,236,677,527
<b>Assets under Finance Lease</b>	745,949,638	--	--	(554,119,638)	191,830,000
<b>Total Accumulated Depreciation</b>	720,751,144,553	110,882,421,537	17,238,466,429	(5,966,592,134)	808,428,507,527
<b>Carrying Value</b>	<b>1,245,661,350,665</b>				<b>1,206,374,544,429</b>

In 2011, the Company reclassified property and equipment to investment property amounting to Rp 19,317,127,627 (see Note 12) and to inventories amounted to Rp 36,336,951,904 (see Note 8).

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In 2010, the Company reclassified property and equipment to investment property amounting to Rp 843,500,000 (see Note 12) and to inventories amounted to Rp 221,894,237,841 (see Note 8).

In 2011, the addition of property and equipment includes the assets from the acquired Company (see Note 1.c) with the acquisition cost amounting to Rp 162,193,197,898 and accumulated depreciation amounting to Rp 38,581,535,938.

Depreciation charges that were allocated in the consolidated statements of comprehensive income are as follows:

	2011 Rp	2010 Rp
General and Administrative Expenses	85,622,945,311	65,881,266,199
Cost of Sales and Services	30,073,620,935	29,808,662,072
Selling Expenses	14,282,636,329	15,192,493,266
<b>Total Depreciation Expense</b>	<b>129,979,202,575</b>	<b>110,882,421,537</b>

The disposal of the Company's and subsidiaries' property and equipment are as follows:

	2011 Rp	2010 Rp
Acquisition Cost	4,677,200,687	53,532,125,905
Accumulated Depreciation	3,096,212,647	17,238,466,429
Carrying Value	1,580,988,040	36,293,659,476
Selling Price	1,590,421,400	220,929,025,288
Gain on Disposal	9,433,360	184,635,365,812
Deferred Gain on Sale and Leaseback Transaction (Note 21)	--	178,461,683,217
<b>Gain on Disposal Credited to Consolidated Statement of Comprehensive Income for the Year</b>	<b>9,433,360</b>	<b>6,173,682,595</b>

PT East Jakarta Medika (EJM) sold the land and building of Siloam Cikarang Hospital (the Property) to PT Graha Pilar Sejahtera (GPS) for the selling price of SGD 33,333,333 and leaseback the Property (see Note 35.b). In relation to this transaction, EJM recognized gain on sale of the Property amounting to Rp 5,949,923,669 and deferred gain on sale and leaseback amounting to Rp 178,461,683,217 as of December 31, 2010.

Land and building, infrastructure, machinery and tools and medical equipment of PT Balikpapan Damai Husada, a subsidiary, are pledged as collateral for a loan obtained from Bank Pembangunan Daerah Kalimantan Timur (see Note 16.c).

Land and building, vehicles, furniture, fixtures and office equipment and tools and medical equipment of PT Golden First Atlanta, a subsidiary, were pledged as collateral for a loan obtained from PT Bank Central Asia Tbk (see Note 16.d).

There is no borrowing cost capitalized into property and equipment.

All of the Company's 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 insured amount of Rp 2.309 billion, SGD 41,411,117 and USD 20,349,623 as of December 31, 2011 and Rp 1.547 billion, SGD 35,584,286 and USD 33,359,623 as of

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December 31, 2010. The Company and subsidiaries' management is in the opinion that the insured amount is adequate to cover any possible losses.

The Company's and subsidiaries' management is in the opinion that there is no impairment in the carrying value of property and equipment as of December 31, 2011.

#### 14. Intangible Assets

	2011 Rp	2010 Rp
Goodwill	209,541,539,862	234,065,201,770
Less: Accumulated Amortization	–	(130,691,031,463)
	209,541,539,862	103,374,170,307
Accumulated Impairment Value	(9,099,999,902)	–
Goodwill - Net	200,441,539,960	103,374,170,307
Acquisition Cost of Software - Net	9,834,955,892	1,249,386,534
<b>Intangible Assets - Net</b>	<b>210,276,495,852</b>	<b>104,623,556,841</b>

The details of goodwill are as follows:

Acquirer	Investment in	Year of Acquisition	Net Value	
			2011 Rp	2010 Rp
PT Siloam International Hospitals	PT Prawira Tata Semesta	2011	55,146,465,217	--
PT Graha Jaya Pratama	PT Nuansa Indah Lestari	2004	38,110,462,048	38,110,462,048
PT Prawira Tata Semesta	PT Balikpapan Damai Husada	2011	27,480,578,103	--
PT Siloam International Hospitals	PT Guchi Kencana Emas	2011	23,540,326,235	--
PT Berkat Langgeng Jaya	PT Pamor Paramita Utama	2008	9,770,787,707	9,770,787,707
PT Prima Kreasi Propertindo	PT Graha Solusi Mandiri	2007	9,560,604,416	9,560,604,416
PT Wahana Usaha Makmur	PT Adhi Utama Dinamika	2008	8,774,146,934	8,774,146,934
PT Graha Jaya Pratama	PT Fajar Usaha Semesta	2004	8,186,375,658	8,186,375,658
PT Graha Jaya Pratama	PT Fajar Raya Cemerlang	2004	7,929,625,658	7,929,625,658
PT Graha Jaya Pratama	PT Aresta Permata Utama	2004	5,971,083,992	5,971,083,992
PT Graha Jaya Pratama	PT Fajar Abadi Aditama	2004	5,971,083,992	5,971,083,992
PT Aritasindo Pemai Semesta	PT Nusa Medika Perkasa	2008	--	2,834,372,068
PT Perdana Kencana Mandiri	PT Nusa Medika Perkasa	2008	--	2,329,066,016
PT Multiselaras Anugrah	PT Nusa Medika Perkasa	2008	--	1,979,706,114
PT KutaBeach ParagonMall	PT Graha Buana Utama	2008	--	972,210,184
PT Graha Jaya Pratama	PT Aresta Amanda Lestari	2004	--	541,150,658
PT Mahaduta Pumama	PT Buana Mandiri Selaras	2008	--	439,983,796
PT Almaron Perkasa	PT Adhi Utama Dinamika	2008	--	3,511,066
<b>Total</b>			<b>200,441,539,960</b>	<b>103,374,170,307</b>

The management believes that the impairment that occurred in 2011 have been assessed adequately.

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**15. Other Assets**

	2011 Rp	2010 Rp
Restricted Funds	194,881,192,421	93,352,635,515
Deferred Charges	172,859,771,361	143,749,535,621
Project Advances	15,571,008,794	11,834,755,354
Others	36,196,480,261	20,599,486,878
<b>Total Other Assets</b>	<b>419,508,452,837</b>	<b>269,536,413,368</b>

Restricted fund represents the Company's 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 4).

Deferred charges represents the Company's training and development of professional staff of the Company for acquisitions planning preparation of several hospitals, and marketing and sales expenditures incurred by PT Almaron Perkasa and PT Mandiri Cipta Gemilang, both subsidiaries. The deferred charges will be amortized systematically in accordance with revenue recognition of the respective projects.

**16. Loans**

	2011 Rp	2010 Rp
<b>Third Parties</b>		
<b>Banks</b>		
a. PT Bank ICBC	90,000,000,000	–
b. PT Bank Negara Indonesia (Persero) Tbk	50,000,000,000	448,172,201,824
c. Bank Pembangunan Daerah Kalimantan Timur	44,258,018,807	–
d. PT Bank Central Asia Tbk	34,133,551,395	–
e. PT Bank Agroniaga Tbk	–	11,450,000,000
	218,391,570,202	459,622,201,824
<b>Non Bank</b>		
f Bonds	3,534,706,824,201	2,916,240,540,290
<b>Total Loans</b>	<b>3,753,098,394,403</b>	<b>3,375,862,742,114</b>

**a. PT Bank ICBC**  
**The Company**

Based on Deed of Credit Agreement No. 85 dated October 20, 2010 made in the presence of Mellyani Noor Shandra, S.H., a notary in Jakarta, which was renewed by the Credit Agreement No. 143/ICBC-MK/PTD/2011 dated October 24, 2011, the Company obtained an on demand Fixed Loan credit facility at a maximum amount of Rp 90,000,000,000 with annual interest rate of 11%. The loan was used for working capital and will mature on October 25, 2012. The outstanding balance of this loan as of December 31, 2011 is nil.

This facility is secured by collaterals as follows:

- One (1) parcel of land with an area of 94,500 sqm, as a part of Right to Build (HGB) No. 56/Sukaresmi which is registered under the name of PT Waska Sentana.
- One (1) parcel of land with an area of 2,500 sqm with Right to Build (HGB) No. 2012/Sukaresmi which is registered under the name of PT Waska Sentana.

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Interests and other borrowing costs capitalized into inventories as of December 31, 2011 amounted to Rp 988,425,575 (see Note 8).

**PT Lippo Cikarang Tbk (LC), a subsidiary**

Based on Deed of Credit Agreement No. 86 dated October 20, 2010, made in the presence of Mellyani Noor Shandra, S.H., a notary in Jakarta, which was renewed by Credit Agreements Nos. 144/ICBC-MK/PTD/2011 and 145/ICBC-MK/PTD/2011 dated October 25, 2011, LC obtained an on demand Fixed Loan credit facility at a maximum amount of Rp 90,000,000,000 with annual interest rate of 11%. The loan was used for working capital and will mature on October 25, 2012. The outstanding balance of this loan as of December 31, 2011 amounted to Rp 90,000,000,000.

This facility is secured by collaterals as follows:

- One (1) parcel of land with an area of 38,901 sqm with Right to Build (HGB) No. 178/Sukaresmi which is registered under the name of PT Waska Sentana.
- One (1) parcel of land with an area of 85,180 sqm, as a part of Right to Build (HGB) No. 56/Sukaresmi which is registered under the name of PT Waska Sentana.

**b. PT Bank Negara Indonesia (Persero) Tbk**  
**The Company**

- Based on Deed of Credit Agreement No. 34 dated October 30, 2006, which was made in the presence of H. Zamri, S.H., a notary in Jakarta and 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 at a maximum amount of Rp 250,000,000,000 which bears an annual interest rate of 13.5%. This loan was used to finance property and other businesses, except for land acquisitions. This loan matured on October 29, 2007. Furthermore, based on Deed of Credit Agreement No. 44 dated March 29, 2007 made in the presence of H. Zamri, S.H., a notary in Jakarta, the Company obtained additional Working Capital Credit facility at a maximum of Rp 20,000,000,000 resulting to a total Working Capital Credit facility of 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 up to October 29, 2008. Based on Amendment of Credit Agreements Nos. 34 and 44 dated November 3, 2009, 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 up to June 12, 2011.
- Based on Deed of Credit Agreement No. 45 dated March 29, 2007 which was made in the presence of H. Zamri, S.H., a notary in Jakarta, the Company obtained a term loan credit facility at a maximum 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 hospital and infrastructure, except for land acquisition and matured on March 29, 2011.

Interests and other borrowing costs capitalized into inventories as of December 31, 2011 and 2010 amounted to Rp 10,477,825,011 and Rp 59,735,186,913, respectively (see Note 8).

Both facilities have been fully paid by the Company on March 10, 2011.

**PT Lippo Cikarang Tbk (LC), a subsidiary**

- Based on Deed of Credit Agreement No. 32 dated March 29, 2011 which was made in the presence of Wenda Taurusita Amidjaja, S.H., notary in Jakarta, LC obtained a working capital credit facility at a maximum amount of Rp 50,000,000,000 with an annual interest rate of 11%. This loan was used to finance the property and other business, except for land acquisition and will mature on March 28, 2012.



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The outstanding balance of this loan amounted to Rp 50,000,000,000 as of December 31, 2011.

- Based on Deed of Credit Agreement No. 33 dated March 29, 2011 which was made in the presence of Wenda Taurusita Amidjaja, S.H., a notary in Jakarta, LC obtained a working capital credit facility at a maximum amount of Rp 432,782,000,000 with an annual interest rate of 11%. This loan was used to refinance the Company's loan and will mature on March 28, 2016. As of reporting date, LC has not used this facility.

Both facilities are secured by collaterals as follows:

- Ten (10) parcels of land with an area of 655,945 sqm, consist of Right to Build (HGB) Nos. 37, 38, 39, 40, 2002, 2003, 2004, 2005, 2006, and 5981 which are registered under the name of PT Erabarur Realindo, a subsidiary.
- One (1) parcel of land with an area of 127,404 sqm, consist of Right to Build (HGB) No. 8302 which is registered under the name of LC.
- Property trade accounts receivable (excluding accounts receivable from land sold) amounted to Rp 62.5 billion.

**c. Bank Pembangunan Daerah Kalimantan Timur**

Based on Deed of Credit Agreement No. 005/870/9200/KI.59/BPDKP/2008 dated February 25, 2008, PT Balikpapan Damai Husada (BDH), a subsidiary, obtained an investment credit facility (Non-PRK) at a maximum amount of Rp 50,000,000,000 with an annual interest rate of 11.5%. This loan was used to increase the investment fund for financing the development of hospitals and paying the Company's loan obtained from PT Bank Mandiri Tbk. This loan will mature on February 25, 2019.

This facility is secured by collaterals as follows:

- One (1) parcel of land with an area of 12,562 sqm including healthcare building and hospital with an area 8,024 sqm with Right to Build (HGB) No. 2069 located at Jl. MT. Haryono RT. 35, Balikpapan which is registered under the name of PT Putra Adi Perkasa.
- Supporting infrastructure, tools and machinery and medical equipment with the estimated value of Rp 8,665,020,000.

There is no restrictive financial ratio which should be maintained by BDH.

**d. PT Bank Central Asia Tbk**

Based on Deed of Credit Agreement No. 1 dated April 1, 2003 made in the presence of Yandes Effriady, S.H., a notary in Jambi, and the letter No. 0242/JAM/2010 dated February 3, 2010, which was renewed by Credit Agreement No. 54 dated July 19, 2010 made in the presence of Hasan, S.H., notary in Jambi, PT Golden First Atlanta (GFA), a subsidiary, obtained several credit facilities as follows:

- Local Credit Facility (Current Account) at a maximum amount of Rp 5,000,000,000.
- Investment Credit Facility at a maximum amount of Rp 32,419,314,946.

Both facilities bear an annual interest rate of 12% and will mature on February 5, 2012 and December 20, 2016, respectively.

Both facilities are secured by collaterals as follows:

- Three (3) parcels of land with an area of 7,112 sqm and building with Right to Build (HGB) Nos. 840, 841 and 842/Paal Merah which are registered under the name of GFA, a subsidiary.
- Medical equipments, three (3) vehicles, furniture fixtures and office equipment, trade accounts receivable and inventory of medicine and consumable goods, and machinery and medical equipments.

Based on the loan agreement, GFA needs to maintain maximum debt to equity ratio of 2 times.

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**e. PT Bank Agroniaga Tbk**

Based on Credit Agreement No. 73 dated June 23, 2004 which has been extended for several times, the latest of which is 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 for the alteration of credit facilities to be as follows:

- Fixed Loan Regular (PTR I) – Non-Revolving amounting to Rp 12,950,000,000
- Fixed Loan Regular (PTR II) – Revolving amounting to Rp 7,000,000,000

Interest expense and other borrowing cost capitalized into inventories for the years ended December 31, 2011 and 2010 amounted to Rp 325,165,299 and Rp 1,731,605,478, respectively (see Note 8) and capitalized into land for development for the years ended December 31, 2011 and 2010 amounted to Rp 291,877,317 and Rp 1,535,688,268, respectively (see Note 11).

This facility has been fully paid by GMTD on April 8, 2011.

**f. Bonds**

	2011 Rp	2010 Rp
Nominal (2011: USD 395,608,000; 2010: USD 336,854,000)	3,587,373,344,000	3,028,654,314,000
Premium	71,920,687,353	--
Bond Issuance Cost - Net	(124,587,207,152)	(112,413,773,710)
<b>Total</b>	<b>3,534,706,824,201</b>	<b>2,916,240,540,290</b>
Premium	90,680,000,000	--
Less: Accumulated Amortization	(18,759,312,647)	--
<b>Unamortized Premium</b>	<b>71,920,687,353</b>	<b>--</b>
Bond Issuance Costs	171,074,648,567	185,559,382,173
Less: Accumulated Amortization	(46,487,441,415)	(73,145,608,463)
<b>Unamortized Bond Issuance Cost</b>	<b>124,587,207,152</b>	<b>112,413,773,710</b>

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 have 5 years period maturity and became due on March 9, 2011. Payments of interest is conducted every 6 months. As of December 31, 2010, the outstanding accrued interest expense amounting to USD 1,828,390 (equivalent to Rp 16,439,050,893). On May 11, 2010, part of bonds amounting to USD 183,754,000 was exchanged with bonds issued by Sigma Capital Pte. Ltd., a subsidiary. These bonds have been fully paid by the Company on March 9, 2011.

In relation to exchange offer program of bonds, on May 11, 2010, Sigma Capital Pte (SC). Ltd., a subsidiary, issued unsecured bonds with a nominal value of USD 270,608,000, and subsequently, on February 17, 2011, SC issued unsecured bond with a nominal value of USD 125,000,000, both bonds bear an annual interest rate of 9% and are listed in Singapore Stock Exchange and will due on April 30, 2015. Payments of interest will be conducted every 6 months. As of December 31, 2011 and 2010, accrued interest expense amounted to USD 5,934,120 and USD 4,059,120 (equivalent to Rp 53,810,600,160 and Rp 36,495,547,920), respectively.

Interest expense and other borrowing cost capitalized into inventories for the years ended December 31, 2011 and 2010 amounted to Rp 302,214,145,933 and Rp 354,789,879,473, respectively (see Note 8).

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These 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 entered into Non-Deliverable USD Call Spread Option facility agreements with certain third parties to hedge foreign exchange fluctuation risk on these foreign currency denominated bond (see Note 35.c).

**17. Accrued Expenses**

	2011 Rp	2010 Rp
Estimated Cost for Construction	144,149,248,228	310,549,884,908
Interest	54,997,293,683	56,279,388,686
Endowment Care Fund	30,696,987,047	21,596,987,047
Transfer of Ownership Tax	17,124,030,804	25,183,410,755
Hedging Premium	9,961,650,962	10,752,187,050
Professional Fees	8,392,303,687	5,615,267,862
Electricity, Water and Telephone	6,932,657,118	8,067,017,486
Salaries and Employee Benefits	3,704,922,933	3,173,775,373
Others	53,539,691,473	46,135,741,256
<b>Total Accrued Expenses</b>	<b>329,498,785,935</b>	<b>487,353,660,423</b>

**18. Taxation**

**a. Income Tax Expense (Benefit)**

	2011 Rp	2010 Rp
Current	(175,560,142,390)	(136,239,927,283)
Deferred	4,844,186,258	11,507,194,293
<b>Total Income Tax Expense</b>	<b>(170,715,956,132)</b>	<b>(124,732,732,990)</b>

The reconciliation between profit before income tax expense as presented in the consolidated statements of comprehensive income, and the Company's estimated tax loss is as follows:

	2011 Rp	2010 Rp
Profit before Income Tax Expense as Presented in Consolidated Statements of Comprehensive Income	984,810,305,058	719,253,651,770
<i>Deduct:</i>		
Profit from Subsidiaries	(1,109,843,392,790)	(616,849,372,706)
Profit (Loss) before Income Tax from Sales of Land and Building Already Subjected to Final Income Tax	114,771,859,464	(14,955,833,487)
<b>The Company's Commercial Profit (Loss) - Net</b>	<b>(10,261,228,268)</b>	<b>87,448,445,577</b>

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	2011 Rp	2010 Rp
<b>Temporary Differences</b>		
Amortization of Deferred Income	--	(14,185,984)
Provision for Doubtful Accounts	--	(3,228,299,711)
Salaries and Employees' Benefits	5,479,479,315	(3,702,784,553)
Depreciation of Direct Ownership of Property and Equipment	(4,007,616,777)	(4,007,616,777)
Deferred Gain on Sale and Leaseback Transactions	(7,303,446,744)	(7,303,446,744)
Subtotal	<u>(5,831,584,206)</u>	<u>(18,256,333,769)</u>
<b>Permanent Differences</b>		
Donation and Representation	1,105,089,876	180,252,616
Income Already Subjected to Final Tax:		
Interest Income	(78,277,549,816)	(61,319,112,280)
Rent	<u>(24,302,253,584)</u>	<u>(22,233,891,317)</u>
Subtotal	<u>(101,474,713,524)</u>	<u>(83,372,750,981)</u>
<b>The Company's Estimated Tax Loss</b>	<u><b>(117,567,525,998)</b></u>	<u><b>(14,180,639,173)</b></u>

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

	2011 Rp	2010 Rp
<b>The Company</b>		
Estimated Tax Loss	<u>(117,567,525,998)</u>	<u>(14,180,639,173)</u>
Income Tax Expense from Sales of Land and Building Already Subjected to Final Income Tax	<u>6,831,012,974</u>	<u>11,429,627,348</u>
<b>Subsidiaries</b>		
Income Tax Expense from Sales of Land and Building Already Subjected to Final Income Tax	<u>103,302,821,778</u>	<u>65,536,807,331</u>
Taxable Income - Non-Final	<u>403,864,491,014</u>	<u>193,518,277,804</u>
Current Income Tax	65,426,307,638	59,273,492,604
Tax Credit	<u>(35,057,745,862)</u>	<u>(3,783,355,696)</u>
<b>Consolidated Income Tax Payable - Current Year</b>	30,368,561,776	55,490,136,908
Prior Year Income Tax Payable Article 29	<u>7,754,008,153</u>	<u>41,785,218,763</u>
<b>Consolidated Income Tax Payable Article 29</b>	<u><b>38,122,569,929</b></u>	<u><b>97,275,355,671</b></u>

The reconciliation between tax expense and the multiplication of the consolidated profit before income tax with the prevailing tax rate is as follows:

	2011 Rp	2010 Rp
Profit before Income Tax Expense as Presented in Consolidated Statements of Comprehensive Income	984,810,305,058	719,253,651,770
<i>Deduct:</i>		
Profit of Subsidiaries	(1,109,843,392,790)	(616,849,372,706)
Profit (Loss) before Income Tax from Sales of Land and Building Already Subjected to Final Income Tax	<u>114,771,859,464</u>	<u>(14,955,833,487)</u>
The Company's Commercial Profit (Loss) - Net	<u>(10,261,228,268)</u>	<u>87,448,445,577</u>

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	2011 Rp	2010 Rp
Income Tax Expense at Effective Tax Rate	2,565,307,067	(21,862,111,394)
Income Already Subjected to Final Tax - Net	6,075,563,396	5,558,472,829
Interest Income	19,569,387,454	15,329,778,070
Donation and Representation	(276,272,468)	(45,063,154)
Tax Loss	(29,391,881,500)	(3,545,159,793)
Deferred Tax Arising from Changes of Tax Rate/Correction	--	(8,984,304,337)
Income Tax Expense Non-Final of the Company	(1,457,896,051)	(13,548,387,779)
Final Income Tax Expense of the Company	(6,831,012,974)	(11,429,627,348)
Total Income Tax Expense of the Company	(8,288,909,025)	(24,978,015,127)
Income Tax Expense of the Subsidiaries	(65,426,307,638)	(59,273,492,604)
Final Income Tax Expense of the Subsidiaries	(103,302,821,778)	(65,536,807,331)
Deferred Tax Expense of the Subsidiaries	6,302,082,309	25,055,582,072
Total Income Tax Expense of the Subsidiaries	(162,427,047,107)	(99,754,717,863)
<b>Total Income Tax Expense</b>	<b>(170,715,956,132)</b>	<b>(124,732,732,990)</b>

**b. Deferred Tax Asset – Net**

Details of the Company's and subsidiaries' deferred tax assets and liabilities are as follows:

	December 31, 2010 Rp	Credited (Charged) to Consolidated Statements of Comprehensive Income Rp	December 31, 2011 Rp
<b>The Company</b>			
Amortization of Deferred Income from Sale and Lease Back Transactions	19,979,063,059	(1,825,861,686)	18,153,201,373
Post-Employment Benefits Liability	5,517,028,256	1,369,869,829	6,886,898,085
Allowance for Doubtful Accounts	2,965,626,608	--	2,965,626,608
Depreciation	(7,430,237,641)	(1,001,904,194)	(8,432,141,835)
	21,031,480,282	(1,457,896,051)	19,573,584,231
<b>Subsidiaries</b>	51,605,325,759	6,302,082,309	57,907,408,068
<b>Deferred Tax Assets - Net</b>	<b>72,636,806,041</b>	<b>4,844,186,258</b>	<b>77,480,992,299</b>

	January 1, 2010 Rp	Credited (Charged) to Consolidated Statements of Comprehensive Income Rp	December 31, 2010 Rp
<b>The Company</b>			
Amortization of Deferred Income from Sale and Lease Back Transactions	21,804,924,745	(1,825,861,686)	19,979,063,059
Post-Employment Benefits Liability	16,352,576,986	(10,835,548,730)	5,517,028,256
Allowance for Doubtful Accounts	3,772,701,536	(807,074,928)	2,965,626,608
Amortization of Deferred Expense	3,546,496	(3,546,496)	--
Depreciation	(7,353,881,702)	(76,355,939)	(7,430,237,641)
	34,579,868,061	(13,548,387,779)	21,031,480,282
<b>Subsidiaries</b>	26,549,743,687	25,055,582,072	51,605,325,759
<b>Deferred Tax Assets - Net</b>	<b>61,129,611,748</b>	<b>11,507,194,293</b>	<b>72,636,806,041</b>



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**c. Taxes Payable**

	2011 Rp	2010 Rp
Income Tax		
Article 25/29	38,122,569,929	97,275,355,671
Final	31,513,072,973	26,863,044,134
Article 23	29,163,247,017	2,488,509,563
Article 21	19,481,044,493	8,363,788,639
Article 26	270,805,571	23,047,376,387
Value Added Tax	43,959,233,572	41,307,611,464
Hotel and Restaurant Tax	2,666,859,492	2,341,188,903
Entertainment Tax	913,810,132	607,121,645
<b>Total Taxes Payable</b>	<b>166,090,643,179</b>	<b>202,293,996,406</b>

The Company received Underpayment of Tax Assessment Letters (SKPKB) for Income Tax Article 23 and Income Tax Article 26 amounting to Rp 16.2 billion and Rp 73.1 billion, respectively, for fiscal year 2007. The Company objected for all SKPKBs.

On October 25, 2010, the Company received a Decision Letter No. KEP-1037/WPJ.07/2010 and No. KEP 1039/WPJ.07/2010 from the tax office which rejected the Company's objection to SKPKBs. The Company filed an tax appeal. Up to the completion date of these consolidated financial statements, the Company has not received the decision from Tax Court.

**19. Advances from Customers**

	2011 Rp	2010 Rp
<b>Third Parties</b>		
Apartment	950,373,788,045	742,933,483,836
Residential Houses and Shophouses	673,799,694,280	392,699,251,812
Land Lots	385,751,428,993	317,524,174,081
Shopping Centers	361,344,581,975	225,432,863,245
<b>Total Advances from Customers</b>	<b>2,371,269,493,293</b>	<b>1,678,589,772,974</b>

Details of the percentage of advances from customer to sales price are as follows:

	2011 Rp	2010 Rp
100%	1,291,877,781,227	1,011,478,106,884
50% - 99%	680,112,029,036	257,375,012,910
20% - 49%	254,791,397,835	341,937,536,831
below 20%	144,488,285,195	67,799,116,349
<b>Total</b>	<b>2,371,269,493,293</b>	<b>1,678,589,772,974</b>

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**20. Deferred Income**

	2011 Rp	2010 Rp
<b>Related Party</b>		
Rent (see Note 10)	791,891,898,867	776,312,009,263
<b>Third Parties</b>		
Rent	100,815,403,612	80,478,700,928
Excess of Net Assets over Acquisition Cost (Negative Goodwill) - Net	--	45,143,095,372
Others	10,640,683,368	8,995,740,726
Subtotal	111,456,086,980	134,617,537,026
<b>Total Deferred Income</b>	<b>903,347,985,847</b>	<b>910,929,546,289</b>

Due to implementation of PSAK No. 22 (Revised 2010), the negative goodwill amounting to Rp 45,143,095,372 has been reclassified to retained earnings as of January 1, 2011.

**21. Deferred Gain on Sale and Leaseback Transaction**

	2011 Rp	2010 Rp
Acquisition Cost	474,480,916,099	474,480,916,099
Accumulated Depreciation	127,538,766,701	127,538,766,701
Carrying Value	346,942,149,398	346,942,149,398
Proceeds	1,246,965,217,595	1,246,965,217,595
Less: Gain Credited to Consolidated Statements of Comprehensive Income	5,949,923,669	5,949,923,669
Deferred Gain on Sale and Leaseback Transaction	894,073,144,528	894,073,144,528
Foreign Exchange Translation	(2,980,432,096)	(5,840,960,634)
Accumulated Amortization	(251,541,092,020)	(192,595,003,697)
<b>Deferred Gain on Sale and Leaseback - Net</b>	<b>639,551,620,412</b>	<b>695,637,180,197</b>

Deferred gain on sale and leaseback transactions is amortized over 15 years of lease period using the straight line method (see Note 35.b).

**22. Post-Employment Benefits Liability**

The Company and subsidiaries appointed independent actuaries to determine and recognize post-employment liability in accordance with the existing manpower regulations. Post-employment benefits liability as of December 31, 2011 and 2010 were calculated by PT Jasa Aktuaria Japa and PT Dayamandiri Dharmakonsilindo with reports dated February 15, 2012 and January 12, 2011, respectively. The management believes that the estimate of post-employment benefits is sufficient to cover such liabilities.

Post-employment benefits recognized in the consolidated statements of financial position are as follows:

	2011 Rp	2010 Rp
Present Value of Defined Benefit Obligation	164,245,341,952	129,572,590,616
Unrecognized Past Service Cost	(21,073,857,722)	(12,483,141,777)
<b>Total</b>	<b>143,171,484,230</b>	<b>117,089,448,839</b>

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The details of post-employment benefits expense recognized in the consolidated statements of comprehensive income are as follows:

	2011 Rp	2010 Rp
Current Service Cost	20,532,897,648	13,006,764,963
Interest Expense	11,972,907,861	10,545,127,338
Past Service Cost (Non-Vested)	1,357,469,711	547,581,358
Recognized Actuarial Loss	(2,004,398,525)	(1,657,723,099)
Adjustment	339,831,753	--
<b>Total Post-employment Benefits Expense</b>	<b>32,198,708,448</b>	<b>22,441,750,560</b>

Post-employment benefits expense is recorded as part of the cost of salaries and employee benefits (see Note 31.b)

Reconciliation of changes in liabilities recognized in the consolidated statements of financial position is as follow:

	2011 Rp	2010 Rp
Balance on January 1	117,089,448,839	112,248,363,748
Payment of Employees' Benefits in the Current Year	(5,248,736,637)	(17,973,978,002)
Adjustment	(867,936,419)	--
Company's Contribution	--	373,312,533
Expense During the Year	32,198,708,448	22,441,750,560
<b>Post-Employment Benefits Liability as of December 31</b>	<b>143,171,484,230</b>	<b>117,089,448,839</b>

Present value of liability, related current service cost and past service cost has been calculated by independent actuaries using the following assumptions:

	2011	2010
Interest Rates	: 8%	10%
Salary Increase Projection Rate	: 8%	8%
Mortality Rate	: Indonesia – II	Indonesia – II
Permanent Disability Rate	: 10% x TMI – II	10% x TMI – II
Withdrawal Rate	: 1% for age 18 – 44, 0% for age 45 – 54	1% for age 18 – 44, 0% for age 45 – 54
Method	: Projected Unit Credit	Projected Unit Credit

## 23. Capital Stock

The Company stockholders' composition as of December 31, 2011 and 2010 are as follows:

Stockholders	2011		
	Total Shares	Percentage Ownership %	Issued and Fully Paid Rp
Pacific Asia Holdings Ltd	4,126,619,908	17.96	412,661,990,800
Ivan Setiawan Budiono (Director)	937,500	0.00	93,750,000
Others (each less than 5%)	18,853,902,711	82.04	1,885,390,271,100
<b>Total</b>	<b>22,981,460,119</b>	<b>100.00</b>	<b>2,298,146,011,900</b>
<b>Treasury Stock</b>	<b>96,229,500</b>		<b>9,622,950,000</b>
<b>Total</b>	<b>23,077,689,619</b>		<b>2,307,768,961,900</b>

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The acquisition cost of treasury stocks amounted to Rp 61,731,458,788.

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
<b>Total</b>	<b>21,627,689,619</b>	<b>100.00</b>	<b>2,162,768,961,900</b>

The following is the reconciliation of the number of outstanding shares at the beginning and end of period:

	2011 (shares)	2010 (shares)
Outstanding shares on January 1	21,627,689,619	17,302,151,695
Limited Public Offering III with Preemptive Rights	--	4,325,537,924
Non-Preemptive Rights Issuance of Capital Stock	1,450,000,000	--
Treasury Stocks	(96,229,500)	--
<b>Outstanding shares on December 31</b>	<b>22,981,460,119</b>	<b>21,627,689,619</b>

In 2010, the Company issued 4,325,537,924 new shares with preemptive rights (see Note 1.b) through Limited Public Offering III. On December 29, 2010, these shares were listed in the Indonesian Stock Exchange.

On June 6, 2011, the Company issued new shares through issuance of non-preemptive rights capital stock amounted to 1,450,000,000 shares (see Note 1.b).

From November 17, 2011 to December 21, 2011, the Company buyback 96,229,500 shares at the prices ranged from Rp 620 – Rp 660 per share for the total consideration of Rp 61,731,458,788, and has reported to Bapepam-LK in its letter No. 005/LK-COS/II/2012 dated January 13, 2012.

The buyback of the outstanding shares was approved by the Deed of Extraordinary General Meeting of Stockholders dated November 15, 2011, as covered by deed No. 19 made in the presence of Unita Christina Winata, S.H., a notary in Jakarta.

**24. Additional Paid-in Capital – Net**

	2011 Rp	2010 Rp
Rights Issue I		
Premium on Stock	87,283,750,000	87,283,750,000
Stock Issuance Cost	(11,844,180,664)	(11,844,180,664)
Subtotal	75,439,569,336	75,439,569,336
Rights Issue II		
Premium on Stock	485,048,197,150	485,048,197,150
Stock Issuance Cost	(7,442,812,013)	(7,442,812,013)
Subtotal	477,605,385,137	477,605,385,137
Premium on Exercising Warrant Series I	659,475,970,000	659,475,970,000

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	2011 Rp	2010 Rp
Excess of Market Value Over Par Value of Stock Issued in Business Combination Exercised under Purchase Method	91,701,282,075	91,701,282,075
Rights Issue III		
Premium on Stock	1,946,492,065,800	1,946,492,065,800
Stock Issuance Cost	(18,495,197,733)	(5,977,083,038)
Subtotal	1,927,996,868,067	1,940,514,982,762
Issuance of Capital Stock - Non-Preemptive Rights Issuance		
Premium on Stock	812,000,000,000	--
Stock Issuance Cost	(605,800,000)	--
Subtotal	811,394,200,000	--
<b>Total Additional Paid-in Capital - Net</b>	<b>4,043,613,274,615</b>	<b>3,244,737,189,310</b>

The excess of market value over the par value of stock issued during the 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.

On June 6, 2011, the Company issued new 1,450,000,000 shares through issuance of non-preemptive rights capital stock (see Note 1.b).

**25. Difference in Value from Restructuring Transactions between Entities Under Common Control – Net**

	Rp
<b>Transaction Before Business Combination</b>	
Net Asset Value of PT Saptapersada Jagatnusa	322,884,648
Acquisition Cost	(5,000,000,000)
Difference in Value	(4,677,115,352)
<b>Transaction from Business Combination</b>	
Net Asset Value of Siloam	275,837,221,176
Acquisition Cost	(85,173,967,500)
Difference in Value	190,663,253,676
Realization	(84,027,724,260)
Net	106,635,529,416
Net Asset Value of Lippo Land	69,227,950,557
Acquisition Cost	(265,747,071,500)
Difference in Value	(196,519,120,943)
Net Asset Value of Aryaduta	199,314,766,000
Acquisition Cost	(39,637,690,500)
Difference in Value	159,677,075,500
Realization	(45,581,021,356)
Net	114,096,054,144
<b>Total</b>	<b>19,535,347,265</b>



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Difference in value from the restructuring transaction of PT Saptapersada Jagatnusa (SPJN), was incurred during the Company's acquisition of SPJN in 2001.

Difference in value from restructuring transactions between entities under common control from business combination amounting to Rp 190,663,253,676, (Rp 196,519,120,943) and Rp 159,677,075,500, respectively, were 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.

**26. Changes in Equity Transaction of Subsidiaries**

In 2011, Peninsulla Pte Ltd (Peninsulla), a subsidiary, acquired shares of Lippo Malls Indonesia RTM (LMIR TM) from Mappletree LM Pte Ltd., a third party, and thus the ownership of Peninsulla to LMIR TM increased from 60% to 100%. The excess of acquisition cost over the subsidiaries' net assets amounted to Rp 177,677,727,750 and was recorded as Difference from Change in Minority Interest Transactions.

The following is the calculation the Difference from Change in Minority Interest Transactions:

	2011 Rp
Acquisition Cost	221,067,000,000
Net Asset Value of Acquired	(52,872,732,796)
Difference from Foreign Currency Translations	9,483,460,546
Difference from Change in Minority Interest Transactions	<u><u>177,677,727,750</u></u>

The respective Difference from Change in Minority Interest Transactions had been recorded by the Company as Changes in Equity Transaction of Subsidiaries.

**27. Unrealized Gain (Loss) on Changes in Fair Value of AFS Financial Assets**

	2011 Rp	2010 Rp
Investment in FREIT (see Note 5)		
Bridgewater International Ltd	134,661,302,830	(11,327,794,104)
Bowsprit Capital Pte Ltd	14,603,724,841	10,091,153,200
<u>Investment in LMIRT (see Note 5)</u>		
Bridgewater International Ltd	(356,700,624,896)	--
Lippo Malls Indonesia RTM Ltd	<u>(7,416,087,927)</u>	<u>26,820,202,955</u>
<b>Unrealized Gain (Loss) on Changes in Fair Value of AFS Financial Assets</b>	<u><u>(214,851,685,152)</u></u>	<u><u>25,583,562,051</u></u>

**28. Cash Dividend and Reserved Fund**

Based on Deed of Annual General Meeting of Stockholders Resolution No. 1 dated May 3, 2010 which was made in the presence of Unita Christina Winata, S.H., a notary in Tangerang, the Company's stockholders approved among others, no dividend for the year ended December 31, 2009 and increase the reserved fund amounting to Rp 1,000,000,000 from retained earnings of 2009.

On December 1, 2010, the Company paid an interim dividend amounting to Rp 2.88 per share.

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Based on Deed of Annual General Meeting of Stockholders Resolution No. 13 dated February 23, 2011 which was made in the presence of Unita Christina Winata, S.H., a notary in Tangerang, the Company's stockholders approved the payment of dividend amounting to Rp 150 billion (including the interim dividend of Rp 50 billion which was paid on December 1, 2010) and increase the reserved fund amounting to Rp 1,000,000,000 from retained earnings of 2010.

**29. Net Sales, Services and Other Revenues**

	2011 Rp	2010 Rp
Urban Development:		
Land Lots	758,859,902,132	399,893,833,500
Residential Houses and Shophouses	384,178,560,728	324,355,103,811
Memorial Park	103,928,360,240	96,661,908,202
Asset Enhancements	18,796,654,312	11,544,442,052
Subtotal	<u>1,265,763,477,412</u>	<u>832,455,287,565</u>
Large Scale Integrated Development:		
Apartments	748,043,853,748	425,871,947,921
Asset Enhancements	25,649,741,753	21,613,954,503
Subtotal	<u>773,693,595,501</u>	<u>447,485,902,424</u>
Retail Malls:		
Asset Enhancements	137,654,850,502	108,320,053,261
Shopping Centres	9,695,644,615	13,520,090,784
Sales Returns of Shopping Centres	(3,625,131,517)	(17,814,900,958)
Subtotal	<u>143,725,363,600</u>	<u>104,025,243,087</u>
Healthcare:		
Inpatient Department		
Medical Support Services and Professional Fees	276,775,088,485	233,409,816,079
Drugs and Medical Supplies	262,741,869,423	212,260,416,363
Ward Fees	89,143,074,456	85,624,553,938
Administration Fees	31,435,091,796	29,375,230,725
Operating Theater	17,370,159,619	13,143,127,935
Delivery Fees	767,567,175	529,159,744
Others	43,813,368,997	33,123,383,189
Outpatient Department		
Medical Support Services and Professional Fees	355,709,360,918	283,920,567,381
Drugs and Medical Supplies	164,789,503,962	129,865,456,324
Registration Fees	17,078,776,365	15,698,889,697
Subtotal	<u>1,259,623,861,196</u>	<u>1,036,950,601,375</u>
Hospitality and Infrastructure:		
Hotels and Restaurants	223,538,206,818	205,253,166,120
Town Management	97,895,233,519	83,701,673,262
Water and Sewage Treatment	76,013,325,038	70,657,508,360
Recreation and Sports	50,660,578,454	45,362,856,512
Others	31,321,423,330	23,790,719,192
Subtotal	<u>479,428,767,159</u>	<u>428,765,923,446</u>
Property and Portfolio Management:		
Management Fees	267,345,289,987	275,629,646,128
<b>Net Sales, Service and Other Revenues</b>	<b><u>4,189,580,354,855</u></b>	<b><u>3,125,312,604,025</u></b>

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Management fees revenue represents revenue of shopping centers from 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 both years.

**30. Cost of Sales and Services**

	2011 Rp	2010 Rp
Urban Development:		
Land Lots	408,239,877,115	132,315,953,603
Residential Houses and Shophouses	227,350,078,339	206,271,797,955
Memorial Park	19,449,378,060	17,197,306,612
Subtotal	<u>655,039,333,514</u>	<u>355,785,058,170</u>
Large Scale Integrated Development:		
Apartments	382,302,155,777	224,322,521,677
Asset Enhancements	16,641,013,565	1,888,484,093
Subtotal	<u>398,943,169,342</u>	<u>226,211,005,770</u>
Retail Malls:		
Asset Enhancements	31,761,431,458	31,934,860,338
Shopping Centres	3,730,951,278	(4,243,789,040)
Sales Return of Shopping Centres	(1,278,230,283)	(5,378,492,179)
Subtotal	<u>34,214,152,453</u>	<u>22,312,579,119</u>
Healthcare:		
Inpatient Department		
Salaries and Employee Benefits	271,364,961,219	230,957,179,120
Drugs and Medical Supplies	193,961,350,779	144,248,531,651
Clinical Supplies	31,404,051,066	26,296,315,318
Depreciation	19,059,836,713	16,785,391,335
Food and Beverages	15,282,048,083	12,085,832,583
Repair and Maintenance	6,185,466,623	4,414,325,411
Others	18,751,972,487	16,283,087,821
Outpatient Department		
Salaries and Employee Benefits	206,596,612,919	179,917,537,101
Drugs and Medical Supplies	108,984,091,930	97,011,021,001
Clinical Supplies	21,742,739,695	21,049,517,568
Depreciation	11,013,784,222	13,023,270,737
Repair and Maintenance	4,131,612,060	2,740,347,583
Others	17,526,665,399	15,369,022,726
Subtotal	<u>926,005,193,195</u>	<u>780,181,379,955</u>
Hospitality and Infrastructure:		
Hotels and Restaurants	74,458,586,010	84,479,597,135
Town Management	61,414,617,011	44,267,348,100
Water and Sewage Treatment	28,717,493,130	27,233,395,905
Recreation and Sports	16,722,600,100	16,126,994,879
Others	18,549,752,767	15,000,614,218
Subtotal	<u>199,863,049,018</u>	<u>187,107,950,237</u>
Property and Portfolio Management:		
Management Fees	79,195,359,224	29,944,315,552
<b>Total Cost of Sales and Services</b>	<b><u>2,293,260,256,746</u></b>	<b><u>1,601,542,288,803</u></b>

There are no purchases above 10% of net revenues for both years.

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**31. Operating Expenses**

**a. Selling Expenses**

	2011 Rp	2010 Rp
Marketing and Advertising	96,821,917,601	75,324,015,876
Salaries and Employee Benefits	42,859,023,452	32,829,403,260
Repairs and Maintenance	25,043,153,036	11,021,076,958
Management Fees	16,000,807,534	15,696,290,324
Depreciation	14,282,636,329	15,192,493,266
Office Supplies	6,167,832,062	8,506,390,104
Rent	5,263,950,592	4,280,200,916
Transportation and Accommodation	4,961,200,963	5,925,390,901
Electricity and Water	3,664,291,286	12,881,984,782
Communication	1,724,760,598	1,779,755,118
Others	991,900,881	2,531,222,133
<b>Total Selling Expenses</b>	<b>217,781,474,334</b>	<b>185,968,223,638</b>

**b. General and Administrative Expenses**

	2011 Rp	2010 Rp
Salaries and Employee Benefits	275,958,556,932	238,369,930,162
Rent	121,512,686,891	87,942,174,980
Depreciation	96,605,170,349	75,160,771,872
Water and Electricity	64,031,371,634	53,816,203,410
Professional Fees	44,149,216,869	31,892,340,940
Transportation and Accommodation	32,619,081,670	25,530,780,551
Repairs and Maintenance	26,054,244,135	24,339,738,991
Office Supplies	19,895,502,395	23,200,928,198
Communication	10,442,495,616	10,393,374,718
Training and Seminar	8,163,273,426	9,709,236,523
Insurance	5,129,524,250	4,810,326,199
Membership and Subscription Fees	4,879,128,214	7,149,104,403
Others	41,102,239,302	24,127,858,830
<b>Total General and Administrative Expenses</b>	<b>750,542,491,683</b>	<b>616,442,769,777</b>

**32. Penalty Income (Expense) – Net**

This account represents penalties on cancellation of sales transactions, late payments from customers and late constructions by the Company.

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**33. Interest Expenses – Net**

	2011	2010
	Rp	Rp
Interest Income	104,572,396,647	42,842,331,621
Interest Expenses	(105,348,943,376)	(64,344,556,845)
<b>Interest Expenses - Net</b>	<b>(776,546,729)</b>	<b>(21,502,225,224)</b>

Interest income represents interest earned from bank accounts, cash equivalent and restricted funds (see Notes 4 and 15) while interest expense represents interest of loans (see Note 16).

**34. Basic Earnings Per Share**

The calculation basic earnings per share is as follows:

	2011	2010
Profit for the Year Attributable to Owner of the Parent Company (Rupiah)	708,282,328,610	525,345,786,018
Weighted Average Number of Common Stocks (Share)	22,445,796,783	17,337,704,061
Basic Earnings per Share (Rupiah)	31.56	30.30

**35. Commitments**

**a. Operational and Management Agreement**

- 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 while the Riau Government agreed to provide Right to Use No. 466 with a land area of 21,360 sqm at Jl. Diponegoro, Simpang Empat, Pekanbaru. The Government receive 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 amounted to Rp 222,222,222 for the years ended December 31 2011 and 2010.

- On August 20, 2004, the Company entered into an agreement with PT Untaian Rejeki Abadi (URA) whereby the Company will provide technical and marketing services to URA's business property with an area of 10,568 sqm up to May 27, 2034, which can be extended. URA shall pay a certain amount as specified in the agreement.
- On April 9, 2006, PT Consulting & Management Service Division (CMSD), a subsidiary, entered into shopping centers management agreement with their main stockholders 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, 2011 and 2010 amounted to Rp 45 billion and Rp 32 billion, respectively.



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- Lippo-Malls Indonesia Retail Trust Management Ltd (LMIR TM), a subsidiary, entered into an agreement with HSBC Institutional Trust Services (Singapore) Limited, as a trustee of Lippo-Malls Indonesia Retail Trust (LMIR Trust) effective from the 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 recommendations. For such services, LMIR TM shall receive certain compensation as stated in the agreement.
- As of December 31, 2011, PT Gowa Makassar Tourism Development Tbk, a subsidiary, have an unused loan facilities which consist of non-revolving and revolving working capital amounting to Rp 10,000,000,000 and Rp 40,000,000,000, respectively, from PT Bank Mandiri (Persero) Tbk.
- The Company and subsidiaries entered into several agreements with contractors for the development of their projects. As of December 31, 2011 and 2010 total outstanding commitment amounted to Rp 1.703 billion and Rp 803 billion, respectively. Several of unrealized significant contracts as of December 31, 2011 are as follows:

Companies	Contractor	Contract Value (Rp billion)	Unrealized Contract Value (Rp billion)
PT Lippo Cikarang Tbk	PT Trilogi Suryawisesa	516	165
PT Mandiri Cipta Gemilang	PT Utama Karya (Persero)	423	423
PT Mandiri Cipta Gemilang	PT Pembangunan Perumahan ( Persero ) Tbk	187	55
PT Almaron Perkasa	PT Pembangunan Perumahan ( Persero ) Tbk	114	39
PT Almaron Perkasa	PT Pulauintan Bajaperkasa Konstruksi	94	42
PT Muliasentosa Dinamika	PT Djasa Ubersakti	91	73
PT Lippo Cikarang Tbk	PT Lampiri	88	63
PT Almaron Perkasa	PT Surya Marga Luhur	85	20
PT Pamor Paramita Utama	PT Pulauintan Bajaperkasa Konstruksi	84	81
PT Mandiri Cipta Gemilang	PT Inter World Steel Mills Indonesia	83	22
PT Mandiri Cipta Gemilang	PT Indonesia Pondasi Raya	58	24
PT Mandiri Cipta Gemilang	PT Adhimix Precast Indonesia	56	16
PT Lippo Karawaci, Tbk	PT Surya Bangun Persada Indah	45	19
PT Mandiri Cipta Gemilang	PT Cahaya Teknindo Majumandiri	38	20
PT Almaron Perkasa	PT Pelitamaju Multiswakarsa	33	14
PT Almaron Perkasa	PT Cahaya Teknindo Majumandiri	29	13
PT Mandiri Cipta Gemilang	PT Pangkal Multikarya	27	16
PT Lippo Cikarang Tbk	PT Asia Luhur Budi	19	13

#### b. Rental Agreements

- Based on Deed of Lease Agreement No. 06 dated November 12, 2008 which was made made in the presence of Julijanti Sundjaja, S.H., a notary in Tangerang, PT Mandiri Cipta Gemilang (MCG), subsidiary, entered into a lease agreement with PT Matahari Putra Prima Tbk (MPPA) for a period of 20 years starting from the opening date of St. Moritz with a total rental income of Rp 324,259,600,000.

Based on the amendment of the lease agreement on December 2010, due to the delay of the handover of the store until June 2013, the MPPA will receive compensation for the additional lease period of 5 years and promotion allowance for the opening of the store amounting to Rp 9,700,000,000. Up to December 31, 2011, the store has not opened yet.

- 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 an area of 3,848.57 sqm

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to PT Shell Indonesia (SI) (formerly PT Kridapetra Graha). The lease period is for 10 years commenced from the lease agreement date. The total value of lease amounted to Rp 16,560,000,000.

- Based on Deeds 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 of which were made in the presence of Unita Christina, S.H., a notary in Tangerang, Deeds of Sale and Purchase Agreements Nos. 135, 136, 137, 138, 139, 140, 141, 142 and 143 dated December 11, 2006, all of which were made in the presence of Rusdi Muljono, S.H., a notary in Surabaya; and Deed of Sale and Purchase Agreement No. 41 dated December 11, 2006, which was made in the presence of Wenda Taurusita Amidjaja, S.H., a notary in Jakarta, the Company and PT Prudential Hotel Development, a subsidiary, transferred the 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 are 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 and the transaction price is above its fair value, then the difference is recognized as deferred gain (see Note 21).

Rental expense for the years ended December 31, 2011 and 2010 amounted to Rp 155,419,803,749 and Rp 151,978,104,793, respectively.

- On December 31, 2010, based on Deed of Sale and Purchase Agreement No 146/2010, PT East Jakarta Medika (EJM), subsidiary, sold the 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 the rental agreement of Allen & Gledhill Advocates & Solicitors dated November 8, 2010, the Company entered into a 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 and the transaction price is above its fair value, then the difference is recognized as deferred gain (see Note 21).

For the years ended December 31, 2011 and 2010, rental expense for sale and lease-back transaction amounted to Rp 24,868,800,000 and Nil, respectively.

- Based on the rental agreement of Allen & Gledhill Advocates & Solicitors dated November 8, 2010, the Company entered into a 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.

For the years ended December 31, 2011 and 2010, rental expense amounted to Rp 123,339,474,500 and nil, respectively.

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**c. Hedging Facility Agreements**

- On March 24, 2006, the Company entered into Non-Deliverable USD Call Spread Option facility with BNP Paribas, Singapore branch, amounting to USD 25,000,000 for spread between Rp 9,200 to Rp 12,000 with an annual premium rate of 2.525% from notional amount. Premium will be paid 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 a gain amounting to USD 460,000.
- On March 28, 2006, the Company entered into Non-Deliverable USD Call Spread Option facility with UBS AG, Singapore branch, amounting to USD 25,000,000 for spread between Rp 9,015 to Rp 12,000 with an annual premium rate of 2.72% from notional amount. Premium will be paid 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 a gain amounting 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, amounting to USD 25,000,000 for spread between Rp 9,000 to Rp 12,000 with an annual premium rate of 2.69% from notional amount. Premium will be paid 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 a gain amounting 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, amounting to USD 50,000,000 for spread between Rp 9,200 to Rp 12,000 with an annual premium rate of 2.475% from notional amount. Premium will be paid 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 a gain amounting to USD 50,000.
- On May 17, 2006, the Company entered into Non-Deliverable USD Call Spread Option facility with UBS AG, Singapore branch, amounting to USD 25,000,000 for spread between Rp 9,200 to Rp 12,000 with an annual premium rate of 2.59% from notional amount. Premium will be paid 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 a gain amounting to USD 210,000.
- On May 17, 2006, the Company entered into Non-Deliverable USD Call Spread Option facility with BNP Paribas, Singapore branch, amounting to USD 25,000,000 for spread between Rp 9,200 to Rp 12,000 with an annual premium rate of 2.49% from notional amount. Premium will be paid 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 a gain amounting to USD 352,500. The remaining facility amounting to USD 6,250,000 became due on March 9, 2011 and no gain or loss was realized.
- 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 amounting 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 an annual premium rates of 2.2% and 1.86%, respectively, from notional amount. Premium will be paid every March 9 and September 9. These facilities became due on March 9, 2011 and no gain or loss was realized.
- On November 8, 2006, the Company entered into Non-Deliverable USD Call Spread Option facility with BNP Paribas, Singapore branch, amounting to USD 15,000,000 for spread between Rp 9,200; Rp 9,200 and Rp 12,000 with an annual premium rate of 1.525% from notional amount. Premium will be paid 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 was realized.

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- 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, amounting to USD 60,000,000, with spread between Rp 8,500; Rp 9,000 and Rp 12,000 with an annual premium rate of 1.433% from notional amount. Premium will be paid every April 30 and October 31. This facility will due on April 30, 2015. As of December 31, 2011, the fair value of this facility amounted to USD 1,230,576.02 (equivalent to Rp 11,158,863,394).
- On June 7, 2010, the Company entered into Non-Deliverable USD Call Spread Option facility with BNP Paribas, Singapore branch, amounting to USD 60,000,000 for spread between Rp 8,250; Rp 9,000 and Rp 12,000 with an annual premium rate of 1.5% from notional amount. Premium will be paid every April 30 and October 31. This facility will due on April 30, 2015. As of December 31, 2011, the fair value of this facility amounted to USD 1,411,563.00 (equivalent to Rp 12,800,053,284).
- On July 5 and September 2, 2010, the Company entered into Non-Deliverable USD Call Spread Option facilities with Morgan Stanley & Co amounting 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 an annual premium rate of 1.78% and 2%, respectively, from notional amount. Premium will be paid every April 30 and October 31. These facilities will due on April 30, 2015. As of December 31, 2011, the fair value of these facilities amounted to USD 665,900.42 (equivalent to Rp 6,038,385,009) and USD 118,983.89 (equivalent to Rp 1,078,945,915), respectively.
- 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, amounting to USD 50,000,000, with spread between Rp 8,000; Rp 9,000 and Rp 11,500 with an annual premium rate of 1.78% from notional amount. Premium will be paid every April 30 and October 31. These facilities will due on April 30, 2015. As of December 31, 2011, the fair value of these facilities amounted to USD 616,056.61 (equivalent to Rp 5,586,401,301).
- On September 7, 2010, the Company entered into Non-Deliverable USD Call Spread Option facility with BNP Paribas, Singapore branch, amounting to USD 25,000,000 for spread between Rp 8,000; Rp 9,000 and Rp 11,500 with an annual premium rate of 1.95% from notional amount. Premium will be paid every April 30 and October 31. This facility will due on April 30, 2015. As of December 31, 2011, the fair value of this facility amounted to USD 60,087.00 (equivalent to Rp 544,868,916).
- On April 5, 2011, the Company entered into Non-Deliverable USD Call Spread Option facility with Morgan Stanley & Co amounting to USD 40,000,000 for spread between Rp 8,500; Rp 9,200 and Rp 11,500 with an annual premium rate of 1.95% from notional amount. Premium will be paid every April 30 and October 31. This facility will due on April 30, 2015. As of December 31, 2011, the fair value of this facility amounted to USD -557,907.59 (equivalent to Rp -5,509,106,026).
- On April 6, 2011, the Company entered into Non-Deliverable USD Call Spread Option facility with J.P Morgan (S.E.A) Limited, Singapore branch, amounting to USD 30,000,000 for spread between Rp 8,250; Rp 9,200 and Rp 11,500 with an annual premium rate of 1.95% from notional amount. Premium will be paid every April 30 and October 31. This facility will due on April 30, 2015. As of December 31, 2011, the fair value of this facility amounted to USD -268,368.94 (equivalent to Rp -2,433,569,529).
- On April 12, 2011, the Company entered into Non-Deliverable USD Call Spread Option facility with BNP Paribas, Singapore branch, amounting to USD 30,000,000 for spread between Rp 8,000; Rp 9,200 and Rp 11,500 with an annual premium rate of 1.97% from notional amount. Premium will be paid every April 30 and October 31. This facility will due on April 30, 2015. As of December 31, 2011, the fair value of this facility amounted to USD -273,844.00 (equivalent to Rp -2,483,217,392).

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**36. Segment Information**

	2011 (In Thousand Rupiah)						
	Urban Development	Large Scale Integrated Development	Retail Malls	Healthcare	Hospitals and Infrastructure	Property and Portfolio Management	Elimination
	Rp	Rp	Rp	Rp	Rp	Rp	Rp
Revenues	1,265,763,477	773,693,596	143,725,364	1,259,623,861	479,428,767	291,078,616	(23,733,326)
Gross Profit	610,724,144	374,750,426	109,511,211	333,618,668	279,565,718	211,883,257	(23,733,326)
Selling Expenses	(107,007,684)	(54,655,464)	(49,299,338)	(2,325,722)	(4,406,990)	(23,819,602)	23,733,326
General and Administrative Expenses	(324,345,544)	(19,752,367)	(14,332,204)	(193,549,816)	(130,926,541)	(67,636,019)	--
Interest Income	98,511,580	1,789,421	513,099	2,924,617	476,988	356,692	--
Interest Expenses	(75,188,996)	(10,412,756)	(1,046,037)	(16,208,036)	(2,470,176)	(22,943)	--
Other Income (Expenses) - Net	84,534,612	(16,048,058)	7,579,632	(28,963,313)	(4,195,450)	12,316,915	--
Share in the Profit (Loss) of Associates	10,958,642	(4,428,458)	(9,889,391)	--	5,725,588	--	--
<b>Profit Before Income Tax Benefit (Expense)</b>	<b>298,186,754</b>	<b>271,242,744</b>	<b>43,036,972</b>	<b>95,496,398</b>	<b>143,769,137</b>	<b>133,078,300</b>	<b>--</b>
Income Tax Benefit (Expense)							
Current	(92,346,973)	(37,892,429)	(12,398,732)	(23,146,312)	(1,629,975)	(8,145,721)	--
Deferred	3,849,494	--	--	3,285,615	(1,349,149)	(941,774)	--
<b>Profit for The Year</b>	<b>209,689,275</b>	<b>233,350,315</b>	<b>30,638,240</b>	<b>75,635,701</b>	<b>140,790,013</b>	<b>123,990,805</b>	<b>--</b>
Profit for the year attributable to:							
Owner of the Parent Company	83,650,283	225,420,494	30,060,880	75,635,701	140,790,013	152,724,958	--
Non-Controlling Interest	126,038,992	7,929,821	577,360	--	--	(28,734,153)	--
	<b>209,689,275</b>	<b>233,350,315</b>	<b>30,638,240</b>	<b>75,635,701</b>	<b>140,790,013</b>	<b>123,990,805</b>	<b>--</b>
Segment Assets	11,327,247,623	2,697,284,999	1,601,810,149	1,505,252,374	586,019,586	487,993,199	(10,457,839)
Share in the Profit of Associates	56,625,199	--	--	7,393,145	2,980	--	--
<b>Total Assets</b>	<b>11,383,872,822</b>	<b>2,697,284,999</b>	<b>1,601,810,149</b>	<b>1,512,645,519</b>	<b>586,022,566</b>	<b>487,993,199</b>	<b>(10,457,839)</b>
<b>Segment Liabilities</b>	<b>6,046,333,311</b>	<b>1,964,270,176</b>	<b>206,593,526</b>	<b>498,148,782</b>	<b>111,070,888</b>	<b>34,194,376</b>	<b>(10,457,839)</b>
<b>Capital Expenditures</b>	<b>50,140,643</b>	<b>23,027,956</b>	<b>3,476,458</b>	<b>335,438,980</b>	<b>8,541,509</b>	<b>3,830,496</b>	<b>--</b>
<b>Depreciation</b>	<b>24,119,408</b>	<b>4,996,313</b>	<b>13,582,665</b>	<b>62,547,736</b>	<b>47,970,810</b>	<b>1,291,017</b>	<b>--</b>
<b>Non-Cash Expenses Other than Depreciation</b>	<b>49,047,045</b>	<b>3,511</b>	<b>1,036,443</b>	<b>171,375</b>	<b>--</b>	<b>--</b>	<b>--</b>

	2010 (In Thousand Rupiah)						
	Urban Development	Large Scale Integrated Development	Retail Malls	Healthcare	Hospitals and Infrastructure	Property and Portfolio Management	Consolidated
	Rp	Rp	Rp	Rp	Rp	Rp	Rp
Revenues	832,455,289	447,485,902	104,025,243	1,036,950,601	428,765,923	275,629,646	3,125,312,604
<b>Total Revenues</b>	<b>832,455,289</b>	<b>447,485,902</b>	<b>104,025,243</b>	<b>1,036,950,601</b>	<b>428,765,923</b>	<b>275,629,646</b>	<b>3,125,312,604</b>
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
<b>Income from Operations</b>	<b>124,023,370</b>	<b>158,766,810</b>	<b>37,685,985</b>	<b>117,088,450</b>	<b>103,579,702</b>	<b>180,215,005</b>	<b>721,359,322</b>
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
Share in the Profit (Loss) of Associates	(65,920)	--	--	--	6,221,968	--	6,156,048
<b>Profit Before Income Tax Benefit (Expense)</b>	<b>166,124,365</b>	<b>134,851,093</b>	<b>21,670,384</b>	<b>106,476,808</b>	<b>103,860,207</b>	<b>186,270,795</b>	<b>719,253,652</b>
Income Tax Benefit (Expense)							
Current	(67,192,114)	(23,801,240)	(10,906,421)	(23,631,452)	(3,004,680)	(7,704,020)	(136,239,927)
Deferred	11,082,591	(669)	--	1,835,158	(1,409,886)	--	11,507,194
<b>Profit for The Year</b>	<b>110,014,842</b>	<b>111,049,184</b>	<b>10,763,963</b>	<b>84,680,514</b>	<b>99,445,641</b>	<b>178,566,775</b>	<b>594,520,919</b>
Non-Controlling Interest	(50,025,316)	(6,796,712)	2,148,599	--	--	(14,501,704)	(69,175,133)
<b>Profit for The Year</b>	<b>59,989,526</b>	<b>104,252,472</b>	<b>12,912,562</b>	<b>84,680,514</b>	<b>99,445,641</b>	<b>164,065,071</b>	<b>525,345,786</b>
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
Share in the Profit of Associates	67,178,764	--	--	2,393,153	--	--	69,571,917
<b>Total Assets</b>	<b>10,070,904,218</b>	<b>2,418,135,049</b>	<b>2,018,475,195</b>	<b>673,986,206</b>	<b>607,250,631</b>	<b>366,633,620</b>	<b>16,155,384,919</b>
<b>Segment Liabilities</b>	<b>5,241,397,932</b>	<b>1,947,192,600</b>	<b>247,288,146</b>	<b>395,052,605</b>	<b>97,331,436</b>	<b>47,704,880</b>	<b>7,975,967,599</b>
<b>Capital Expenditures</b>	<b>53,867,094</b>	<b>79,225,577</b>	<b>4,147,111</b>	<b>181,378,305</b>	<b>12,008,926</b>	<b>--</b>	<b>330,627,013</b>
<b>Depreciation</b>	<b>25,982,025</b>	<b>4,295,708</b>	<b>12,354,973</b>	<b>38,023,864</b>	<b>51,155,100</b>	<b>550,438</b>	<b>132,362,108</b>
<b>Non-Cash Expenses Other than Depreciation</b>	<b>40,765,993</b>	<b>6,960,297</b>	<b>842,000</b>	<b>918,612</b>	<b>--</b>	<b>--</b>	<b>49,486,902</b>



**PT LIPPO KARAWACI Tbk AND SUBSIDIARIES**  
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For the Years Ended December 31, 2011 and 2010  
(Expressed In Full Rupiah, Unless Otherwise Stated)

**37. Asset and Liabilities Denominated in Foreign Currencies**

	2011					
	Foreign Currencies					Equivalent in
	USD	JPY	SGD	EUR	AUD	Rupiah
<b>Assets</b>						
Cash and Cash Equivalent	33,140,523	113,800	23,212,211	23,078	6,376	462,743,104,675
Trade Accounts Receivable	4,986,298	-	1,205,939	--	--	53,625,966,833
Other Accounts Receivable	3,500,000	-	13,568,302	--	--	126,363,339,579
Other Assets	49,950	-	15,236,408	--	--	137,996,709,139
Total Assets	41,676,771	113,800	53,222,860	23,078	6,376	780,729,120,226
<b>Liabilities</b>						
Loans	395,608,000	-	--	--	--	3,587,373,344,000
Trade Accounts Payable	-	-	3,515,098	--	--	32,656,524,591
Other Accounts Payable	61,500	-	--	--	--	557,682,000
Accrued Expenses	7,169,831	-	1,193,966	--	--	67,145,149,581
Total Liabilities	402,839,331	-	4,709,064	--	--	3,687,732,700,172
<b>Net Assets (Liabilities)</b>	<b>(361,162,560)</b>	<b>113,800</b>	<b>48,513,796</b>	<b>23,078</b>	<b>6,376</b>	<b>(2,907,003,579,946)</b>
	2010					
	Foreign Currencies					Equivalent in
	USD	JPY	SGD	EUR	AUD	Rupiah
<b>Assets</b>						
Cash and Cash Equivalent	83,014,645	113,800	41,688,435	11,324	6,419	1,037,618,267,593
Trade Accounts Receivable	1,828,147	-	2,578,342	--	--	34,436,275,179
Other Accounts Receivable	6,405,706	-	2,814,438	--	--	77,241,294,324
Other Assets	49,950	-	2,142,900	--	--	15,408,685,350
Total Assets	91,298,448	113,800	49,224,115	11,324	6,419	1,164,704,522,446
<b>Liabilities</b>						
Loans	336,854,000	-	--	--	--	3,028,654,314,000
Trade Accounts Payable	1,251,512	-	3,516,366	-	--	35,800,095,438
Other Accounts Payable	54,000	-	--	--	--	485,514,000
Accrued Expenses	7,171,629	-	1,330,808	--	--	73,770,486,987
Total Liabilities	345,331,141	-	4,847,174	--	--	3,138,710,410,425
<b>Net Assets (Liabilities)</b>	<b>(254,032,693)</b>	<b>113,800</b>	<b>44,376,941</b>	<b>11,324</b>	<b>6,419</b>	<b>(1,974,005,887,979)</b>

In relation to the balance of liabilities denominated in foreign currencies, the Company has entered into several derivative contracts with other parties to manage the risk of foreign currency exchange rates (see Note 35.c).

**38. 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 the compensation was demanded due to the allegation that kiosks at Depok Town Square was sold to the abovementioned 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 aforementioned case, the plaintiffs are pursuing remedy either by cessation through Supreme Court of the Republic of Indonesia or by appeal through Banten High Court. According to the Company's legal counsel, the event will not influence nor threat the ownership status of the land on which Depok Town Square is built.
- Based on the Legal Case Register Nos. 124, 104, 61 and 219, PT Gowa Makassar Tourism Development Tbk (GMTD), a subsidiary, is a Defendant on a land area of 53,565 sqm located in Tanjung Merdeka. Up to the reporting date, the case is in the process of appeal and judicial review in the Supreme Court of the Republic of Indonesia.



**PT LIPPO KARAWACI Tbk AND SUBSIDIARIES**  
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- Based on the Legal Case Register Nos. 234 and 48, GMTD, a subsidiary, is a Appellant on a land area of 46,482 sqm located in Maccini Sombala. Up to the reporting date, the case is in the process of appeal and judicial review in the Supreme Court of the Republic of Indonesia.
- Based on the Legal Case Register No. 129, GMTD, a subsidiary, is a Second Defendant on a land area of 4,335 sqm located in Tanjung Merdeka. Up to the reporting date, the case is in the process of appeal and judicial review in the Supreme Court of the Republic of Indonesia.
- Based on the Legal Case Register Nos. 104, 215 and 243, GMTD, a subsidiary, is a First Defendant on a land area of 510,610 sqm located in Tanjung Merdeka and area of 90,700 sqm located in Maccini Sombala. Up to the reporting date, the case is in the process of court.

### **39. Financial Risks Management**

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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 instruments that potentially contain credit risk are cash and cash equivalents, trade accounts receivable, other accounts receivable and investments. The maximum total credit risks exposure is 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 being more selective in choosing banks and financial institutions that they deal with, which includes choosing only the 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 the foreign exchange rates. The Company and subsidiaries' financial instrument that potentially contain foreign exchange rate risk are cash and cash equivalent, investments and loans.

To manage foreign exchange rate risk, the Company has entered into several derivative 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 is exposed to interest rate risk because they have loans with floating interest rates.

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 95% of the Company's loans are with fixed interest rate.

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

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**(iv) Liquidity Risk**

Liquidity risk is a risk when the cash flow position of the Company indicates that the short-term revenue is not enough to cover the short-term expenditure.

The Company and Subsidiaries manage this liquidity risk by maintaining an adequate level of cash and cash equivalent to cover Company's commitment in normal operation and regularly evaluates the projected and actual cash flow, as well as maturity date schedule of their financial assets and liabilities.

**(v) Price Risk**

Price risk is a risk of fluctuation in the value of financial instruments as a result of changes in market price. The Company and Subsidiaries is exposed to price risk because they own an investment classified as AFS financial assets.

The Company and Subsidiaries manage this risk by regularly evaluating the financial performance and market price of their investment and continuously monitor the global market developments.

**40. Capital Management**

	2011 Rp	2010 Rp
<b>Net Liabilities:</b>		
Total Liabilities	8,850,153,220,430	7,975,967,598,988
Less: Cash and Cash Equivalents	<u>(2,174,560,697,339)</u>	<u>(3,660,087,191,120)</u>
<b>Net Liabilities</b>	<u>6,675,592,523,091</u>	<u>4,315,880,407,868</u>
Total Equity	9,409,018,194,454	8,179,417,320,938
Less: Other Components of Equity	<u>(211,866,930,038)</u>	<u>(517,909,710,605)</u>
Adjusted Equity	<u>9,197,151,264,416</u>	<u>7,661,507,610,333</u>
Net Liability Ratio to Adjusted Equity	<u><b>0.7</b></u>	<u><b>0.6</b></u>

The objective of capital management is to safeguard the Company's ability as a going concern, maximize the returns to stockholders and benefits for other stockholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company regularly reviews and manages the capital structure to ensure that the return to stockholders is optimal, by considering the capital needs in the future and the Company's capital efficiency, profitability in the current period and the future, projected operating cash flows, projected capital expenditures and projected opportunities of strategic investment.

**41. Management Responsibility on the Consolidated Financial Statements**

The management of the Company is responsible for the preparation of the consolidated financial statements which were completed on February 17, 2012.

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# 2011



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