

**PT MODERNLAND REALTY Tbk
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2013 (UNAUDITED) AND 2012 (AUDITED),
31 DECEMBER 2012, 2011 AND 2010 (AUDITED)

AND FOR THE SIX MONTHS ENDED

30 JUNE 2013 (UNAUDITED) AND 2012 (AUDITED)
AND THE YEARS ENDED

31 DECEMBER 2012, 2011 AND 2010 (AUDITED)

A N D

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

PT MODERNLAND REALTY Tbk AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2013 (UNAUDITED) AND 2012 (AUDITED),
31 DECEMBER 2012, 2011 AND 2010 (AUDITED)
AND FOR THE SIX MONTHS ENDED
30 JUNE 2013 (UNAUDITED) AND 2012 (AUDITED)
AND THE YEARS ENDED
31 DECEMBER 2012, 2011 AND 2010 (AUDITED)

C O N T E N T S

Directors' Statement

Report on Review of Interim Financial Information

Exhibit

Consolidated Statements of Financial Position

A

Consolidated Statements of Comprehensive Income

B

Consolidated Statements of Changes in Equity

C

Consolidated Statements of Cash Flows

D

Notes to Consolidated Financial Statements

E

**BOARD OF DIRECTOR' STATEMENT
REGARDING THE RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2013 (UNAUDITED) AND 30 JUNE 2012 (AUDITED),
FOR THE YEAR ENDED 31 DECEMBER 2012,
31 DECEMBER 2011 AND 31 DECEMBER 2010 (AUDITED)
PT MODERNLAND REALTY Tbk AND SUBSIDIARIES**

We, the undersigned below :

- | | | | |
|----|------------------|---|---|
| 1. | Name | : | William Honoris |
| | Office Address | : | Green Central City, Commercial Area 5 th Floor,
Jl. Gajah Mada No. 188, Jakarta Barat 11120 |
| | Domicile Address | : | Modernland BG III / 29-31 Rt.01 / Rw. 01
Kel. Cipete - Kec. Pinang
Tangerang |
| | Phone Number | : | (021) 29365888 |
| | Position | : | President Director |
| | | | |
| 2. | Name | : | L.H. Freddy Chan |
| | Office Address | : | Green Central City, Commercial Area 5 th Floor,
Jl. Gajah Mada No. 188, Jakarta Barat 11120 |
| | Domicile Address | : | Jl. Sutera Kirana VI/ 17 Rt.02/ Rw.007
Kel. Pondok Jagung Timur
Kec. Serpong Utara
Tangerang |
| | Phone Number | : | (021) 29365888 |
| | Position | : | Director |

Declare that :

1. We are responsible for the preparation and presentation of the consolidated financial statements of the Company and subsidiaries;
2. The consolidated financial statement of the Company and subsidiaries have been prepared and presented in accordance with Indonesian financial accounting standards;
3.
 - a. All information contained in the consolidated financial statements of the Company and subsidiaries have been disclosed in a complete and truthful manner;
 - b. The consolidated financial statements of the Company and subsidiaries do not contain any incorrect information or material fact, nor do they omit information or material facts;
4. We are responsible for internal control system of the Company and subsidiaries.

We certify the accuracy of this statement.

Jakarta, 02 Agustus 2013

President Director,

William Honoris



Director,

L.H. Freddy Chan



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Certified Public Accountants
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Prudential Tower, 17th Fl
Jalan Jend. Sudirman Kav. 79
Jakarta 12910 - Indonesia

No. : 066/4-M075/FH-3/06.13
Hal : Interim Consolidated Financial Statements
30 June 2013

Report on Review of Interim Financial Information

The Board of Directors
PT Modernland Realty Tbk
J a k a r t a

Introduction

We have reviewed the accompanying interim consolidated financial statements of PT Modernland Realty Tbk ("the Company") and its subsidiaries, which comprise the interim consolidated statements of financial position as of 30 June 2013, and the interim consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for the six-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Indonesian Financial Accounting Standards. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", established by the Indonesian Institute of Certified Public Accountants ("IAPI"). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing established by IAPI and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 30 June 2013, and their financial performance and their cash flows for the six-months period then ended, in accordance with Indonesian Financial Accounting Standards.

TANUBRATA SUTANTO FAHMI & REKAN

Tanubrata Sutanto Fahmi & Rekan (Certified Public Accountants), an Indonesian partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of International BDO network of independent member firms.

Other matters

We have previously audited, based on auditing standards established by IAPI, the interim consolidated statements of financial position of the Company and its subsidiaries as of 30 June 2012 and the interim consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for the six-months period then ended. In our report dated 26 November 2012, based on our audit, we expressed an unqualified opinion on those interim consolidated financial statements with an explanatory paragraph regarding the restatement of the comparative consolidated financial statements for the six-months period ended 30 June 2011 and the years ended 31 December 2011, 2010 and 2009 in connection with the restructuring of entities under common control and the application of some specific Statement of Financial Accounting Standards which became effective on 1 January 2012.

We have previously audited, based on auditing standards established by IAPI, the consolidated statements of financial position of the Company and its subsidiaries as of 31 December 2012, 2011 and 2010 and the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended. In our report dated 20 May 2013, based on our audit, we expressed an unqualified opinion on those consolidated financial statements.

Kantor Akuntan Publik
TANUBRATA SUTANTO FAHMI & Rekan



Fahmi, SE, Ak, CPA
NIAP AP.0124

2 August 2013

RDN/yn

Notice to Readers

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

PT MODERNLAND REALTY Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
30 JUNE 2013 (UNAUDITED) AND 2012 (AUDITED),
31 DECEMBER 2012, 2011 AND 2010 (AUDITED)
(Expressed in Indonesian Rupiah, unless otherwise stated)

	Notes	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
A S S E T S						
CURRENT ASSETS						
Cash and cash equivalents	4	577,833,533,302	235,661,006,199	1,065,857,565,523	94,048,159,936	74,198,833,550
Trade receivables						
Third parties - net of allowance for impairment losses of Rp 14,312,038,674, Rp 27,838,183,459, Rp 14,312,038,674, Rp 10,093,318,959, and Rp 5,479,873,970 in 30 June 2013 and 2012, 31 December 2012, 2011 and 2010, respectively	6	227,415,387,400	200,452,584,167	285,413,845,717	189,272,475,884	194,089,438,179
Related parties - net of allowance for impairment losses of Rp 375,320,168 in 30 June 2012, 31 December 2011 and 2010	6,35	76,965,142,361	72,997,194,491	77,626,413,919	68,895,253,448	69,739,888,223
Other current financial asset - Other receivables - Third parties - net of allowance for impairment losses of Rp 757,563,233 and Rp 732,563,233 in 31 December 2011 and 2010, respectively	7	18,012,661,682	8,446,541,005	32,068,429,066	8,271,051,166	2,095,564,751
Non-trade receivables from related parties - short-term	35	38,094,928,432	33,539,828,432	38,894,828,432	-	-
Inventories	8	483,977,629,144	525,480,785,656	438,397,558,308	463,028,849,649	223,228,796,051
Prepaid tax	19a	1,633,410,629	670,317,158	1,388,791,477	550,793,064	634,164,250
Prepaid expenses		2,719,684,750	675,581,132	629,465,863	2,321,234,913	2,596,116,555
Total Current Assets		1,426,652,377,700	1,077,923,838,240	1,940,276,898,305	826,387,818,060	566,582,801,559
NON-CURRENT ASSETS						
Restricted funds	5	89,077,639,895	64,882,953,047	74,230,826,206	55,304,662,508	53,532,547,433
Non-trade receivables from related parties - long-term	35	-	-	-	23,798,905,310	23,798,905,310
Investments in and advances for investment to associates	10	483,179,310,573	457,305,669,950	476,666,520,358	447,391,797,711	438,668,376,092
Property, plant and equipment - net of accumulated depreciation of Rp 132,774,830,176, Rp 107,574,539,729, Rp 120,204,448,719, Rp 101,224,789,458, and Rp 91,655,690,214 in 30 June 2013 and 2012, 31 December 2012, 2011 and 2010, respectively	12	490,812,381,545	404,304,485,171	421,303,042,800	124,683,075,466	123,543,123,992
Land for development	9	1,462,447,070,493	1,152,252,313,060	1,215,530,951,610	773,920,452,845	775,655,413,987
Advances for purchases of land and property, plant and equipment	9,35	822,284,016,796	298,047,720,947	427,230,159,297	232,134,734,340	154,096,380,038
Deferred tax assets - Net	19e	5,225,150,982	3,243,203,202	4,601,227,700	27,911,533	-
Other non-current assets		25,437,464,497	37,705,153,543	32,080,419,737	42,380,358,704	11,669,698,118
Total Non-Current Assets		3,378,463,034,781	2,417,741,498,920	2,651,643,147,708	1,699,641,898,417	1,580,964,444,970
T O T A L A S S E T S		4,805,115,412,481	3,495,665,337,160	4,591,920,046,013	2,526,029,716,477	2,147,547,246,529

See accompanying Notes to Consolidated Financial Statements on Exhibit E
which are an integral part of the Consolidated Financial Statements taken as a whole

PT MODERNLAND REALTY Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
30 JUNE 2013 (UNAUDITED) AND 2012 (AUDITED),
31 DECEMBER 2012, 2011 AND 2010 (AUDITED)
(Expressed in Indonesian Rupiah, unless otherwise stated)

	Notes	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
LIABILITIES AND EQUITY						
LIABILITIES						
CURRENT LIABILITIES						
Short-term loans	13					
Bank		131,642,271,389	142,604,766,545	194,832,366,511	96,070,153,225	79,910,527,816
Non-bank		28,000,000,000	-	28,000,000,000	-	-
Trade payables - Third parties	14	98,591,631,182	93,171,039,235	110,218,845,558	98,840,624,982	36,014,856,043
Other current financial liability						
Other payables - Third parties	15	31,011,417,858	70,490,122,463	31,085,626,137	41,345,626,605	53,426,058,810
Non-trade payables to related party - short-term	35	100,000,000	-	-	-	-
Taxes payable	19b	100,215,559,227	64,843,257,309	101,362,412,989	54,231,252,000	53,796,485,121
Deposits from customers						
Third parties	16	353,668,251,515	240,903,458,927	605,088,828,511	401,096,078,666	170,295,808,518
Related parties	16,35	75,284,625,323	71,191,884,076	75,639,912,668	66,960,935,524	67,021,278,206
Accrued expenses - Third parties	17	189,742,493,444	139,165,978,229	140,525,989,177	87,893,832,762	23,652,939,202
Deferred income						
Third parties	18	-	4,037,734,059	-	4,037,734,059	4,037,734,059
Related parties	18,35	57,516,918,314	59,750,316,635	57,516,918,314	61,164,141,506	63,951,729,909
Current portion of long-term liabilities						
Finance lease liabilities	20	3,080,231,466	1,882,405,185	3,455,513,196	1,701,534,794	1,204,874,774
Refundable membership deposits	21	15,513,022,383	17,287,058,003	17,904,037,470	15,910,513,410	-
Convertible bonds	22,35	30,575,047,381	28,126,060,766	29,219,203,737	-	-
Bank loans	24	161,945,087,501	108,921,491,513	130,823,718,888	65,085,637,682	86,476,297,271
Total Current Liabilities		1,276,886,556,983	1,042,375,572,945	1,525,673,373,156	994,338,065,215	639,788,589,729
NON-CURRENT LIABILITIES						
Employee benefits liability	23	25,081,798,141	19,649,630,847	22,740,807,759	15,442,264,170	12,381,283,106
Deferred tax liabilities - Net	19e	-	-	-	111,720,396	469,255,685
Non-trade payables to related parties - long-term	35	-	20,275,000	299,900,000	90,511,663,803	76,501,088,644
Long-term liabilities - net of current maturities						
Finance lease liabilities	20	3,004,394,429	1,359,039,267	3,494,446,353	956,206,013	301,218,691
Refundable membership deposits	21	1,737,594,500	5,158,599,710	2,910,306,706	5,871,288,509	20,386,453,871
Convertible bonds	22,35	-	-	-	49,019,154,646	100,453,901,592
Bonds payable	22	494,853,311,130	-	494,400,016,746	-	-
Bank loans	24	228,362,451,120	317,379,828,244	316,387,302,204	181,417,295,973	164,495,151,739
Total Non-Current Liabilities		753,039,549,320	343,567,373,068	840,232,779,768	343,329,593,510	374,988,353,328
Total Liabilities		2,029,926,106,303	1,385,942,946,013	2,365,906,152,924	1,337,667,658,725	1,014,776,943,057
EQUITY						
Equity attributable to owners of the parent entity						
Share capital						
Authorized - 3,056,845,688 Series A shares with par value of Rp 500 per share and 17,886,308,624 Series B with par value of Rp 250 per share in 30 June 2013 and 2012 and 31 December 2012 and 2011 and 2010						
Issued and fully paid share capital - 3,056,845,688 Series A shares and 3,209,687,973 Series B in 30 June 2013 and 2012 and 31 December 2012 and 2011 and 2010	25	2,330,844,837,094	2,330,844,837,094	2,330,844,837,094	1,528,422,843,844	1,528,422,843,844
Additional paid-in capital	26	(19,956,418,878)	(3,695,839,247)	(3,695,839,247)	3,534,943,500	3,534,943,500
Equity portion of convertible bonds	22	8,161,682,404	8,161,682,404	8,161,682,404	8,161,682,404	26,687,271,318
Proforma equity arising from restructuring transactions of entities under common control		-	-	-	18,937,000,970	18,937,000,970
Difference from transactions with non-controlling interest		(6,309,610)	(6,914,387)	(6,914,387)	(6,914,387)	-
Difference in value from restructuring transactions of entities under common control		-	(16,260,579,631)	(16,260,579,631)	(12,560,325,382)	(12,560,325,382)
Retained earnings (deficit)	27					
Appropriated		2,500,000,000	2,500,000,000	2,500,000,000	2,500,000,000	2,500,000,000
Unappropriated		453,588,385,009	(211,945,072,555)	95,628,319,835	(360,737,781,709)	(434,881,821,775)
Total equity attributable to owners of the parent entity		2,775,132,176,019	2,109,598,113,678	2,225,914,866,398	1,188,251,449,240	1,132,639,912,475
Non-controlling interest	28	57,130,159	124,277,469	99,026,691	110,608,512	130,390,997
Total Equity		2,775,189,306,178	2,109,722,391,147	2,226,013,893,089	1,188,362,057,752	1,132,770,303,472
TOTAL LIABILITIES AND EQUITY		4,805,115,412,481	3,495,665,337,160	4,591,920,046,013	2,526,029,716,477	2,147,547,246,529

See accompanying Notes to Consolidated Financial Statements on Exhibit E
which are an integral part of the Consolidated Financial Statements taken as a whole

PT MODERNLAND REALTY Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED) AND 2012 (AUDITED)
AND THE YEARS ENDED 31 DECEMBER 2012, 2011 AND 2010 (AUDITED)
(Expressed in Rupiah, unless otherwise stated)

	Notes	30 June 2013 (Six months)	30 June 2012 (Six months)	31 December 2012 (One year)	31 December 2011 (One year)	31 December 2010 (One year)
REVENUES	29					
Net sales		989,176,500,084	492,076,165,783	1,012,520,476,880	468,196,573,345	229,112,613,394
Golf course and club house restaurant		23,044,445,017	18,226,188,045	37,763,394,670	36,440,774,777	32,212,888,293
Hotel income		24,357,113,059	-	7,484,128,476	-	-
T O T A L		1,036,578,058,160	510,302,353,828	1,057,768,000,026	504,637,348,122	261,325,501,687
COST OF GOOD SOLD AND DIRECT COSTS	30					
Cost of sales		204,362,871,194	252,890,832,569	526,584,898,384	217,863,684,694	101,455,336,829
Direct costs of golf course and club house restaurant		15,709,730,849	12,504,606,316	26,730,064,158	20,149,821,205	18,818,146,184
Direct cost of hotel		9,283,367,414	-	2,720,954,613	-	-
T O T A L		229,355,969,457	265,395,438,885	556,035,917,155	238,013,505,899	120,273,483,013
GROSS PROFIT		807,222,088,703	244,906,914,943	501,732,082,871	266,623,842,223	141,052,018,674
Selling expenses	31	(24,832,271,647)	(21,150,603,582)	(52,201,874,255)	(54,483,178,504)	(11,042,889,202)
General and administrative expenses	32	(126,327,689,297)	(62,313,115,335)	(154,370,514,211)	(79,864,231,730)	(71,598,463,700)
Other operating income	34	497,091,326	41,357,861,272	60,205,645,909	24,519,222,082	23,628,077,008
Other operating expenses		(4,049,582,513)	(18,805,207,032)	(8,374,921,952)	(6,809,248,051)	-
OPERATING INCOME		652,509,636,572	183,995,850,266	346,990,418,362	149,986,406,020	82,038,742,780
Share in net income of associates - Net	10	6,512,790,215	9,913,872,239	29,274,722,647	8,723,421,619	5,520,980,422
Finance income		12,622,329,254	3,089,608,620	5,311,563,402	2,722,922,016	14,849,516,120
Finance costs	33	(73,715,186,675)	(30,804,536,983)	(69,969,605,241)	(63,217,711,444)	(36,409,899,731)
INCOME BEFORE INCOME TAX		597,929,569,366	166,194,794,142	311,607,099,170	98,215,038,211	65,999,339,591
INCOME TAX (EXPENSE) BENEFIT	19c					
Current		(49,378,079,559)	(25,338,427,549)	(55,817,255,133)	(24,486,534,904)	(12,565,368,861)
Deferred		623,923,282	3,327,012,064	4,685,036,562	388,839,887	763,874,806
INCOME TAX EXPENSE - NET		(48,754,156,277)	(22,011,415,485)	(51,132,218,571)	(24,097,695,017)	(13,329,243,667)
NET INCOME FOR THE PERIOD/ YEAR		549,175,413,089	144,183,378,657	260,474,880,599	74,117,343,194	52,670,095,924
OTHER COMPREHENSIVE INCOME		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/ YEAR		549,175,413,089	144,183,378,657	260,474,880,599	74,117,343,194	52,670,095,924
Net income/total comprehensive income attributable to:						
Owners of the parent entity		549,216,704,844	144,203,882,092	260,520,634,812	74,144,040,066	52,674,704,926
Non-controlling interest		(41,291,755)	(20,503,435)	(45,754,213)	(26,696,872)	(4,609,002)
T o t a l		549,175,413,089	144,183,378,657	260,474,880,599	74,117,343,194	52,670,095,924
BASIC EARNINGS PER SHARE	38	87.64	23.01	41.57	24.26	17.23
DILUTED EARNINGS PER SHARE	38	86.80	22.79	41.17	23.78	16.17

See accompanying Notes to Consolidated Financial Statements on Exhibit E
which are an integral part of the Consolidated Financial Statements taken as a whole

PT MODERNLAND REALTY Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED) AND 2012 (AUDITED)
AND THE YEARS ENDED 31 DECEMBER 2012, 2011 AND 2010 (AUDITED)
(Expressed in Rupiah, unless otherwise stated)

	Equity attributable to owners of the parent entity									
	Issued and fully paid share capital	Additional paid-in capital	Equity portion of convertible bonds	Proforma equity arising from restructuring transaction of entities under common control	Difference from transactions with non-controlling interest	Difference in value from restructuring transactions of entities under common control	Retained earnings (deficit)		Non-controlling interest	Total equity
							Appropriated	Unappropriated		
Balance as of 31 December 2010	1,528,422,843,844	3,534,943,500	26,687,271,318	18,937,000,970	-	(12,560,325,382)	2,500,000,000	(434,881,821,775)	130,390,997	1,132,770,303,472
Adjustments in accordance with SFAS No. 50 and 55 (revised 2006)	-	-	(18,525,588,914)	-	-	-	-	-	-	(18,525,588,914)
Change of shareholdings in subsidiary	-	-	-	-	(6,914,387)	-	-	-	6,914,387	(6,914,387)
Total comprehensive income for the year	-	-	-	-	-	-	-	74,144,040,066	(26,696,872)	74,117,343,194
Balance as of 31 December 2011	1,528,422,843,844	3,534,943,500	8,161,682,404	18,937,000,970	(6,914,387)	(12,560,325,382)	2,500,000,000	(360,737,781,709)	110,608,512	1,188,362,057,752
Issuance of new shares	802,421,993,250	(7,230,782,747)	-	-	-	-	-	-	-	795,191,210,503
Adjustment of difference in subsidiaries' equity arising from the restatement of prior year consolidated financial statements	-	-	-	(18,937,000,970)	-	-	-	4,588,827,062	-	(14,348,173,908)
Difference in value from restructuring transactions of entities under common control	-	-	-	-	-	(3,700,254,249)	-	-	-	(3,700,254,249)
Acquisition of new subsidiaries	-	-	-	-	-	-	-	-	34,172,392	34,172,392
Total comprehensive income for the year	-	-	-	-	-	-	-	260,520,634,812	(45,754,213)	260,474,880,599
Balance as of 31 December 2012	2,330,844,837,094	(3,695,839,247)	8,161,682,404	-	(6,914,387)	(16,260,579,631)	2,500,000,000	(95,628,319,835)	99,026,691	2,226,013,893,089
Balance as of 31 December 2011	1,528,422,843,844	3,534,943,500	8,161,682,404	18,937,000,970	(6,914,387)	(12,560,325,382)	2,500,000,000	(360,737,781,709)	110,608,512	1,188,362,057,752
Issuance of new shares	802,421,993,250	(7,230,782,747)	-	-	-	-	-	-	-	795,191,210,503
Adjustment of difference in subsidiaries' equity arising from the restatement of prior year consolidated financial statements	-	-	-	(18,937,000,970)	-	-	-	4,588,827,062	-	(14,348,173,908)
Difference in value from restructuring transactions of entities under common control	-	-	-	-	-	(3,700,254,249)	-	-	-	(3,700,254,249)
Acquisition of new subsidiaries	-	-	-	-	-	-	-	-	34,172,392	34,172,392
Total comprehensive income for the period	-	-	-	-	-	-	-	144,203,882,092	(20,503,435)	144,183,378,657
Balance as of 30 June 2012	2,330,844,837,094	(3,695,839,247)	8,161,682,404	-	(6,914,387)	(16,260,579,631)	2,500,000,000	(211,945,072,555)	124,277,469	2,109,722,391,147
Balance as of 31 December 2012	2,330,844,837,094	(3,695,839,247)	8,161,682,404	-	(6,914,387)	(16,260,579,631)	2,500,000,000	(95,628,319,835)	99,026,691	2,226,013,893,089
Change of shareholdings in subsidiary	-	-	-	-	-	-	-	-	604,777	(604,777)
Difference in value from restructuring transactions of entities under common control	-	(16,260,579,631)	-	-	-	16,260,579,631	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(6,309,610)	-	-	453,588,385,009	(41,291,755)	549,175,413,089
Balance as of 30 June 2013	2,330,844,837,094	(19,956,418,878)	8,161,682,404	-	(6,309,610)	-	2,500,000,000	(453,588,385,009)	57,130,159	2,775,189,306,178

See accompanying Notes to Consolidated Financial Statements on Exhibit E
which are an integral part of the Consolidated Financial Statements taken as a whole

PT MODERNLAND REALTY Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED) AND 2012 (AUDITED)
AND THE YEARS ENDED 31 DECEMBER 2012, 2011 AND 2010 (AUDITED)
(Expressed in Rupiah, unless otherwise stated)

	30 June 2013 (Six months)	30 June 2012 (Six months)	31 December 2012 (One year)	31 December 2011 (One year)	31 December 2010 (One year)
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	843,461,923,694	362,537,623,366	1,182,794,855,320	741,038,872,658	324,406,504,610
Payments to/for :					
Contractors, suppliers and others	(242,986,641,227)	(513,258,344,669)	(763,046,427,814)	(335,829,528,007)	(156,795,977,989)
Salaries and allowances	(41,021,874,532)	(26,046,898,686)	(64,628,312,453)	(39,701,570,405)	(35,737,329,743)
Payment for operating expenses (excluding salaries and allowances)	(105,605,072,577)	(64,005,910,190)	(156,889,257,230)	(140,863,480,137)	(160,157,922,673)
Cash flows generated by (used in) operations	453,848,335,358	(240,773,530,179)	198,230,857,823	224,644,294,109	(28,284,725,795)
Receipt of interest income	12,622,329,254	3,089,608,623	5,311,563,402	2,741,934,138	770,061,110
Payments for interest expense	(71,906,048,647)	(21,859,358,390)	(69,432,448,134)	(46,554,959,052)	(41,261,107,689)
Payments for corporate income tax	(2,601,819,818)	(616,656,669)	(1,769,831,733)	(14,309,619,199)	(12,565,368,861)
Net cash flows provided by (used in) operating activities	<u>391,962,796,147</u>	<u>(260,159,936,615)</u>	<u>132,340,141,358</u>	<u>166,521,649,996</u>	<u>(81,341,141,235)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for advances for purchases of land and property, plant and equipment	(655,171,307,499)	(65,912,986,607)	(195,095,424,957)	(78,038,354,302)	(43,686,863,367)
Acquisitions of property, plant and equipment	(83,213,420,562)	(282,967,191,976)	(303,360,264,837)	(10,434,033,081)	(1,011,811,575)
Payments for acquisitions of new subsidiaries	(6,000,000,000)	(121,048,021,138)	(121,048,021,138)	(2,999,900,000)	-
Proceeds from sales of property, plant and equipment	203,624,629	1,692,251,975	150,000,000	11,469,845	1,061,055,844
Payments for subsidiaries payables	-	(130,941,978,862)	(130,941,978,862)	-	-
Net cash flows used in investing activities	<u>(744,181,103,432)</u>	<u>(599,177,926,608)</u>	<u>(750,295,689,794)</u>	<u>(91,460,817,538)</u>	<u>(43,637,619,098)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments of bank loans	(130,093,577,593)	(36,155,062,731)	(120,276,358,709)	(124,230,481,869)	(166,301,101,154)
Increase in restricted funds	(14,846,813,689)	(9,578,290,539)	(18,926,163,698)	(1,772,115,075)	-
Receipt of proceeds of bank loans	10,000,000,000	245,063,669,817	437,300,000,000	135,455,965,646	263,843,483,564
Payments for finance lease payables	(865,333,654)	(3,645,923,813)	(7,388,840,322)	(1,204,874,774)	(2,079,252,246)
Increase in share capital	-	802,421,993,250	802,421,993,250	-	-
Share issuance costs	-	(7,230,782,747)	(7,230,782,747)	-	-
Proceeds from issuance of bonds	-	-	500,000,000,000	-	-
Bond issuance costs	-	-	(6,210,000,000)	-	-
Payments for convertible bonds	-	-	-	(69,400,000,000)	-
Receipt from payables to related parties	-	-	-	5,940,000,000	78,355,000,000
Net cash flows (used in) provided by financing activities	<u>(135,805,724,936)</u>	<u>990,875,603,237</u>	<u>1,579,689,847,774</u>	<u>(55,211,506,072)</u>	<u>173,818,130,164</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(488,024,032,221)</u>	<u>131,537,740,014</u>	<u>961,734,299,338</u>	<u>19,849,326,386</u>	<u>48,839,369,831</u>
CASH AND CASH EQUIVALENTS FROM ACQUISITION OF NEW SUBSIDIARIES	<u>-</u>	<u>10,075,106,249</u>	<u>10,075,106,249</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR	<u>1,065,857,565,523</u>	<u>94,048,159,936</u>	<u>94,048,159,936</u>	<u>74,198,833,550</u>	<u>25,359,463,719</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	<u>577,833,533,302</u>	<u>235,661,006,199</u>	<u>1,065,857,565,523</u>	<u>94,048,159,936</u>	<u>74,198,833,550</u>

See accompanying Notes to Consolidated Financial Statements on Exhibit E
which are an integral part of the Consolidated Financial Statements taken as a whole

**PT MODERNLAND REALTY Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2013 (UNAUDITED) AND 2012 (AUDITED),
31 DECEMBER 2012, 2011 AND 2010 (AUDITED)
(Expressed in Rupiah, unless otherwise stated)**

1. GENERAL

a. Establishment of the Company

PT Modernland Realty Tbk (the “*Company*”) was established based on Notarial deed No. 15 dated 8 August 1983 of Hendra Karyadi, S.H. The deed of establishment was approved by the Minister of Justice of the Republic of Indonesia in his Decision Letter No. C2-7390.HT.01.01.Th.83 dated 12 November 1983 and was published in the State Gazette of the Republic of Indonesia No. 100 dated 16 December 1983, Supplement No. 1073. In 2005, the Company’s articles of association were amended based on Notarial deed No. 129 of Sutjipto, S.H. dated 25 February 2005 concerning, among others, the increase in its authorized share capital from Rp 500,000,000,000 to Rp 1,600,000,000,000. The amendments have been approved by the Minister of Law and Human Rights of the Republic of Indonesia in his Decision Letter No. C-08611.HT.01.04.Th.2005 dated 31 May 2005 and was published in the State Gazette of the Republic of Indonesia No. 7911 dated 26 July 2005, Supplement No. 59.

In 2008, the Company’s articles of association was amended based on Notarial deed No. 32 of Wahyu Nurani, S.H., dated 27 June 2008 to conform with Law No. 40 Year 2007 for Limited Liability Companies. The amendment was received by the Minister of Law and Human Rights of the Republic of Indonesia in his Decision Letter No. AHU-69149.AH.01.02.Th.2008 dated 24 September 2008 and was published in the State Gazette of the Republic of Indonesia No. 10917 dated 16 August 2010, Supplement No. 65.

The latest amendment in the Company’s articles of association was made in Notarial deed No. 43 dated 15 December 2011 by F.X. Budi Santoso Isbandi, S.H., Notary in Jakarta, regarding the Limited Public Offering II in respect of a rights issue with preemptive rights and increase in the Company’s authorized capital from Rp 1,600,000,000,000 to Rp 6,000,000,000,000. The amendment was received by the Minister of Law and Human Rights of the Republic of Indonesia in his Decision Letter No. AHU-63063.AH.01.02.Th.2011 dated 21 December 2011 and has been registered in the Company Listing under No. AHU-0104769.AH.01.09.Th.2011 dated 21 December 2011 and was published in the State Gazette of the Republic of Indonesia No. 5353 dated 15 February 2013, Supplement No. 14.

In accordance with Article 3 of the Company’s articles of association, the scope of activities of the Company comprises of, among others, real estate development, golf course and country club operations, general contracting, trading, development of industrial estates and warehouses, flats, hotels, office building, shopping centers and golf course management service. Presently, the Company’s activities include the development and sale of real estate and apartments and operation of golf course, club house restaurant and hotels.

The Company is domiciled at Jalan Matraman Raya No. 12, Kebun Manggis Village, Matraman District, East Jakarta. The Company’s real estate projects, namely, Kota Modern and Modern Golf Apartments are located in Tangerang; Taman Modern and Modern Jakarta are located in Cakung; and Bukit Modern is located on Pondok Cabe, while its golf course and club house project (Padang Golf Modern) is located in Tangerang. The Company started its commercial operations in November 1989.

PT MODERNLAND REALTY Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2013 (UNAUDITED) AND 2012 (AUDITED),
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(Expressed in Rupiah, unless otherwise stated)

1. GENERAL (Continued)

b. The Company's Public Share Offerings and Bond Offerings

On 18 December 1992, the Company offered to the public 22,800,000 shares with par value per share of Rp 1,000 at a market price per share of Rp 4,650, such shares were listed on the Indonesia Stock Exchange on 18 January 1993. Simultaneous with the listing of the aforementioned shares, all the 52,000,000 shares owned by the founding shareholders were also listed (company listing).

In 1994, the Company conducted a Limited Rights Issue I Offering through the issuance of "*Modernland Mandatory Convertible Bonds at 6% Year 1995 with Pre-emptive Rights*" (MCB) amounting to Rp 179,520,000,000 on 4 January 1995. The MCBs were listed on the Indonesia Stock Exchange on 4 January 1995.

On 1 July 1997, the Company changed the par value per share from Rp 1,000 to Rp 500 (stock split).

On 1 August 1997, the Company issued 118,700,800 bonus shares and, on 30 March 1998, the Company also issued 308,389,452 bonus shares and stock dividends totaling 157,780,650 shares.

From 1995 to 2003, some MCBs were converted into shares of the Company. By the end of 2003, all of the OWK had been converted into 91,319,861 shares. Consequently, as of 31 December 2004, all of the Company's 825,790,763 shares were listed on the Indonesia Stock Exchange.

In 2005, the Company issued 1,641,054,925 new shares with par value per share of Rp 500, which arose from the conversion of the Company's loan principal. The new shares were listed on the Indonesia Stock Exchange.

In 2008, the Company issued 590,000,000 new shares with par value per share of Rp 500, which arose from the conversion of the Company's convertible bonds principal which were issued through a Capital Increase without Pre-emptive Rights. Consequently, all of the Company's 3,056,845,688 shares were listed on the Indonesia Stock Exchange.

Based on the Effective Statement Letter No. S-13446/BL/2011 dated 15 December 2011 from the Chairman of the Capital Market Supervisory Agency and Financial Institutions Supervisory Agency ("BAPEPAM-LK"), the Company conducted a Limited Public Offering II (PUT II) amounting to 3,209,687,973 Series B shares with par value of Rp 250 per share through the Indonesia Stock Exchange at the offering price of Rp 250 per share.

In January 2012, the Company received proceeds from PUT II amounting to Rp 802,421,993,250.

PT MODERNLAND REALTY Tbk AND SUBSIDIARIES
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(Expressed in Rupiah, unless otherwise stated)

1. G E N E R A L (Continued)

b. The Company's Public Share Offerings and Bond Offerings (Continued)

In accordance with the Effectivity of Registration Statement Letter No. S-14327/BL/2012 dated 17 December 2012 issued by the Chairman of BAPEPAM-LK, the Company undertook Public Bond Offering II Modernland Realty Year 2012 with Fixed Rates. The bonds issued by the Company were Series A bonds with a principal amount of Rp 250,000,000,000, with a fixed interest rate of 10.75% and a term of 3 (three) years and the Series B bonds with a principal amount of Rp 250,000,000,000, with a fixed interest rate of 11% and a term of 5 (five) years (Note 22).

c. Subsidiary

Subsidiary	Main product or activity	Domicile	Start of commercial operations	Percentage ownership (%)					Total assets before elimination (in million Rupiah)				
				30 Jun 2013	30 Jun 2012	31 Dec 2012	31 Dec 2011	31 Dec 2010	30 Jun 2013	30 Jun 2012	31 Dec 2012	31 Dec 2011	31 Dec 2010
Direct Ownership													
PT Modern Panel Indonesia ("MPI")	Manufacture	Tangerang	2011	99.18	99.18	99.18	99.18	99.00	52,149	44,164	51,789	45,994	45,594
PT Modern Industrial Estat ("MIE")	Real estate	Banten	2008	100.00	100.00	100.00	-	-	988,993	300,532	378,185	-	-
PT Terus Maju Perkasa ("TMP")	Real estate	Jakarta	2012	100.00	99.99	100.00	99.99	-	7,162	5,253	5,535	4,094	-
PT Golden Surya Makmur ("GSM")	Real estate	Serang	2011	100.00	99.97	99.97	-	-	33,851	13,973	22,654	-	-
PT Mitra Mutiara Makmur ("MMM")	Hotels	Jakarta	2012	99.99	99.99	99.99	99.99	-	34,320	1,266	20,340	400	-
PT Modern Asia Hotel ("MAH")	Hotels	Jakarta	2012	100.00	-	100.00	-	-	250	-	250	-	-
PT Modern Graha Lestari ("MGL")	Contraction, Trading and service	Jakarta	2012	100.00	-	100.00	-	-	450,010	-	250	-	-
Indirect Ownership through MIE													
PT The New Asia Industrial Estate ("NA")	Real estate	Banten	2007	100.00	100.00	100.00	-	-	301,359	116,449	116,736	-	-
Indirect Ownership through MGL													
PT Bekasi Development ("BD")	Contraction and services	Bekasi	2013	100.00	-	-	-	-	125,005	-	-	-	-
PT Bagasasi Inti Pratama ("BIP")	Contraction and services	Bekasi	2013	100.00	-	-	-	-	200,007	-	-	-	-
PT Pertiwi Development ("PD")	Contraction and services	Bekasi	2013	100.00	-	-	-	-	100,005	-	-	-	-

PT MODERNLAND REALTY Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2013 (UNAUDITED) AND 2012 (AUDITED),
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(Expressed in Rupiah, unless otherwise stated)

1. GENERAL (Continued)

c. Subsidiary (Continued)

PT Modern Panel Indonesia (MPI)

Based on Notarial deed No. 11 of Linaswati, S.H., dated 30 September 2011, the Company increased its investment in MPI by Rp 3,000,000,000, increasing its equity interest in MPI to 99.18%. On this transaction, the Company recorded a “*Difference in Transactions with Non-Controlling*” amounting to Rp 6,914,387, which forms part of equity as of 31 December 2012 and 2011.

PT Modern Industrial Estat (MIE)

Based on the share sale and purchase agreement as notarized under Notarial deed No. 3 of Ny. Sastriany Josoprawiro, S.H., dated 2 January 2012, the Company purchased 81,800,000 shares of MIE from PT Bintang Sukses Pratama (“BSP”), a third party, representing 83.47% of the total outstanding shares of MIE. The purchase transaction had a value of Rp 16,932,249,145.

Based on the share sale and purchase agreement as notarized under Notarial deed No. 5 of Ny. Sastriany Josoprawiro, S.H., dated 2 January 2012, the Company purchased 200,000 shares of MIE from Tn. Tonny Hadiwalujo, third party, representing 0.20% of the total outstanding shares of MIE. The purchase transaction had a value of Rp 211,653,115.

The following table shows the book value and fair value of the identifiable assets and liabilities acquired at acquisition date:

Statements of Financial Position Items	<u>Book Value</u>	<u>Fair Value</u>
A s s e t s		
Cash and cash equivalents	10,013,600,612	10,013,600,612
Trade receivables	40,712,897,154	40,712,897,154
Inventories	148,041,348,000	204,010,384,333
Prepaid expenses	72,101,679	72,101,679
Property, plant and equipment	1,541,351,975	1,541,351,975
Other assets	1,151,109,332	1,151,109,332
Total Assets	<u>201,532,408,752</u>	<u>257,501,445,085</u>
Liabilities		
Bank loans	10,446,659,432	10,446,659,432
Other payables	24,640,099,485	24,640,099,485
Taxes payable	6,477,654,200	6,477,654,200
Accrued expenses	51,809,350,401	51,809,350,401
Finance lease	907,659,457	907,659,457
Advances received	20,096,996,395	20,096,996,395
Estimated liability for employee benefits	1,881,255,294	1,881,255,294
Total Liabilities	<u>116,259,674,664</u>	<u>116,259,674,664</u>

PT MODERNLAND REALTY Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2013 (UNAUDITED) AND 2012 (AUDITED),
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 (Expressed in Rupiah, unless otherwise stated)

1. GENERAL (Continued)

c. Subsidiary (Continued)

PT Modern Industrial Estat (MIE) (Continued)

The above transactions resulted to a gain arising from a bargain purchase amounting to Rp 31,399,212,441 which was recorded as part of other operating income, with the following details:

Acquisition cost	(86,777,776,871)
Allocation of acquisition cost:	
Total assets	257,501,445,085
Total liabilities	(116,259,674,664)
Non-controlling interest	<u>(23,064,781,109)</u>
Gain from a bargain purchase (Note 34)	<u>31,399,212,441</u>

Based on Notarial deed No. 6 of Ny. Sastriany Josoprawiro, S.H., dated 2 January 2012, the Company took over the receivables from BSP, a third party, of MIE amounting to Rp 18,289,973,984.

Based on the share sale and purchase agreement as notarized under Notarial deed No. 4 of Ny. Sastriany Josoprawiro, S.H., dated 2 January 2012, the Company purchased 16,000,0000 shares of MIE from PT Potensi Sukses Bersama ("PSB"), a related party, representing 16.33% of the total outstanding shares of MIE. The purchase transaction had a value of Rp 16,932,249,145.

The Company acquired MIE with the objective of business diversification into the sale of industrial estates.

From the above purchase transaction of outstanding shares of MIE from the previous shareholders, as previously stated above, the Company obtained control of MIE such that the Company's ownership became 100%.

Upon acquisition, the book value of the assets and liabilities of MIE amounted to Rp 201,532,408,752 and Rp 116,259,674,664, respectively.

The above transactions resulted to a difference in value from restructuring transactions of entities under common control amounting to Rp 3,010,809,771 which was recorded as "*Difference in Value from Restructuring Transactions of Entities under Common Control*" as part of equity, with details as follows:

Acquisition cost	(16,932,249,145)
Allocation of acquisition cost:	
Total assets	201,532,408,752
Total liabilities	(116,259,674,664)
Non-controlling interest	<u>(71,351,294,714)</u>
Difference in Value from Restructuring Transactions of Entities Under Common Control	<u>3,010,809,771</u>

**PT MODERNLAND REALTY Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2013 (UNAUDITED) AND 2012 (AUDITED),
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(Expressed in Rupiah, unless otherwise stated)**

1. **GENERAL** (Continued)

c. **Subsidiary** (Continued)

PT Modern Industrial Estat (MIE) (Continued)

Total revenue and net income of MIE from the date of acquisition included in the consolidated statements of comprehensive income for the year ended 31 December 2012 amounted to Rp 281,041,755,000 and Rp 99,184,944,010, respectively.

Based on Notarial deed No. 24 of Ny. Sastriany Josoprawiro, S.H., dated 3 August 2012, the Company increased its investment in MIE through the purchase of 18,000,000 new shares with a par value of Rp 1,000 per share, such that the Company's percentage ownership in MIE became 99.99%.

Based on Decision Letter of the Shareholders of MIE No. 6 dated 15 January 2013 made by Ny. Sastriany Josoprawiro S.H., MIE' shares owned by NA has been sold to MPI, so that MPI's ownership in MIE become 0.001%, and MIE' authorized shares become Rp 600,000,000,000 and issued and fully paid shares become Rp 416,000,000,000.

Based on Notarial deed No. 29 dated 19 April 2013 made by Notary Ny. Sastriany Josoprawiro, S.H., MIE approved the amendment of Article 1 of the articles of association about the changes of name of its company from PT Prisma Inti Semesta to PT Modern Industrial Estat.

PT The New Asia Industrial Estate (NA)

Based on the share sale and purchase agreement as notarized under Notarial deed No. 8 of Ny. Sastriany Josoprawiro, S.H., dated 2 January 2012, the Company purchased 6,999 shares of NA from PSB, a related party, amounting to Rp 14,347,995,122, such that the Company's percentage ownership in NA became 99.99%.

The above transaction represents a restructuring transaction between entities under common control and was accounted for in accordance with SFAS No. 38 (Revised 2004), "*Accounting for Restructuring Transactions between Entities Under Common Control*" with the difference between the transaction amount and the book value sold in 2012 amounting to Rp 12,560,325,382 recorded as "*Difference in Value from Restructuring Transactions of Entities under Common Control*" in the equity section of the consolidated statements of financial position. The transferred assets or liabilities were recorded at their book values as a business combination using the pooling-of-interests method. In applying the pooling-of-interests method, the components of the consolidated financial statements for the period where there is restructuring and for other periods presented for comparative purposes, is presented in such a way as if the restructuring has occurred since the beginning of the consolidated financial statements presented.

Based on Notarial deed No. 9 of Ny. Sastriany Josoprawiro, S.H., dated 2 January 2012, the Company took over the receivable from PSB, a related party, of NA amounting to Rp 90,511,663,804.

Based on Notarial deed No. 10 of Ny. Sastriany Josoprawiro, S.H., dated 2 January 2012, the Company took over from PSB, a related party, the mandatory convertible bonds issued by NA amounting to Rp 22,140,341,074.

**PT MODERNLAND REALTY Tbk AND SUBSIDIARIES
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30 JUNE 2013 (UNAUDITED) AND 2012 (AUDITED),
31 DECEMBER 2012, 2011 AND 2010 (AUDITED)
(Expressed in Rupiah, unless otherwise stated)**

1. **GENERAL** (Continued)

c. **Subsidiary** (Continued)

PT The New Asia Industrial Estate (NA) (Continued)

Based on MIE Shareholders Decision Statement No. 34 dated 19 March 2012, by Ny. Sastriany Josoprawiro, S.H., Notary in Jakarta, NA bought 1 share of MIE from the Company, with a value of Rp 1,000.

Based on, Notarial deed No. 33 of Ny. Sastriany Josoprawiro, S.H., dated 8 August 2012, the Company increased its investment in NA through the purchase of 113,000,000 new shares with a nominal value of Rp 1,000,000 per share. Thus, the Company's percentage ownership in NA became 99.99%.

Based on Notarial deed No. 40 dated 25 April 2013 made by Notary Ny. Sastriany Josoprawiro, S.H., regarding the sale and purchase of shares, the Company has submitted all of its shares totalling 119,999 existing shares in NA to MIE with par value of Rp 1,000,000. The value of the selling price amounted to Rp 119,999,000,000.

PT Terus Maju Perkasa (TMP)

Based on Notarial deed No. 9 of Linaswati, S.H., dated 19 October 2011, the Company purchased 4,999 shares of TMP from Ng Wan Su, a third party, amounting to Rp 499,900,000.

Based on Notarial deed No. 2 of Linaswati, S.H., dated 2 December 2011, the Company increased its ownership in TMP by Rp 3,000,000,000 such that its ownership in TMP became 99.99%. The deed has been approved by the Minister of Law and Human Rights of the Republic of Indonesia in his Decision Letter No. AHU-01955.AH.01.02.Th.2012 dated 12 January 2012.

Based on Notarial deed No. 22 of Ny. Sastriany Josoprawiro, S.H., dated 17 September 2012, TMP agreed to sell 1 TMP share owned by Mr. William Honoris, Director, to MPI.

PT Golden Surya Makmur (GSM)

Based on Notarial Deed No. 4 of Linaswati, S.H., dated 13 April 2012, the Company purchased 750 shares of GSM from Luntungan Honoris, related party, 750 shares of GSM from Sungkono Honoris, a third party, 750 shares of GSM from Siwie Honoris, a third party, and 749 shares of GSM from Rico Hartono, a third party, representing 99.99% of the total outstanding shares of GSM. The purchase transaction had a value of Rp 299,900,000. The deed was approved by the Minister of Law and Human Rights of the Republic of Indonesia in his Decision Letter No. AHU-AH.01.10.18261 dated 22 May 2012.

Based on Notarial deed No. 4 of Linaswati, S.H., dated 13 April 2012. MPI purchased shares of GSM from Rico Hartono, a third party, amounting to Rp 100,000. The deed was approved by the Minister of Law and Human Rights of the Republic of Indonesia in his Decision Letter No. AHU-AH.01.10.18261 dated 22 May 2012.

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1. GENERAL (Continued)

c. Subsidiary (Continued)

PT Mitra Mutiara Makmur (MMM)

Based on Notarial deed No. 17 of Linaswati, S.H., dated 23 February 2011, the Company purchased 2,000 shares of MMM from Reza Akbarsyah, a third party, and 1,960 shares of MMM from Ng Su Wan, a third party, representing 99.99% of the total outstanding shares of MMM. The purchase transaction had a value of Rp 396,000,000.

Based on Notarial deed No. 9 of Linaswati, S.H., dated 16 March 2012, MPI bought shares in MMM from Luntungan Honoris, related party, amounting to Rp 4,000,000.

PT Modern Asia Hotel (MAH)

Based on Notarial deed No. 10 of H. Aristiawan Dwi Putranto, S.H., M.Kn. dated 7 November 2012, the Company established PT Modern Asia Hotel (MAH), which will be engaged in the hotel industry, through an investment in 249,999 shares with a nominal value of Rp 1,000 per share or a total of Rp 249,999,000, representing 99.99% ownership in MAH.

PT Modern Graha Lestari (MGL)

Based on Notarial deed No. 7 of Linaswati, S.H. dated 23 November 2012, the Company established PT Modern Graha Lestari (MGL) which will be engaged in construction, trade and services, through an investment in 249,999 shares with nominal value of Rp 1,000 per share or a total of Rp 249,999,000, representing 99.99% ownership in MGL.

Based on Notarial deed No. 28 dated 19 April 2013 made by Notary Ny. Sastriany Josoprawiro, S.H., MGL strengthen their capital shares from Rp 1,000,000,000 divided into 1,000,000 shares to Rp 1,500,000,000,000 divided into 1,500,000,000 shares with par value Rp 1,000 of each stock.

Based on Notarial deed No. 15 dated 7 February 2013 by Notary H. Aristiawan Dwi Putranto, S.H., M.Kn., MGL and MPI purchased shares of PT Pertiwi Development (PD), amounting to 24,999 shares and 1 share, respectively, such that the ownership of MGL and MPI became 99.99% and 0.01% MPI, respectively.

Based on Notarial deed No. 49 dated 21 June 2013 made by Notary Ny. Sastriany Josoprawiro, S.H., MGL strengthen their capital shares in PD from Rp 5,000,000,000 divided into 50,000 shares to Rp 200,000,000,000 divided into 2,000,000 shares with par value Rp 1,000 of each stock.

Based on Notarial deed No. 19 dated 7 February 2013 by Notary H. Aristiawan Dwi Putranto, S.H., M.Kn., MGL and MPI purchased shares of PT Bekasi Development (BD), amounting to 24,999 shares and 1 share, respectively, such that the ownership of MGL and MPI became 99.99% and 0.01%, respectively.

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1. GENERAL (Continued)

c. Subsidiary (Continued)

PT Modern Graha Lestari (MGL) (Continued)

Based on Notarial deed No. 51 dated 21 June 2013 made by Notary Ny. Sastriany Josoprawiro, S.H., MGL strengthen their capital shares in BD from Rp 5,000,000,000 divided into 50,000 shares to Rp 500,000,000,000 divided into 5,000,000 shares with par value Rp 100,000 of each stock.

Based on Notarial deed No. 35 dated 16 January 2013 made by Notary H. Aristiawan Dwi Putranto, S.H., M.Kn., MGL and MPI purchased shares of PT Bagasasi Inti Pratama (BIP), amounting to 999 shares and 1 share, respectively, such that the ownership of MGL and MPI became 99.99% and 0.01%, respectively.

Based on Notarial deed No. 50 dated 21 June 2013 made by Notary Ny. Sastriany Josoprawiro, S.H., MGL strengthen their capital shares in BD from Rp 2,000,000,000 divided into 2,000 shares to Rp 800,000,000,000 divided into 800,000 shares with par value Rp 1,000,000 of each stock.

d. Boards of Commissioners and Directors, Audit Committee, and Employees

The members of the Company's Boards of Commissioners and Directors are as follows:

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
<u>Board of Commissioners</u>					
President Commissioner	: Luntungan Honoris	Luntungan Honoris	Luntungan Honoris	Luntungan Honoris	Luntungan Honoris
Commissioner	: Oscar Jaro Tavera	Oscar Jaro Tavera	Oscar Jaro Tavera	Oscar Jaro Tavera	George Parinas Rosales
Commissioner	: Edwyn Lim	-	-	-	-
Independent Commissioner	: Nita Natawijaya	Herbert Hanwira Ibrahim	Herbert Hanwira Ibrahim	Herbert Hanwira Ibrahim	Herbert Hanwira Ibrahim
Independent Commissioner	: Iwan Suryawijaya	Iwan Suryawijaya	Iwan Suryawijaya	Iwan Suryawijaya	Iwan Suryawijaya
<u>Board of Directors</u>					
President Director	: William Honoris	Edwyn Lim	Edwyn Lim	Edwyn Lim	Edwyn Lim
Director	: Andy Kesuma Natanael	William Honoris	William Honoris	William Honoris	William Honoris
Director	: L.H. Freddy Chan	L.H. Freddy Chan	L.H. Freddy Chan	L.H. Freddy Chan	Dipa Simatupang
Director	: Dharma Mitra Sigamani	Dharma Mitra Sigamani	Dharma Mitra Sigamani	Dharma Mitra Sigamani	-

The members of the Audit Committee are as follows:

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
Chairman	: Iwan Suryawijaya	Iwan Suryawijaya	Iwan Suryawijaya	Iwan Suryawijaya	Iwan Suryawijaya
Member	: Johan Russ	Johan Russ	Johan Russ	Johan Russ	Johan Russ
Member	: Surat Triyana	Surat Triyana	Surat Triyana	Surat Triyana	Surat Triyana

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1. GENERAL (Continued)

d. Boards of Commissioners and Directors, Audit Committee, and Employees (Continued)

Based on Company Letter No. 033/MLR/Pers-Ga/III/2002 dated 7 December 2001, the Company appointed Dani Prasetyo as its Corporate Secretary.

Based on Company Letter No. 013/MLR/DIR/III/10, the Company appointed Sunaryo as Head of Internal Audit.

The amount of gross compensation for key management (including members of the Boards of Commissioners and Directors) of the Company are as follows:

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
Board of Commissioners					
Short-term employee benefits	2,529,214,354	1,947,475,864	4,593,253,351	3,964,372,691	3,580,267,303
Board of Directors					
Short-term employee benefits	3,419,330,349	2,307,526,940	6,333,158,181	5,086,365,726	4,944,178,656

As of 30 June 2013 and 2012, 31 December 2012, 2011 and 2010, the Company and its subsidiaries (the "Group") have 915, 687, 698, 684 and 409 permanent employees, respectively (unaudited).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements have been prepared in accordance with Indonesian Financial Accounting Standards ("FAS"), which are comprised of the Statements of Financial Accounting Standards ("SFAS") and Interpretations to Financial Accounting Standards ("IFAS") issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants and the Regulations and Established Guidelines on Financial Statements Presentation and Disclosure issued by the Capital Market and Financial Institutions Supervisory Board (BAPEPAM-LK) for Real Estate Companies which offer their shares to the public. As disclosed further in the relevant succeeding notes, several amended and published accounting standards were adopted effective 1 January 2012, prospectively or retrospectively.

The consolidated financial statements are prepared in accordance with SFAS No. 1 (Revised 2009), "Presentation of Financial Statements".

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Basis of Preparation of the Consolidated Financial Statements (Continued)

SFAS No. 1 (Revised 2009) regulates the presentation of financial statements as to, among others, the objective, components of financial statements, fair presentation, materiality and aggregation, offsetting, distinction between current and non-current assets and liabilities, comparative information and consistency, and introduces new disclosures, such as key estimations and judgments, capital management, other comprehensive income, departures from accounting standards and statement of compliance.

The statements of financial position at the beginning of the comparative period is presented when an entity applies accounting policies retrospectively or when a restatement of financial statements items is made, or when the entity reclassify items in the financial statements.

The adoption of SFAS No. 1 (Revised 2009) had significant impacts on the related presentation and disclosures in the consolidated financial statements.

In accordance with SFAS No. 1 (Revised 2009), the Group has reclassified non-controlling interest amounting to Rp 130,390,997 as part of equity and presented a consolidated statements of financial position for the beginning of the comparative period.

SFAS No. 60, "*Financial Instruments: Disclosures*", which supersedes the disclosure requirements of SFAS No. 50 (Revised 2006), "*Financial Instruments: Presentation and Disclosures*" requires disclosures that enable users of the consolidated financial statements to evaluate the significance of financial instruments with the nature and risks arising from each of the financial instruments. The new disclosures are included in the consolidated financial statements. This standard is applied prospectively based on the transitional provisions. Therefore, the Group does not need to present comparative information required by this standard. The application of these standards did not have a material impact on the performance or on the consolidated financial statements.

The consolidated financial statements have been prepared using the accrual basis, and the measurement basis used is historical cost concept, except for certain accounts which are measured on the bases described in the relevant notes herein.

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

Effective 1 January 2011, the Group has adopted SFAS No. 2 (Revised 2009), "*Statement of Cash Flows*", which superseded SFAS No. 2 with the same title. The implementation of SFAS No. 2 (Revised 2009) did not have a significant impact on the consolidated financial statements.

The reporting currency used in the consolidated financial statements is the Indonesian Rupiah (Rp), which is also the Group's functional currency.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Basis of Preparation of the Consolidated Financial Statements (Continued)

Prior to 1 January 2012, the consolidated statements of financial position were presented without being classified into current and non-current (unclassified balance sheets) in accordance with SFAS No. 44, "*Accounting for Real Estate Activities*". Due to the Withdrawal of SFAS (PPSAK) No. 7 which is effective from 1 January 2012 regarding the Revocation of SFAS No. 44, "*Accounting for Real Estate Activities*" section 56-61 relating to the presentation of financial statements, the Group presents current and non-current assets and short-term and long-term liabilities as separate classifications in the statements of financial position and restated the consolidated statements of financial position as of 31 December 2011 and 2010.

b. Principles of Consolidation

From 1 January 2011

Effective 1 January 2011, the Group retrospectively adopted SFAS No. 4 (Revised 2009), "*Consolidated and Separate Financial Statements*", except for the following items that were applied prospectively: (i) losses of a subsidiary that result in a deficit balance to non-controlling interests ("NCI"); (ii) loss of control over a subsidiary; (iii) change in the ownership interest in a subsidiary that does not result in a loss of control; (iv) potential voting rights in determining the existence of control; and (v) consolidation of a subsidiary that is subject to long-term restriction.

SFAS No. 4 (Revised 2009) provides for the preparation and presentation of consolidated financial statements for a Group of entities under the control of a parent, and the accounting for investments in subsidiaries, jointly controlled entities and associates when separate financial statements are presented as additional information.

As described herein, the adoption of SFAS No. 4 (Revised 2009) did not have a significant impact on the financial reporting, including the related disclosures, in the consolidated financial statements.

All material intercompany accounts and transactions, including unrealized gains or losses, if any, are eliminated to reflect the consolidated statements of financial position and the results of operations of the Group as one business entity.

The subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtained control, and continue to be consolidated until the date such control ceases. Control is presumed to exist if the Company owns, directly or indirectly through the subsidiary, more than half of the voting power of an entity.

Losses of a non-wholly owned subsidiary are attributed to the NCI even if such losses result in a deficit balance for the NCI.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Principles of Consolidation (Continued)

From 1 January 2011 (Continued)

In case of loss of control over a subsidiary, the Group:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any NCI;
- derecognizes the cumulative translation differences, recorded in equity, if any;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in profit or loss in consolidated statements of comprehensive income; and,
- reclassifies the parent's share of components previously recognized in comprehensive income to consolidated statements of comprehensive income or retained earnings, as appropriate.

Changes in the parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions. When control over a previous subsidiary is lost, any remaining interest in the entity is remeasured at fair value and the resulting gain or loss is recognised in consolidated statements of comprehensive income.

NCI represents the portion of the profit or loss and net assets of the subsidiary attributable to equity interests that are not owned directly or indirectly by the Company, which is presented in the consolidated statements of comprehensive income and under the equity section of the consolidated statements of financial position, respectively, separately from the corresponding portion attributable to the equity holders of the parent company.

Prior to 1 January 2011

The proportionate shares of minority shareholders in net assets and net income or loss of the consolidated subsidiary were previously presented as "*Minority Interest in Net Assets of Subsidiaries*" in the consolidated statements of financial position and as "*Minority Interest in Net Income (Loss) of Subsidiaries*" in the consolidated statements of comprehensive income.

The losses applicable to the minority interests in a subsidiary may have exceeded the minority interests in the equity of the subsidiary. The excess and any further losses applicable to the minority interests were absorbed by the Company as the majority shareholder, except to the extent that minority interests had other long-term interest in the related subsidiary or had binding obligations for, and were able to make good of, the losses. If the subsidiary subsequently reported profits, all such profits were allocated to the majority interest holder, in this case, the Company, until the minority interests' share of losses previously absorbed by the Company were recovered.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Principles of Consolidation (Continued)

Restructuring of Entities Under Common Control

Acquisitions or transfer of the shares among companies under common control are accounted for in accordance with SFAS No. 38 (Revised 2004), "*Accounting for Restructuring of Entities under Common Control*". In accordance with SFAS No. 38 (Revised 2004), transfers of assets, liabilities, shares, and/or other ownership instruments among companies under common control do not result in gains or losses for the Company or individual entity in the same group.

Since a restructuring transaction between entities under common control does not result in a change of the economic substance of the ownership of assets, liabilities, shares or other instruments of ownership which are exchanged, the assets, liabilities, shares or other instruments of ownership transferred are recorded at book values as a business combination using the pooling-of-interests method.

In applying the pooling-of-interests method, the components of the consolidated financial statements of the restructured Company for the period during which the restructuring occurred and for other years presented, must be presented in such a manner as if the companies were combined from the beginning of the earliest consolidated financial statements period presented.

Prior to 1 January 2013, the difference between the book value on the effective date and the transfer price recorded as "*Difference in Value from Restructuring Transaction of Entities under Common Control*", which is presented as component of equity.

Effective 1 January 2013, the difference between the book value on the effective date and the transfer price recorded in "*Additional Paid-in Capital*".

c. Business Combination

Starting 1 January 2011

Effective 1 January 2011, the Group prospectively adopted SFAS No. 22 (Revised 2010), "*Business Combinations*" applicable for business combinations that occur on or after the beginning of a financial year/ period commencing on or after 1 January 2011.

SFAS No. 22 (Revised 2010) stipulates the nature of transaction or other event that meets the definition of a business combination to improve the relevance, reliability and comparability of the information that a reporting entity provides in its financial statements about a business combination and its effects.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are directly expensed in the consolidated statements of comprehensive income.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Business Combination (Continued)

Starting 1 January 2011 (Continued)

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

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with SFAS No. 55 (Revised 2006) either in consolidated statements of comprehensive income or as other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date, to each of the Company and subsidiaries' cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those CGUs.

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

If the consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized as a gain from a bargain purchase in the consolidated statements of comprehensive income. Prior to recognizing the gain from the bargain purchase, the Company reassesses whether it has correctly identified all of the assets acquired and liabilities taken over and recognizes any additional assets or liabilities that may be identified in the reassessment. The Company further reviews the procedures used to measure the amount of the required to be recognized at the acquisition date for all of the following:

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Business Combination (Continued)

Starting 1 January 2011 (Continued)

- identifiable assets acquired and liabilities taken over;
- non-controlling interests of the acquired party, if any;
- for business combinations achieved in stages, the acquirer's previously held equity interests in the acquired party, and
- consideration transferred.

The purpose of the review is to ensure that the remeasurement accurately reflects all the information available at the acquisition date.

Prior to 1 January 2011

In comparison to the above, the following were the accounting policies applied for business combinations prior to 1 January 2011:

- business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The NCI (formerly known as minority interest) was measured at the book value of the proportionate share of the acquiree's identifiable net assets;
- business combinations achieved in stages were accounted for as separate steps. Any additional acquired equity interest did not affect previously recognized goodwill;
- when the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract;
- contingent consideration was recognized if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognized as part of goodwill.

d. Financial Assets and Liabilities and Equity Instruments

Starting 1 January 2012

Effective on 1 January 2012, the Group adopted SFAS No. 55 (Revised 2011), "*Financial Instruments: Recognition and Measurement*" which replaces SFAS No. 55 (Revised 2006), "*Financial Instruments: Recognition and Measurement*", SFAS No. 50 (Revised 2010), "*Financial Instruments: Presentation and Disclosures*", which replaces and SFAS No. 50 (Revised 2006), "*Financial Instruments: Presentation and Disclosures*" and SFAS No.60 "*Financial Instruments: Disclosures*". SFAS did not have a material impact to the consolidated financial statements.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial Assets and Liabilities and Equity Instruments (Continued)

Prior to 1 January 2012

Effective 1 January 2010, the Company adopted SFAS No. 55 (Revised 2006), "*Financial Instruments: Recognition and Measurement*" and SFAS No. 50 (Revised 2006), "*Financial Instruments: Presentation and Disclosures*", which replaces SFAS No. 55 (Revised 1999), "*Accounting for Derivative Instruments and Hedging Activities*" and SFAS No. 50 (Revised 1998), "*Accounting for Certain Investments in Securities*".

1. Financial Assets

Initial recognition

Financial assets within the scope of SFAS No. 55 (Revised 2006) are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge.

The Group's financial assets consist of cash and cash equivalents, restricted funds, trade receivables, other receivables and non-trade receivables from related parties.

Measurement after initial recognition

Measurement of financial assets after initial recognition depends on classification as follows:

i. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss including financial assets for trading and financial assets designated at initial recognition for measurement at fair value through profit or loss.

Derivative assets are classified as held for trading if acquired for the purpose of sale or repurchase in the near future. Derivative assets are also classified as held for trading unless designated as effective hedging instruments. Financial assets measured at fair value through profit or losses are recorded in the consolidated statements of financial position at fair value with gains or losses recognized in consolidated statements of comprehensive income.

The Group has no financial assets measured at fair value through profit or loss as of 30 June 2013 and 2012, 31 December 2012, 2011 and 2010.

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

d. **Financial Assets and Liabilities and Equity Instruments** (Continued)

1. **Financial Assets** (Continued)

Measurement after initial recognition (Continued)

ii. **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market. After initial recognition, such financial assets are recorded at amortized cost using the effective interest rate method, which is the method used for calculating the amortized cost of a financial asset or financial liability (or group of financial assets or financial liabilities) and for allocating interest income or expense interest in future periods. Recognized gains and losses related to the consolidated statements of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

The Group loans and receivables include cash and cash equivalents, restricted funds, trade receivables, other receivables and non-trade receivables from related parties.

iii. **Held-to-maturity investment (HTM)**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity investment if the Group has an intention and ability to hold-to-maturity. After initial measurement, an investment classified as held-to-maturity is measured at amortized cost using the effective interest rate method. This method uses an effective interest rate for discounting future cash receipts through the expected life will come to the carrying amount of financial assets net.

Gains or losses are recognized in the consolidated statements of comprehensive income when the investment is derecognized or impaired, as well as through the amortization process.

The Group has no HTM investments as of 30 June 2013 and 2012, 31 December 2012, 2011 and 2010.

iv. **Available-for-sale financial assets (AFS)**

Available-for-sale financial assets are non-derivative financial assets designated as available-for-sale or not classified in the two previous categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealized gains or losses recognized in equity until the investment is derecognized. At that time, the cumulative gain or loss previously recognized in equity will be reclassified to consolidated statements of comprehensive income as a reclassification adjustment.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial Assets and Liabilities and Equity Instruments (Continued)

1. Financial Assets (Continued)

Measurement after initial recognition (Continued)

iv. Available-for-sale financial assets (AFS) (Continued)

The Group does not have AFS financial assets or derivatives designated as effective hedging instruments as of 30 June 2013 and 2012, 31 December 2012, 2011 and 2010.

2. Financial Liabilities and Equity Instruments

Initial recognition

The Group determines the classification of financial liabilities upon initial recognition. Debt and equity instruments are classified as financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities within the scope of SFAS No. 55 (Revised 2011) are classified as financial liabilities measured at fair value through profit or loss, loans and borrowings, or as a derivative which is designated as hedging instruments in an effective hedge, if appropriate and other financial liabilities. The Group determines the classification of financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and, for loans and borrowings, including directly attributable transaction costs.

Financial liabilities of the Group include bank and non-bank loans, trade payables, other payables, non-trade payables to related parties, accrued expenses, finance lease liabilities, refundable membership deposits, convertible bonds and bonds payable.

An equity instrument is any contract that gives the right to the residual assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group will be recorded at the amounts received, after deducting direct issuance costs.

An instrument is an equity instrument if, and only if, both conditions (a) and (b) below are met:

i. The instrument does not have a contractual liabilities:

- (a) To deliver cash or another financial asset to another entity; or
- (b) To exchange financial assets or financial liabilities with another entity under conditions that are not profitable for issuers

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial Assets and Liabilities and Equity Instruments (Continued)

2. Financial Liabilities and Equity Instruments (Continued)

Initial recognition (Continued)

- ii. If the instrument will or may be settled by the issuer which has an equity instrument, an instrument that:
 - (a) non-derivatives that have no contractual liabilities to the issuer to deliver a variable number of owner's equity instruments; or
 - (b) derivatives that will be completed by the issuer only in exchange for some cash or another financial asset for a number of owner's equity instruments. For this purpose, the instrument does not include the issuer's equity instruments that are under contract for the future receipt or delivery of issuer's equity instruments.

Compound financial instruments, such as convertible bonds or similar instruments convertible into a number of common shares by the holder, are classified separately as financial liabilities and equity in accordance with the substance of the contractual agreement. On the date of issuance of a compound financial instrument, the fair value of the liability component is estimated using market interest rates applicable to similar non-convertible instruments.

This amount is recorded as a liability on the basis of amortized cost using the effective interest rate method until the conversion or execution on the maturity date of the instrument. The equity component is determined by deducting the liability component from the fair value of the compound financial instrument taken as a whole. This amount is recognized and included in equity, net of income tax effects, and not recomputed.

The Group's equity instruments include common shares and the equity portion of convertible bonds.

Measurement after initial recognition

i. Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities measured at fair value through profit or loss include the financial liabilities held for trading and liabilities designated upon initial recognition at fair value through profit or loss.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial Assets and Liabilities and Equity Instruments (Continued)

2. Financial Liabilities and Equity Instruments (Continued)

Measurement after initial recognition (Continued)

i. Financial Liabilities at Fair Value through Profit or Loss (Continued)

Financial liabilities are classified as held for trading if they are acquired for the purpose of resale in the near future. Derivative liabilities are also classified as held for trading unless the derivatives are designated as effective hedging instruments. Financial assets and financial liabilities at fair value through profit or loss are recorded in the consolidated statements of financial position at fair value with gains or losses recognized in the consolidated statements of comprehensive income.

The Group has no financial liabilities measured at fair value through profit or loss.

ii. Other Financial Liabilities

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. On the consolidated statements of financial position date, accrued interest is recorded separately from the principal involved in the current liabilities. Gains and losses are recognized in consolidated statements of comprehensive income when the liability is derecognized, as well as through the amortization using the effective interest rate method.

The Group has other financial liabilities consisting of bank and non-bank loans, trade payables, other payables, non-trade payable to related parties, accrued expenses, finance lease liabilities, refundable membership deposits, convertible bonds and bonds payable.

3. Recognition

At initial recognition, financial assets or liabilities are measured at fair value, except for financial assets and liabilities measured at fair value through profit or loss, plus or minus the transaction costs that are directly attributable to the acquisition of financial assets or issuance of financial liabilities. The subsequent measurement of financial assets and liabilities depends on the classification of financial assets and liabilities.

4. Fair Value Measurement

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction on the date of measurement.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial Assets and Liabilities and Equity Instruments (Continued)

4. Fair Value Measurement (Continued)

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and present actual and regularly occurring market transactions on an arm's length basis.

If the market of the financial instrument is inactive, the Group determines fair value by using valuation techniques include using recent market transactions conducted properly by knowledgeable, willing parties and, if available, reference to the current fair value of another instrument which is substantially the same, discounted cash flows analysis, and option pricing model.

5. Amortized Cost Measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortization using the effective interest rate method, calculated from the difference between initial amount and maturity amount, minus any reduction for impairment.

6. Impairment of Financial Assets

Starting 1 January 2010, the accounting policy on impairment of financial assets measured at amortized cost is as follows:

At each consolidated statements of financial position date, the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events occurring subsequent to initial recognition of the asset (loss events), and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial Assets and Liabilities and Equity Instruments (Continued)

6. Impairment of Financial Assets (Continued)

The impairment loss of a financial asset which is assessed individually is measured as the difference between the carrying value of the financial asset and the present value of estimated future cash flows discounted using the effective interest rate at the beginning of the financial assets. The carrying amount of the asset is presented by deducting the allowance for impairment losses and the impairment loss is recognized in the consolidated statements of comprehensive income.

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

7. Derecognition

The Group derecognizes financial assets when the contractual rights of the cash flows arising from the financial assets expire or the Group transfers all rights to receive contractual cash flows of financial assets in a transaction where the Group has transferred substantially all the risks and rewards of ownership of financial assets. Any rights or obligations on the transferred financial assets that arise or are still owned by the Group are recognized as assets or liabilities separately.

The Group derecognizes financial liabilities when the obligation specified in the contract is released, canceled or expires.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of financial assets, the Group derecognizes the assets if they do not retain control over the assets. The rights and obligations retained in the transfer are recognized separately as assets and liabilities as appropriate.

In transfers in which control over the asset is retained, the Group continues to recognize the assets to the extent of their continuing involvement, determined by the extent to which they are exposed to changes in the value of the transferred assets.

8. Offsetting

Financial assets and liabilities are set-off and the net amount is presented in the consolidated statements of financial position if, and only if, the Group has a legal right to set-off the amounts and intends either to settle on a net basis or realize the asset and settle the liability simultaneously.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial Assets and Liabilities and Equity Instruments (Continued)

8. Offsetting (Continued)

Derivatives are recorded as financial assets if the fair value is positive and as financial liabilities if it has a negative fair value. Gains or losses arising from changes in fair value of derivatives during the period not eligible for hedge accounting are recognized immediately in the consolidated statements of comprehensive income.

e. Cash and Cash Equivalents

Cash and cash equivalents consists of all unrestricted cash on hand and in banks and investments with maturities of three (3) months or less from the date of placement and not pledged as collateral to loans nor restricted in use.

Cash in bank and time deposits that are restricted in use are classified as restricted funds.

f. Restricted Funds

Restricted funds represent liquidation of KPR fund from customers that cannot be used by the Company and cash in banks which are pledged for loans.

g. Receivables

Trade receivables, other receivables and non-trade receivables from related parties are financial assets classified as loans and receivables. At initial measurement, these are stated at fair values plus directly attributable transaction costs and are subsequently measured at amortized cost and assessed for impairment in accordance with SFAS No. 55 (Revised 2011) (Note 2d).

h. Transactions with Related Parties

Effective 1 January 2011, the Group applied SFAS No. 7 (Revised 2010), "*Related Party Disclosures*". SFAS No. 7 (Revised 2010) requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of a parent, and also applies to individual financial statements.

Parties considered to be related to the Group are those persons or entities related to the entity preparing financial statements (referred to as "*reporting entity*"), as follow:

- (a) A person or family member has a relationship with 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. key management personnel of the reporting entity or of the parent of the reporting entity.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Transactions with Related Parties (Continued)

- (b) An entity is related to the reporting entity if it meets one of the following:
- i. The entity and the reporting entity are members of the same business group (i.e. a parent, subsidiaries, and entities associated with the next subsidiaries of another entity);
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a business group, which the other entity is a member;
 - iii. both entities are joint ventures of the same third party;
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - v. The entity has a post-employment benefits plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related entities to the reporting entity;
 - vi. entities controlled or jointly controlled by a person identified in paragraph a.
 - vii. person identified in subparagraph (a) (i) has significant influence over the entity or the key management personnel of the entity (or the entity's parent entity).

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

All significant transactions and balances with related parties are disclosed in the notes to consolidated financial statements.

Before 1 January 2011, the Group has transactions with certain entities that are considered as related parties, as defined under SFAS No. 7, "*Related Party Disclosures*".

i. Allowance for Impairment Losses

Since 1 January 2010, the Group provides allowance for impairment in accordance with SFAS No. 55 (Revised 2011) (Note 2d).

j. Inventories

Inventories of land available-for-sale, residential and shophouses under construction, apartment units, houses available-for-sale and inventories at the restaurant of the club house (food, beverage and others) are stated at the lower of cost or net realizable value. Cost is determined using the weighted-average method. The cost of completed residential and shophouses, residential and shop houses under construction and apartment units includes all construction costs excluding the cost of land. The cost of land includes the acquisition cost, costs of land improvements and development including interest expense and foreign exchange differences on loans used to finance the land acquisition, development and improvement prior to the completion stage. The cost of inventories at the restaurant of the club house includes the acquisition cost and other costs incurred until the inventories are ready to be used.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Inventories (Continued)

Costs not related to the project are recognized as expense when incurred.

Net realizable value is the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated cost necessary to make the sale. The decline in value of inventories is determined to write-down the carrying amount of the inventories to the fair value of the inventories and is recognized as a loss in consolidated statements of comprehensive income for the period/year.

k. Land for Development

Land owned for future development is stated at the lower of cost or net realizable value and its cost will be transferred to the inventory account upon the start of the land development and the construction of the facilities thereon.

l. Prepaid Expenses

Prepaid expenses are amortized and charged to operations over the periods benefited.

m. Investments in and Advances for investment to Associates

Since 1 January 2011, the Company and subsidiaries adopted SFAS No. 15 (Revised 2009), "*Investment in Associates*". This revised SFAS prescribes the accounting for investments in associates as to the determination of significant influence, accounting methods to be applied, impairment in value of investments and separate financial statements. The adoption of the revised SFAS has no significant effect on the consolidated financial statements.

The Group's investments in associates are measured using the equity method. An associate is an entity in which the Group has significant influence. In accordance with the equity method, the cost of investment is increased or decreased by the Group's share in the net income of associates, and dividends received from investee since the date of acquisition.

Unrealized gains or losses resulting from transactions between the Group with associates are eliminated to the extent of the Group's interest in associates.

The Group determines whether it is necessary to recognize additional impairment on the investments in associates. The Group at each reporting date determines whether there is objective evidence indicating that the investments in associates are impaired. If this is case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investments in associates and its carrying value and recognizes the amount in the consolidated statements of comprehensive income.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Investments in and Advances for investment to Associates (Continued)

Prior to 1 January 2011, investments in shares of stock with ownership interests of 20% to 50%, directly or indirectly owned, are accounted for under the equity method. Under the equity method, the investment is initially recorded at cost and is increased or decreased to recognize the investor's share of the profits or losses of the associate after the date of acquisition. Profit distributions (dividends) received from the associate reduces the carrying amount of investment. The carrying amounts of investments are written-down to recognize any permanent decline in the value of the individual investments, which is charged directly to consolidated statements of comprehensive income.

Under the equity method, if an investor's share of losses in an associates company equals to or exceeds the carrying amount of an investment, the investment must be reported at 'nil' value. Additional losses will be accrued by the investor for any liabilities that may arise, provided these are guaranteed by the investor. If the associate company subsequently reports profits from its operations, the investor will recognize profits only after its share of the net earnings equals the share of net losses not recognized previously.

Unrealized profit on sales to an associate is deferred to the extent of percentage of ownership in an associate and will be recognized as income when the associates consummate the sales to third parties.

As of 30 June 2013 and 2012, 31 December 2012, 2011 and 2010, there was no indication of impairment of investments in and advances for investment to associates.

n. Investment in Jointly Controlled Entities

Starting 1 January 2011, the Group adopted SFAS No. 12 (Revised 2009), "*Interest in Joint Ventures*".

In accordance with SFAS No. 12 (Revised 2009), a jointly controlled entity is a joint entity involves the establishment of a corporation, partnership or other entity which each entity has an interest. The entity operates in the same way as other entities, except the contractual agreement between the entity that establishes the joint control over the economic activities of the entity.

A jointly controlled entity controls the assets of the joint venture, incurs liabilities and expenses, and earn income. It may enter into contracts in its own name and raise financing for the purpose of the joint venture activity.

The entity recognizes its interest in jointly controlled entities using the proportionate consolidation method or the equity method.

The items that are part of the consolidation using the proportionate consolidation method are disclosed in Note 11.

Prior to 1 January 2011, investments in jointly controlled entities were accounted for using proportionate consolidated method whereby any assets, liabilities, income and expenses of jointly controlled operations coupled with one of similar elements in the consolidated financial statements of the Group for the amount applicable to the Group in accordance with agreements set forth in the joint operation.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Leases

Starting 1 January 2012

Effective 1 January 2012, the Group applied SFAS No. 30 (Revised 2011), “Lease”, which supersedes SFAS No. 30 (Revised 2007), which regulates the classification of each land and building separately whether as a finance lease or operating lease. There is no significant impact of the adoption of the revised SFAS on the consolidated financial statements.

Starting 1 January 2011

Based on SFAS No. 30 (Revised 2007), the determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset. Under SFAS No. 30 (Revised 2007), leases that transfer substantially to the lessee all the risks and rewards incidental to ownership of the leased item are classified as finance leases.

Subsequently, a lease is classified as an operating lease, if the lease does not transfer substantially all the risks and rewards incidental to ownership.

The Group as lessee

- i. Based on SFAS No. 30 (Revised 2007), under a finance lease, the Group, as lessee, recognize assets and liabilities in the consolidated statements of financial position at amounts equal to the fair value of the leased property, plant and equipment or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Lease payments are apportioned between the finance charge and the reduction of lease liability settlement. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred. Finance charges are reflected in the consolidated statements of comprehensive income.
- ii. Leased assets (presented as part of “*Property, Plant and Equipment*”) are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.
- iii. Under an operating lease, the Group recognizes lease payments as an expense on a straight-line method over the lease term.

The Group as lessor

- i. Based on SFAS No. 30 (Revised 2007), under a finance lease, the Group recognizes assets held under a finance lease in its consolidated statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease. Lease payment receivable is treated as repayment of principal and finance income. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the Group’s net investment in the finance lease.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. L e a s e s (Continued)

Starting 1 January 2011 (Continued)

The Group as lessor (Continued)

- ii. Under an operating lease, the Group presents assets subject to operating leases in its consolidated statements of financial position according to the nature of the asset. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents, if any, are recognized as revenue in the periods in which they are earned. Lease income from operating leases is recognized as income on a straight-line method over the lease term.

p. Property, Plant and Equipment

Property, plant and equipment, except for land, are stated at cost less accumulated depreciation and impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are recognized in consolidated statements of comprehensive income as incurred.

Effective 1 January 2012, the Group applied SFAS No. 16 (Revised 2011), "*Property, Plant and Equipment*", which supersedes SFAS No. 16 (Revised 2007), "*Property, Plant and Equipment*", which had an impact on the recognition of property, plant and equipment and the determination of carrying value and depreciation, including impairment losses recognized in relation to such assets.

Prior to 1 January 2012, an entity shall choose the cost model or the revaluation model for accounting policies for measurement of property, plant and equipment. The Group has chosen to use the cost model for accounting policies for measurement of property, plant, and equipment.

Depreciation of property, plant and equipment is computed using the straight-line method, over the estimated useful lives of the assets as follows:

	<u>Years</u>
Golf courses	20
Buildings and infrastructures	10 and 20
Golf and club house equipments	5
Transportation equipments	5
Furnitures and office equipments	4
Project equipments	4

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. Property, Plant and Equipment (Continued)

The cost of repairs and maintenance are charged to the consolidated statements of comprehensive income as incurred, while repairs and maintenance expenses in a significant amount, which increases the useful life of property, plant, and equipment, will be capitalized into value of the asset. Property, plant and equipment that are no longer used or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss of assets that occurred charged to the consolidated statements of comprehensive income for the period/year.

The asset residual values, useful lives and depreciation method are reviewed at each year-end and adjusted prospectively, if necessary.

q. Impairment of Non-financial Assets

At each consolidated statements of financial position date, the asset residual values, useful lives and depreciation method are reviewed and adjusted prospectively, if necessary.

The Group adopted SFAS No. 47, "*Accounting for Land*" which requires that land stated at cost and not amortized. All incidental costs and expenses incurred in connection with the acquisitions or renewal of landrights are deferred and amortized over the term of the related land rights.

Starting 1 January 2012, the Group has adopted IFAS No. 25, "*Land Rights*" which requires that costs associated with the acquisition of land to be recognized as part of the cost of the land. The adoption of IFAS No. 25 did not have a significant impact on the presentation of the consolidated financial statements of the Group, mainly in relation to costs recorded as part of the acquisition of the land.

The Group recognizes impairment losses if the estimated recoverable amount of an asset is lower than its carrying value. At each consolidated statements of financial position date, the Group conducts a review to determine whether there is any indication of recovery/impairment. Recovery of impairment is credited or charged to the consolidated statements of comprehensive income for the period/year as incurred.

All incidental costs incurred in connection with the acquisition of land rights, such as legal expenses, area survey, measurement expenses, notaries and related tax expense are deferred and presented separately from the cost of land. Deferred charges are amortized over the legal term of the land rights using the straight-line method.

Effective 1 January 2011, the Group prospectively adopted SFAS No. 48 (Revised 2009), "*Impairment of Assets*", including goodwill and assets acquired from business combinations before 1 January 2011.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Impairment of Non-financial Assets (Continued)

SFAS No. 48 (Revised 2009) prescribes the procedures to be employed by an entity to ensure that its assets are carried at no more than their recoverable amounts. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and SFAS No. 48 (Revised 2009) requires the entity to recognize an impairment loss. This revised SFAS No. 48 (Revised 2009) also specifies when an entity should reverse an impairment loss and prescribes disclosures.

At the end of each reporting period, the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists or impairment testing for an asset (i.e., an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) is required, the Group makes an estimate of the asset's recoverable amount.

An individual asset's recoverable amount is determined by the higher between the fair value asset or Cash Generating Unit's (CGU) fair value less costs to sell and its value in use, unless the asset does not generate cash inflows that are largely independent of those from assets or Group of other assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written-down to its recoverable amount. Impairment losses of continuing operations are recognized in the consolidated statements of comprehensive income as "*impairment losses*". In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If no such transactions can be identified, the Group use an appropriate valuation model to determine the fair value of the assets. These calculations are corroborated by multiple valuation or other available fair value indicators.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. Impairment losses of continuing operations, if any, are recognized in the consolidated statements of comprehensive income under expense categories that are consistent with the functions of the impaired assets.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognized impairment losses recognized for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the entity estimates the recoverable amount. A previously recognized impairment loss for an asset is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is recognized in the consolidated statements of comprehensive income. After such a reversal, the depreciation charge on the said asset is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Impairment of Non-financial Assets (Continued)

In assessing whether there is an indication that an asset may be impaired, an entity shall consider, at a minimum, the following matters:

Information from external sources:

1. During that period, the market value of assets has fallen significantly more than expected as a result of the passage of time or normal use.
2. Significant changes in the technological, market, economic or legal sphere where the entity operates or in the market place assets employed, which adversely affects the entity, have occurred during the period, or will occur in the near future.
3. Market interest rate or rate of return of the investment market has increased during the period, and this increase may affect the discount rate used in calculating the value in use of assets and reduce the value of assets recovered materially.
4. The carrying amount of the entity's net assets exceed its market capitalization.

Information from internal sources:

1. there is evidence of obsolescence or physical damage to assets.
2. has occurred or will occur in the near future significant changes with adverse impact on how far, or how, an asset is used or expected to be used. These changes are included in the assets still be used or not, plans to discontinue or restructure the operation in which an asset is used, a plan to remove the asset before the previously expected date, and reassessment of the useful life of assets from unlimited to limited.
3. there is evidence from internal reporting that indicates that the asset's economic performance is worse, or will be worse, than expected.

Evidence from internal reporting that indicates that the asset may be impaired includes the existence of:

1. Cash flows to acquire an asset, or subsequent cash needs for the operation or maintenance of such assets, which is significantly higher than previously budgeted;
2. the actual net cash flows or operating income from an asset that is worse than budgeted;
3. Significant decrease in net cash flows or operating income is budgeted, or a significant increase in budgeted loss, derived from such assets; or
4. operating losses or net cash outflows of assets, when aggregated with the amount of current year budgeted amount for the future.

r. Capitalization of Interest and Foreign Exchange Differences

Starting 1 January 2012, the Group adopted SFAS No. 26 (Revised 2011), "*Borrowing Costs*", which supersedes SFAS No. 26 (Revised 2008), "*Borrowing Costs*", which requires all borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset to be capitalized as part of the cost of that asset. The option of immediately expensing borrowing costs that qualify for asset recognition has been removed.

The application of SFAS No. 26 (Revised 2011) did not have a significant impact on the consolidated financial statements of the Group.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r. Capitalization of Interest and Foreign Exchange Differences (Continued)

Prior to 1 January 2012, interest expense and foreign exchange differences incurred on loans obtained to finance the acquisition and development of the land, the construction of the residential and shop houses and apartment, as well as the construction of the golf course and club house building, were capitalized. The capitalization of interest expense and foreign exchange differences ceased upon the completion of all the activities related to the acquisition and development of the land or upon the completion of the construction or when the assets are ready for their intended use.

s. Revenue and Expenses Recognition

The Group recognizes revenue from real estate using the full accrual method in accordance with SFAS No. 44, "*Accounting for Real Estate Development Activities*". Based on this method, the revenue from real estate sales is recognized using the full accrual method if all the following conditions are met:

1. For the sale of residential houses, shop houses and other types of buildings, and land where a building will be built by the seller:

The conditions should be met, are as follows:

- a. A sale is consummated;
- b. Selling price will be collectible; is if the amount paid by buyers are sufficient, i.e has reached at least 20% of the agreed sale price and the amount is not refundable by the buyers;
- c. The seller's receivable 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 in a transaction that is in substance a sale and does not have a substantial continuing involvement with the property.

2. For the sale of land where a building will be built by the buyer without the involvement of the seller (retail land sales),

The conditions should be met, are as follows:

- a. Total payments received from the buyer have reached 20% of the agreed sale price and this amount is not refundable to the buyer;
- b. Selling price will be collectible;
- c. The seller's receivable 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 so that the seller is not obliged to develop the lots sold, such as obligation to construct amenities or obligation to build other facilities applicable to the lots sold as provided in the agreement between the seller and the buyer or regulated by law;
- e. The sale consists only of the lots of land, without any involvement of the seller in the construction of the building on the lots sold.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s. Revenue and Expenses Recognition (Continued)

Sales of apartment units are recognized using the percentage of completion method if all of the following criteria are met:

- a. The construction process has gone through the initial stages, that is, the building foundation has been completed and all of the requirements to commence construction have been fulfilled;
- b. Total payments by the buyer of land is at least 20% of the agreed sales prices and that amount is not refundable to the buyer;
- c. The amount of the revenue and the cost of the building unit can be reliably estimated.

If one or more of the criteria mentioned are not fulfilled, the payment received from the buyer shall be recognized under “*Deposits from Customers*” account in the consolidated statements of financial position until all the criteria are fulfilled.

Revenue from sales arising from physical delivery of the Group’s products is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincide with their delivery and acceptance.

Revenue from golf course and hotel services are recognized when services are rendered.

The cost of sales of the land sold consists of the acquisition cost and other expenditures relating to its development. The cost of residential houses sold includes the construction costs incurred.

Expenses are recognized when incurred (accrual basis).

t. Foreign Currency Transactions and Balances

Transactions involving foreign currencies are recorded at the rates prevailing at the time the transactions are made. At the consolidated statements of financial position date, monetary assets and liabilities denominated in foreign currencies are adjusted to Rupiah to reflect Bank Indonesia’s middle rate on the said date. Any resulting gains or losses are credited or charged to the consolidated statements of comprehensive income for the current period/year.

Foreign exchange gains and losses are credited or charged to operations for the period/year, except for capitalized foreign exchange losses.

The exchange rates used to translate the monetary assets and liabilities denominated in foreign currencies are as follows:

	<u>30 June</u> <u>2 0 1 3</u>	<u>30 June</u> <u>2 0 1 2</u>	<u>31 December</u> <u>2 0 1 2</u>	<u>31 December</u> <u>2 0 1 1</u>	<u>31 December</u> <u>2 0 1 0</u>
Euro (EUR) 1/Rupiah	12,977	11,801	12,810	11,739	11,956
American Dollar (USD) 1/Rupiah	9,929	9,480	9,670	9,068	8,991
Singapore Dollar (SGD) 1/Rupiah	7,841	7,415	7,907	6,974	6,981

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

u. Income Tax

Starting 1 January 2012, the Group applied SFAS No. 46 (Revised 2010), “*Accounting for Income Tax*”, which prescribes the accounting treatment for income taxes to account for the current and future tax consequences of the future recovery (settlement) of the carrying amount of assets (liabilities) that are recognized in the consolidated statements of financial position; and transactions and other events of the current period/year that are recognized in the consolidated financial statements.

On 4 November 2008, Regulation No. 71 Year 2008 was issued concerning Income Tax over Transfer of Ownership of Land and/or Building. This regulation states that revenue from the transfer of ownership of land and/or building is subject to final income tax. This regulation has been effective since 1 January 2009.

Adjustments to taxation obligations are recorded when a Tax Assessment Letter is received or, if the Company filed an appeal, when the result of the appeal is determined.

Final Income Tax

The differences between the carrying amounts of existing assets or liabilities related to the final income tax and their respective tax bases are not recognized as deferred tax assets or liabilities.

Current tax expense related to income subject to final income tax is recognized in proportion to total income recognized during the current period/ year for accounting purposes.

The differences between the final income tax paid and the amount charged as final income tax expense in the consolidated statements of comprehensive income is recognized as prepaid tax or tax payable.

Non-final Income Tax

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

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of the existing assets and liabilities in the consolidated financial statements and their respective tax bases at consolidated statements of financial position date. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and accumulated fiscal losses to the extent that it is probable to be utilized to reduce taxable income in the future.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

u. Income Tax (Continued)

Non-final Income Tax (Continued)

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at consolidated statements of financial position date. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates is charged in current period/year, except to the transactions that previously charged/ credited directly to equity.

v. Employee Benefits Liability

The Group recognized an unfunded employee benefits liability in accordance with Labor Law No. 13/ 2003 dated 25 March 2003 (the "Law") and SFAS No. 24 (Revised 2010), "*Employee Benefits*" prevailing in Indonesia.

Starting 1 January 2012

Effective 1 January 2012, the Group applied SFAS No. 24 (Revised 2010), "*Employee Benefits*", which regulates the accounting and disclosure for employee benefits, both short-term (i.e., paid annual leave, paid sick leave) and long-term (i.e., long service leave, post-employment medical benefits). The Group has chosen the 10% corridor method for the recognition of actuarial gains and losses. The Group also requires recognition of liabilities and expense when an employee has provided services and the entity has received economic benefits arising from the service.

Before 1 January 2012

Under SFAS No. 24 (Revised 2004), provision of employee benefits under the Law is determined using the "*Projected Unit of Credit*" method. Actuarial gains or losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for each individual plan at the end of the previous reporting year exceeds 10% of the present value of the defined benefit obligation or the fair value of the plan assets at that date, whichever is higher. These gains or losses are recognized on a straight-line method over the average remaining service years of employees

w. Deferred Long-term Loan Facility Fees

Facility fees are accounted for in accordance with SFAS No. 55 (Revised 2011) (Note 2d).

x. Segment Information

Effective 1 January 2011, the Group applied SFAS No. 5 (Revised 2009), "*Operating Segments*". SFAS No. 5 (Revised 2009) requires disclosures that will enable users of financial statements to evaluate the nature and financial effects of the business activities in which the entity engages and the economic environments in which it operates. The adoption of SFAS No. 5 (Revised 2009) has no significant impact on the consolidated financial statements.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

x. Segment Information (Continued)

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

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segments are determined before balances and transactions between the Group are eliminated as a part of the consolidation process.

y. Earnings per Share

Effective 1 January 2012, the Group adopted SFAS No. 56 (Revised 2010), "*Earnings per Share*", which supersedes SFAS No. 56 (Revised 1999), earnings per share is computed by dividing the net profit attributable to owners of the parent by the weighted average number of shares outstanding during the year after considering the effect of the stock split (Note 38).

Diluted earnings per share is calculated by dividing the net income attributable to equity holders of the parent company by the weighted-average number of shares outstanding during the period/ year after considering the effect of stock split plus the weighted-average number of shares that would be issued on conversion of convertible bonds into ordinary shares.

z. Adoption of Other Revised Accounting Standards

Other than the revised accounting standards previously mentioned above, the Group also adopted the following revised accounting standards on 1 January 2012, which are considered relevant to the consolidated financial statements but did not have significant impact except for the related disclosures:

- SFAS No. 10 (Revised 2009), "*The Effects of Changes in Foreign Exchange Rates*"
- SFAS No. 13 (Revised 2011), "*Investment Property*"
- SFAS No. 16 (Revised 2011), "*Property, Plant and Equipment*"
- SFAS No. 24 (Revised 2010), "*Employee Benefits*"
- SFAS No. 26 (Revised 2011), "*Borrowing Costs*"
- SFAS No. 30 (Revised 2011), "*Leases*"
- SFAS No. 34 (Revised 2010), "*Construction Contracts*"
- SFAS No. 46 (Revised 2010), "*Income Taxes*"
- SFAS No. 50 (Revised 2010), "*Financial Instruments: Presentation*"
- SFAS No. 55 (Revised 2011), "*Financial Instruments: Recognition and Measurement*"
- SFAS No. 56 (Revised 2010), "*Earnings Per Share*"
- SFAS No. 60, "*Financial Instruments: Disclosures*"
- IFAS No. 25, "*Land Rights*"

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

z. Adoption of Other Revised Accounting Standards (Continued)

SFAS and ISAF published by the Financial Accounting Standards Board (DSAK) and relevant to the Group but not yet effective in 2013 are as follows:

- IFAS No. 21 (Revised 2010), "*Real Estate Construction Contracts*"
- RSFAS No. 7 "*Revocation of SFAS No. 44: Real Estate Development Activity Accounting Paragraph 08 (b)*"

The Group is currently evaluating and has not yet determined the impact of these revised and new standards to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Judgments

The preparation of the Group consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liability affected in future periods.

The following judgments are made by management in the process of applying the Group's accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements:

Classification of Financial Assets and Financial Liabilities

The Group determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in SFAS No. 55 (Revised 2011). Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Group's accounting policies disclosed in Note 2d.

Allowance for Impairment of Trade Receivables

The Group evaluates specific accounts where it has information that certain customers are unable to meet their financial obligations. In these cases, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, the length of its relationship with the customer and the customer's current credit status based on third party credit reports and known market factors, to record specific provisions for customers against amounts due to reduce its receivable amounts that the Group expects to collect. These specific provisions are re-evaluated and adjusted as additional information received affects the amounts of allowance for impairment of trade receivables.

The carrying amount of the Group's trade receivables before allowance for impairment as of 30 June 2013 and 2012, 31 December 2012, 2011 and 2010 amounted to Rp 318,692,568,435, Rp 301,663,282,285, Rp 377,352,298,310, Rp 268,636,368,459 and Rp 269,684,520,540, respectively. Further details are presented in Note 6.

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3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Employee Benefits

The determination of the Group employee benefits liabilities is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include discount rates, future annual salary increase, annual employee turn-over rate, disability rate, retirement age and mortality rate. Actual results that differ from the Group assumptions are recognized immediately in consolidated statements of comprehensive income as and when they occur.

While the Group believes that its assumptions are reasonable and appropriate, significant differences in the Group actual experiences or significant changes in the Group assumptions may materially affect its liability for employee benefits and net employee benefits expense. The carrying amount of the Group estimated liabilities for employee benefits as of 30 June 2013 and 2012, 31 December 2012, 2011 and 2010 amounted to Rp 25,081,798,141, Rp 19,649,630,847, Rp 22,740,807,759, Rp 15,442,264,170 and Rp 12,381,283,106, respectively. Further details are disclosed in Note 23.

Depreciation of Property, Plant and Equipment

The costs of property, plant and equipment are depreciated on a straight-line method over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 4 to 20 years. These are common life expectancies applied in the industries where the Group conducts its businesses. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. The net carrying amount of the Group's property, plant and equipment as of 30 June 2013 and 2012, 31 December 2012, 2011 and 2010 amounted to Rp 490,812,381,545, Rp 404,304,485,171, Rp 421,303,042,800, Rp 124,683,075,466 and Rp 123,543,123,992, respectively. Further details are disclosed in Note 12.

Income Tax

Significant judgment is involved in determining the provision for corporate income tax. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for expected corporate income tax issues based on estimates of whether additional corporate income tax will be due.

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4. CASH AND CASH EQUIVALENTS

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
Cash on hand	887,204,442	230,978,909	1,282,999,079	153,978,908	138,228,908
Cash in banks					
In Rupiah					
PT Bank Central Asia Tbk	75,070,600,620	33,868,087,382	76,581,184,420	36,583,943,037	17,352,769,538
PT Bank Negara Indonesia (Persero) Tbk	40,295,074,634	52,162,276,196	14,351,864,128	5,597,565,509	6,182,195,893
PT Bank Tabungan Negara (Persero)Tbk	39,306,979,946	25,842,005,572	15,400,333,603	15,732,885,270	23,702,441,872
PT Bank Sinarmas Tbk	29,257,465,614	10,282,284,737	1,256,342,716	1,160,161,331	945,215,555
PT Bank Mandiri (Persero) Tbk	10,333,011,988	5,467,615,903	3,170,784,023	3,314,740,343	1,902,746,781
PT Bank CIMB Niaga Tbk	6,651,220,962	2,241,096,824	4,089,460,458	3,784,307,451	904,245,840
PT Bank ICBC Indonesia Tbk	5,385,961,819	15,549,657,554	4,655,135,667	1,542,059,527	1,045,412,279
PT Bank Rakyat Indonesia (Persero) Tbk	3,338,302,297	7,378,279,511	4,304,749,181	5,579,498,076	4,646,122,675
PT Bank Danamon Indonesia Tbk	2,993,480,780	4,915,145,829	3,310,763,406	2,277,696,101	723,645,135
PT Bank Internasional Indonesia Tbk	1,446,881,048	1,217,148,375	1,740,385,224	3,309,846,831	7,744,444,302
PT Bank Permata Tbk	1,388,782,268	1,245,515,856	1,808,280,459	2,755,073,634	5,021,465,935
PT Bank UOB Indonesia	951,359,030	3,342,117,001	6,643,502,973	3,209,192,926	807,237,720
PT Bank Artha Graha Internasional Tbk	916,198,984	1,252,797,274	2,539,687,213	1,109,004	1,236,761,202
PT Bank DKI	728,704,739	723,944,563	726,613,680	212,831,682	211,389,142
PT Bank Muamalat Indonesia Tbk	689,418,118	-	26,171,250,900	-	-
PT Bank Ganesha	433,228,336	521,860,486	539,666,497	423,365,161	339,120,725
PT Bank National Nobu Tbk	371,473,753	-	200,567,996	-	-
PT Bank Mega Tbk	221,452,669	219,408,634	220,552,863	218,413,513	214,918,715
PT Bank Mitra Niaga	2,844,801	3,099,555	2,974,003	3,222,705	376,231,287
PT Bank Kesawan Tbk	588,473	808,474	688,474	5,928,474	547,789,379
Others (each below Rp 100 million)	255,233,750	157,714,111	157,693,814	119,596,517	119,142,939
In Singapore Dollar					
PT Bank UOB Indonesia	3,959,876,462	1,236,035	3,960,244,293	-	3,998,989
PT Bank Central Asia Tbk	5,537,284	6,284,400	5,912,498	6,634,673	7,296,132
In US Dollar					
PT Bank Internasional Indonesia Tbk	839,488,709	-	407,933,205	-	-
PT Bank UOB Indonesia	25,590,269	25,766,306	25,676,941	25,851,728	26,012,607
Sub-total	224,868,757,353	166,424,150,578	172,272,248,635	85,863,923,493	74,060,604,642

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4. CASH AND CASH EQUIVALENTS (Continued)

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
Time deposit					
In Rupiah					
PT Bank Tabungan Negara (Persero) Tbk	270,000,000,000	-	100,000,000,000	8,030,257,535	-
PT Bank Bukopin Tbk	50,000,000,000	-	-	-	-
PT Bank Muamalat Indonesia Tbk	30,000,000,000	-	150,000,000,000	-	-
PT Bank Permata Tbk	2,077,571,507	4,005,876,712	303,052,317,809	-	-
PT Bank Sinarmas Tbk	-	65,000,000,000	20,000,000,000	-	-
PT Bank Danamon Indonesia Tbk	-	-	200,000,000,000	-	-
PT Bank Negara Indonesia (Persero) Tbk	-	-	56,000,000,000	-	-
PT Bank ICBC Indonesia Tbk	-	-	43,250,000,000	-	-
PT Bank National Nobu Tbk	-	-	20,000,000,000	-	-
Sub-total	352,077,571,507	69,005,876,712	892,302,317,809	8,030,257,535	-
T o t a l	577,833,533,302	235,661,006,199	1,065,857,565,523	94,048,159,936	74,198,833,550

Interest rate of time deposits are as follows:

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
Rupiah	4.1-6.75%	5.5-6.5%	4.1-7.0%	5.5-6.5%	-

As of 30 June 2013 and 2012, 31 December 2012, 2011 and 2010, there is no cash and cash equivalents used as a collateral for loans.

The balances of cash and cash equivalents not available for use by the Group have been reclassified under "Restricted Funds" (Note 5).

5. RESTRICTED FUNDS

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
PT Bank Permata Tbk	33,045,342,528	15,039,412,605	18,235,603,153	12,897,934,692	5,061,495,854
PT Bank Danamon Indonesia Tbk	13,983,658,604	13,263,854,902	13,357,846,753	11,347,701,902	606,879,902
PT Bank Internasional Indonesia Tbk	12,428,233,560	8,062,289,723	12,428,233,560	7,543,181,358	4,724,474,641
PT Bank CIMB Niaga Tbk	8,768,333,955	10,609,158,821	8,768,333,956	5,081,599,707	3,616,479,297
PT Bank UOB Indonesia	6,116,439,000	4,560,604,000	6,116,439,000	8,782,712,370	28,396,632,280
PT Bank Modern Tbk (Suspended)	5,310,288,690	5,310,288,690	5,310,288,690	5,310,288,690	5,310,288,690
PT Bank Mandiri (Persero) Tbk	4,597,968,160	2,510,129,167	4,597,968,160	371,986,374	1,157,308,200
PT Bank Tabungan Negara (Persero) Tbk	3,944,532,299	3,174,448,516	3,600,805,400	1,326,739,361	2,285,520,000
PT Bank Negara Indonesia (Persero) Tbk	3,733,216,500	503,647,527	3,733,216,500	229,167,527	960,257,760
Brought forward	91,928,013,296	63,033,833,951	76,148,735,172	52,891,311,981	52,119,336,624

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5. RESTRICTED FUNDS (Continued)

	30 June 2 0 1 3	30 June 2 0 1 2	31 December 2 0 1 2	31 December 2 0 1 1	31 December 2 0 1 0
Carried forward	91,928,013,296	63,033,833,951	76,148,735,172	52,891,311,981	52,119,336,624
PT Bank OCBC NISP Tbk	839,311,489	913,446,949	839,311,489	913,446,949	913,446,949
PT Bank Rakyat Indonesia (Persero) Tbk	730,008,800	4,728,853,996	1,374,451,980	5,298,455,517	3,551,792,780
PT Bank Mega Tbk	561,500,000	659,000,000	561,500,000	659,000,000	659,000,000
PT Bank DKI	329,095,000	371,512,589	329,095,000	366,142,500	366,142,500
PT Bank Central Asia Tbk	-	288,021,255	288,021,255	288,021,255	-
PT Bank Artha Graha Internasional Tbk	-	198,572,997	-	198,572,996	1,233,117,270
Sub-total	94,387,928,585	70,193,241,737	79,541,114,896	60,614,951,198	58,842,836,123
Less allowance for losses	(5,310,288,690)	(5,310,288,690)	(5,310,288,690)	(5,310,288,690)	(5,310,288,690)
Restricted funds - Net	89,077,639,895	64,882,953,047	74,230,826,206	55,304,662,508	53,532,547,433

The Company's funds placed in PT Bank Modern Tbk ("Bank Modern"), is not withdrawable for an indeterminate period of time due to the suspension of Bank Modern's operation. In 2004, the Company provided an allowance for losses for the full amount of the funds amounting to Rp 5,310,288,690.

Part of the Company's funds placed in PT Bank UOB Indonesia ("Bank UOB") cannot be withdrawn as long as the Company's loan to Bank UOB has not yet been settled (Note 24).

The Group's other funds as of 30 June 2013 and 2012, 31 December 2012, 2011 and 2010 represents liquidation of KPR fund from customers that are not available for use by the Group.

6. TRADE RECEIVABLES

	30 June 2 0 1 3	30 June 2 0 1 2	31 December 2 0 1 2	31 December 2 0 1 1	31 December 2 0 1 0
Third parties					
Sales of land	189,317,587,345	192,330,007,339	259,060,286,154	148,303,456,786	156,828,658,934
Sales of residential houses	37,284,751,900	25,702,897,708	30,560,782,786	43,103,571,682	32,546,818,962
Sales of apartment units	8,078,721,626	7,433,055,424	7,825,897,961	5,622,484,208	8,531,686,692
Revenue from restaurant and pro shop	7,046,365,203	2,824,807,155	2,278,917,490	2,336,282,167	1,662,147,561
Sub-total	241,727,426,074	228,290,767,626	299,725,884,391	199,365,794,843	199,569,312,149
Less allowance for impairment loss	(14,312,038,674)	(27,838,183,459)	(14,312,038,674)	(10,093,318,959)	(5,479,873,970)
Net	227,415,387,400	200,452,584,167	285,413,845,717	189,272,475,884	194,089,438,179

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6. TRADE RECEIVABLES (Continued)

	<u>30 June 2 0 1 3</u>	<u>30 June 2 0 1 2</u>	<u>31 December 2 0 1 2</u>	<u>31 December 2 0 1 1</u>	<u>31 December 2 0 1 0</u>
Related parties (Note 35)	76,965,142,361	73,372,514,659	77,626,413,919	69,270,573,616	70,115,208,391
Less allowance for impairment loss	-	(375,320,168)	-	(375,320,168)	(375,320,168)
N e t	<u>76,965,142,361</u>	<u>72,997,194,491</u>	<u>77,626,413,919</u>	<u>68,895,253,448</u>	<u>69,739,888,223</u>
T o t a l	<u>304,380,529,761</u>	<u>273,449,778,658</u>	<u>363,040,259,636</u>	<u>258,167,729,332</u>	<u>263,829,326,402</u>

The details of the ages of trade receivables are as follows:

	<u>30 June 2 0 1 3</u>	<u>30 June 2 0 1 2</u>	<u>31 December 2 0 1 2</u>	<u>31 December 2 0 1 1</u>	<u>31 December 2 0 1 0</u>
Not yet due	263,691,570,800	150,841,241,591	222,503,620,809	240,450,232,941	254,685,059,544
Overdue:					
1 - 30 days	16,821,291,997	29,357,510,240	24,965,181,158	8,496,034,397	1,782,116,874
31 - 60 days	12,965,296,957	12,767,889,327	25,162,262,858	4,072,912,651	1,519,104,401
61 - 90 days	3,469,912,398	12,615,368,147	19,808,814,001	1,813,144,727	3,704,296,165
More than 90 days	21,744,496,283	96,081,272,980	84,912,419,484	13,804,043,743	7,993,943,556
Sub-total	<u>55,000,997,635</u>	<u>150,822,040,694</u>	<u>154,848,677,501</u>	<u>28,186,135,518</u>	<u>14,999,460,996</u>
T o t a l	<u>318,692,568,435</u>	<u>301,663,282,285</u>	<u>377,352,298,310</u>	<u>268,636,368,459</u>	<u>269,684,520,540</u>

The movements in the allowance for impairment loss are as follows:

	<u>30 June 2 0 1 3</u>	<u>30 June 2 0 1 2</u>	<u>31 December 2 0 1 2</u>	<u>31 December 2 0 1 1</u>	<u>31 December 2 0 1 0</u>
Beginning balance for the current period/year					
Third parties	14,312,038,674	10,093,318,959	10,093,318,959	5,479,873,970	1,978,288,378
Related parties	-	375,320,168	375,320,168	375,320,168	375,320,168
T o t a l	<u>14,312,038,674</u>	<u>10,468,639,127</u>	<u>10,468,639,127</u>	<u>5,855,194,138</u>	<u>2,353,608,546</u>
Changes in the current period/ year					
Third parties	-	17,744,864,500	4,218,719,715	4,613,444,989	3,501,585,592
Related parties	-	-	(375,320,168)	-	-
T o t a l	<u>-</u>	<u>17,744,864,500</u>	<u>3,843,399,547</u>	<u>4,613,444,989</u>	<u>3,501,585,592</u>
Ending balance for the current period/year					
Third parties	14,312,038,674	27,838,183,459	14,312,038,674	10,093,318,959	5,479,873,970
Related parties	-	375,320,168	-	375,320,168	375,320,168
T o t a l	<u>14,312,038,674</u>	<u>28,213,503,627</u>	<u>14,312,038,674</u>	<u>10,468,639,127</u>	<u>5,855,194,138</u>

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6. TRADE RECEIVABLES (Continued)

Based on management's evaluation in determining whether the balance of trade receivables are impaired as of 30 June 2013 and 2012, 31 December 2012, 2011 and 2010, whether made individually or collectively, management believes that the allowance for impairment losses is sufficient to cover possible losses from uncollectible receivables.

As of 30 June 2013 and 2012, 31 December 2012, 2011 and 2010, trade receivables amounting to Rp 125,550,866,995 were pledged as collateral for the loan obtained from PT Bank Sinarmas Tbk (Notes 13 and 24).

As of 30 June 2012, 31 December 2012, 2011 and 2010, trade receivables amounting to Rp 11,180,228,817 were pledged as collateral for the loan obtained from PT Bank Ganesha (Note 24).

As of 30 June 2013 and 2012, 31 December 2012, 2011 and 2010, trade receivables are denominated in Indonesian Rupiah and Singapore Dollar.

7. OTHER RECEIVABLES

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
In Rupiah					
Third parties	18,012,661,682	8,446,541,005	32,068,429,066	9,028,614,399	2,828,127,984
Allowance for impairment losses	-	-	-	(757,563,233)	(732,563,233)
T o t a l	<u>18,012,661,682</u>	<u>8,446,541,005</u>	<u>32,068,429,066</u>	<u>8,271,051,166</u>	<u>2,095,564,751</u>

Other receivables consists mostly of receivables arising from the processing Site B permits.

Based on management's evaluation in determining whether the balance of other receivables are impaired as of 30 June 2013 and 2012, 31 December 2012, 2011 and 2010, whether made individually or collectively, management believes that the allowance for impairment losses is sufficient to cover possible losses from uncollectible receivables.

8. INVENTORIES

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
Land available-for-sale	329,913,388,869	380,597,123,359	256,494,552,682	362,470,913,246	139,627,787,325
Residential and shophouses under construction	93,205,072,508	91,863,820,526	123,685,156,532	44,351,813,880	31,208,228,525
Apartment units	33,868,964,554	47,628,000,515	48,385,000,515	49,665,220,461	51,097,434,361
Houses available-for-sale	22,396,254,050	3,446,288,550	7,137,430,945	-	-
Food, beverage and others	4,593,949,163	1,945,552,706	2,695,417,634	6,540,902,062	1,295,345,840
T o t a l	<u>483,977,629,144</u>	<u>525,480,785,656</u>	<u>438,397,558,308</u>	<u>463,028,849,649</u>	<u>223,228,796,051</u>

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8. INVENTORIES (Continued)

The movement in inventories is as follows:

	<u>30 June</u> <u>2 0 1 3</u>	<u>30 June</u> <u>2 0 1 2</u>	<u>31 December</u> <u>2 0 1 2</u>	<u>31 December</u> <u>2 0 1 1</u>	<u>31 December</u> <u>2 0 1 0</u>
Beginning inventory	438,397,558,308	463,028,849,649	463,028,849,649	223,228,796,051	215,396,117,409
Purchases	202,151,319,427	267,613,541,104	455,195,143,427	302,941,244,113	103,649,525,363
Reclassification	<u>55,483,093,927</u>	<u>49,445,052,650</u>	<u>52,618,400,607</u>	<u>154,722,494,179</u>	<u>5,638,490,108</u>
Inventory available-for-sale	696,031,971,662	780,087,443,403	970,842,393,683	680,892,534,343	324,684,132,880
Cost of good sold	<u>(212,054,342,518)</u>	<u>(254,606,657,747)</u>	<u>(532,444,835,375)</u>	<u>(217,863,684,694)</u>	<u>(101,455,336,829)</u>
T o t a l	<u>483,977,629,144</u>	<u>525,480,785,656</u>	<u>438,397,558,308</u>	<u>463,028,849,649</u>	<u>223,228,796,051</u>

Land available for sale as of 30 June 2013 covering an area of 708,245 m², as of 30 June 2012 covering an area of 616,867 m², as of 31 December 2012 covering an area of 435,319 m², as of 31 December 2011 covering an area of 597,630 m² and as of 31 December 2010 covering an area of 469,920 m² already have HGB certificates in the name of the Group.

Inventories of land available-for-sale with an area of 229,105 m² are used as collateral for the loans obtained from PT Bank Artha Graha Internasional Tbk, PT Bank Tabungan Negara (Persero) Tbk, PT Bank Negara Indonesia (Persero) Tbk and PT Bank ICBC Indonesia Tbk as of 30 June 2013 and 2012, 31 December 2012, 2011 and 2010 (Notes 13 and 24).

As of 30 June 2013, total construction contracts for residential houses and shophouses amounted to Rp 61,126,818,879 with percentage completion of residential houses and shophouses at 27%-100% of total contract amount. Residential house and shophouse projects are expected to be completed in 2013. The Company does not face significant barriers in the completion of residential houses and shophouses under construction.

As of 30 June 2013 and 31 December 2012, the apartments were insured with PT Chartis Insurance Indonesia, third parties, against risks of fire and other losses under a policy package with a total coverage of approximately Rp 165,915,830,411, respectively. Management believes that the insurance coverage is adequate to cover possible losses arising from such risks.

As of 30 June 2013 and 2012 and 31 December 2012, 2011 and 2010, there was no write-off of damaged or obsolete inventory.

9. LAND FOR DEVELOPMENT

Land for development is land owned by the Group for future development located in Tangerang, Cakung and Cikande with an area of approximately 8,664,900 m² as of 30 June 2013, 7,289,768 m² as of 30 June 2012, 7,102,465 m² as of 31 December 2012, 3,732,196 m² as of 31 December 2011 and 3,910,395 m² as of 31 December 2010. As of 30 June 2013 and 2012, 31 December 2012, 2011 and 2010, about 488,677 m² and 514,240 m², 514,240 m², 550,000 m² and 729,280 m², respectively, of the total land for development already have girik with waivers of rights or HGB in the name of the Group. Land for development is used as collateral for bonds payable (Note 22).

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10. INVESTMENTS IN AND ADVANCES FOR INVESTMENTS TO ASSOCIATES (Continued)

Based on Notarial deed No. 4 of Mala Mukti S.H., dated 12 April 2005, the Company invested in shares of PT Mitra Sindo Sukses (MSS) with percentage of ownership of 49%, and which has received approval from the Minister of Law and Human Rights of the Republic of Indonesia in his Decision Letter No. C-15966.HT.01.01.Th.2005 dated 9 June 2005. The investment recorded as of 30 June 2013 includes the absorption of net income (loss) of MSS since the year of establishment until 30 June 2013.

Based on Notarial deed No. 3 of Mala Mukti S.H., dated 12 April 2005, the Company invested in shares of PT Mitra Sindo Makmur (MSM) with percentage of ownership of 49%, and which has received approval from the Minister of Law and Human Rights of the Republic of Indonesia in his Decision Letter No. C-28539.HT.01.01.Th.2005 dated 17 October 2005. Investment recognized as of 30 June 2013 includes the absorption of net income (loss) of MSM since the year of establishment to the date of 30 June 2013.

Both of the above associates are engaged in real estate development and are both domiciled in Jakarta, Indonesia. They were established in connection with the cooperation with Le-Vision Pte Ltd., and Castlehigh Pte. Ltd., subsidiary of Keppel Land Ltd., Singapore.

Advances for investments arose from land sales transactions of the Company to MSM and MSS, in which the Company has minority interest of 49% each. The Company's advances for investments in MSM and MSS reflects values equivalent to its 49% ownership. Conversely with the Company, an unrelated party owns the other 51% of advances for investments in MSM and MSS. As a minority owner in MSM and MSS, the Company only has minority control such that the advances still cannot be recorded as investments in MSM and MSS. In addition, advances for investments in associates will be recorded as investments if the stock subscription is approved by the shareholders of the associates through a General Meeting of Shareholders.

Based on Decision Letter of the Shareholders (*Pernyataan Keputusan Para Pemegang Saham*) of MSS dated 23 November 2012, the shareholders of MSS agreed to convert the deposit for future subscription of shares amounting to Rp 536,450,000,000 into paid up capital. The Company's share in the conversion amounted to Rp 262,860,500,000 or 49%.

Investments in associates are used as collateral for the loan obtained from PT Bank UOB Indonesia (Note 24).

The ability of associates to transfer funds to the Company is limited to the purchase of the Company's land by the associates and distribution of dividends, as well as with respect to the financial condition of an associate in the reporting year concerned, without prejudice to the rights of other shareholders to decide otherwise in accordance with the articles of association of the associates.

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10. INVESTMENTS IN AND ADVANCES FOR INVESTMENTS TO ASSOCIATES (Continued)

Details of the financial information of the Company's associates are as follows:

1. PT Mitra Sindo Sukses

Information	30 June 2 0 1 3	30 June 2 0 1 2	31 December 2 0 1 2	31 December 2 0 1 1	31 December 2 0 1 0
Assets	1,300,592,266,720	1,152,185,727,002	1,149,569,501,207	1,145,563,797,000	1,034,626,347,617
Liabilities	579,979,205,714	491,487,306,668	445,538,873,145	504,917,580,425	413,353,290,249
Revenues	69,822,657,213	149,940,232,788	301,585,869,068	293,663,478,457	322,077,846,261
Comprehensive income	16,582,432,944	20,052,203,759	63,384,411,487	19,397,159,207	13,242,754,833

2. PT Mitra Sindo Makmur

Information	30 June 2 0 1 3	30 June 2 0 1 2	31 December 2 0 1 2	31 December 2 0 1 1	31 December 2 0 1 0
Assets	297,473,076,037	287,542,744,851	294,721,627,775	273,278,589,812	273,001,740,853
Liabilities	33,095,194,024	16,053,570,377	27,052,721,419	1,969,603,902	122,497,000
Revenues	49,695,068	235,787,106	287,016,790	885,800,911	167,445,243
Comprehensive (loss) income	(3,291,024,343)	180,188,564 (3,640,079,554)(1,570,257,942)(1,975,447,847)

Up to the date of the consolidated statements of financial position, the Company has not ceased to recognize its share in the income or loss of associates, such that there are no unrecognized share in the loss of associates.

There are no other investments other than those accounted for using the equity method.

Based on management's evaluation, there is no indication of impairment in the value of the Company's investments in associates at the date of 30 June 2013 and 2012, 31 December 2012, 2011 and 2010.

11. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

Premiere Golf Residence

On 19 March 2008, the Company and PT Premiere Qualitas Indonesia ("PQI") entered into a joint operation agreement, under the project name "*Premiere Golf Residence*" ("PGR"), to build 82 units residential houses in the land with total area of 45,425 m² in Tangerang. The agreement stated that PQI will provide the funds based on the budget of the operations and the Company will provide the land with agreed value of Rp 33,953,400,000 for the PGR Project. As defined in the agreement, the result of operations of the PGR Project after repayment of their respective investments and relevant expenses at 50% each will be distributed to the Company and PQI.

The agreement also provides, among others, the following: the management of the joint operation shall be the responsibility of PQI, the Company and PQI agree that certificates in respect of the land will remain in the name of the Company until transferred to the individual buyer, PQI shall obtain approval from the Company for certain transactions of the project.

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11. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (Continued)

Premiere Golf Residence (Continued)

The Project is expected to end by the end of 2013 and commence liquidation shortly thereafter. As a result, the Project has changed its basis of accounting from the going concern basis to liquidation basis.

The items that are part of the consolidation using the proportionate consolidation method are as follows:

	<u>30 June 2 0 1 3</u>	<u>30 June 2 0 1 2</u>	<u>31 December 2 0 1 2</u>	<u>31 December 2 0 1 1</u>	<u>31 December 2 0 1 0</u>
A S S E T S					
CURRENT ASSETS					
Cash and cash equivalents	3,558,930,105	6,479,363,479	2,473,231,180	5,587,531,808	1,992,624,977
Other receivables - Third parties	1,012,136	1,012,136	506,068	506,068	499,399
Inventories	-	891,350,739	-	2,482,344,103	11,614,765,548
Prepaid expenses	-	-	-	141,768,322	58,617,009
Prepaid tax	620,921,990	441,091,094	235,613,460	-	363,066,230
Total Current Assets	<u>4,180,864,231</u>	<u>7,812,817,448</u>	<u>2,709,350,708</u>	<u>8,212,150,301</u>	<u>14,029,573,163</u>
NON-CURRENT ASSET					
Advances for purchases of land	6,742,401	4,706,401	3,371,201	2,720,226	-
T O T A L A S S E T S	<u>4,187,606,632</u>	<u>7,817,523,849</u>	<u>2,712,721,909</u>	<u>8,214,870,527</u>	<u>14,029,573,163</u>
LIABILITIES					
CURRENT LIABILITIES					
Trade payables					
Third parties	487,583,278	1,174,568,918	482,737,608	1,401,547,601	1,606,095,239
Related parties	693,014,846	-	-	-	-
Taxes payable	91,515,193	222,379,578	47,335,444	139,259,228	283,500,489
Advance from customers -					
Third parties	-	1,316,568,773	-	3,573,568,511	9,215,803,123
Accrued expenses - Third parties	4,002,386,000	4,607,059,843	2,540,835,873	3,711,988,868	150,822,390
Total Current Liabilities	<u>5,274,499,317</u>	<u>7,320,577,112</u>	<u>3,070,908,925</u>	<u>8,826,364,208</u>	<u>11,256,221,241</u>

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11. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (Continued)

Premiere Golf Residence (Continued)

	30 June 2013 (Six months)	30 June 2012 (Six months)	31 December 2012 (One year)	31 December 2011 (One year)	31 December 2010 (One year)
REVENUES					
Net sales	-	7,327,272,727	4,322,727,276	37,054,516,193	24,267,919,519
COST OF GOODS SOLD					
Cost of goods sold	-	(4,765,584,702)	(2,819,456,539)	(25,610,794,436)	(16,637,690,724)
GROSS PROFIT	-	2,561,688,025	1,503,270,737	11,443,721,757	7,630,228,795
Selling expenses	(274,080,960)	(467,782,278)	(341,113,544)	(1,035,998,019)	(1,222,123,102)
General and administrative expenses	(224,315,627)	(210,565,822)	(428,223,447)	(1,963,973,321)	(1,540,992,813)
Other operating income	-	22,988,849	-	2,790,066	-
Other operating expenses	(676,000)	-	(411,574,203)	-	(1,254,517,040)
(LOSS) INCOME FROM OPERATIONS	(499,072,587)	1,906,328,774	322,359,543	8,446,540,483	3,612,595,840
Interest income	128,553,936	179,968,961	147,083,486	226,103,344	61,805,060
NET (LOSS) INCOME BEFORE INCOME TAXES	(370,518,651)	2,086,297,735	469,443,029	8,672,643,827	3,674,400,900
INCOME TAX EXPENSE					
Current	-	(366,363,637)	(216,136,364)	(1,828,802,503)	(901,048,978)
NET (LOSS) INCOME FOR THE PERIOD/YEAR	(370,518,651)	1,719,934,098	253,306,665	6,843,841,324	2,773,351,922
OTHER COMPREHENSIVE INCOME	-	-	-	-	-
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD/YEAR	(370,518,651)	1,719,934,098	253,306,665	6,843,841,324	2,773,351,922

Premiere Park

On 19 March 2008, the Company and PT Premiere Qualitas Indonesia (“PQI”) entered into a joint operation agreement, under the project name Premiere Park (“PP”), to build 120 units residential houses in the land with total area 41,095 m² in Tangerang. The agreement stated that PQI will provide the funds based on the budget of the operations and the Company will provide the land valued at Rp 26,182,575,000 for the PP Project. As defined in the agreement, the result of operations of the PP Project after repayment of their respective investments and relevant expenses at 50% each will be distributed to the Company and PQI.

The agreement also provides, among others, the following: the management of the joint operation shall be the responsibility of PQI, the Company and PQI agree that certificates in respect of the land will remain in the name of the Company until transferred to the individual buyer, PQI shall obtain approval from the Company for certain transactions of the project.

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11. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (Continued)

Premiere Park (Continued)

The Project is expected to end by end of 2013 and commence liquidation shortly thereafter. As a result, the Project has changed its basis of accounting from the going concern basis to liquidation basis.

The items that are part of the consolidation using the proportionate consolidation method are as follows:

	<u>30 June</u> <u>2 0 1 3</u>	<u>30 June</u> <u>2 0 1 2</u>	<u>31 December</u> <u>2 0 1 2</u>	<u>31 December</u> <u>2 0 1 1</u>	<u>31 December</u> <u>2 0 1 0</u>
A S S E T S					
CURRENT ASSETS					
Cash and cash equivalents	2,838,043,760	3,913,546,908	1,790,958,475	3,211,105,663	2,973,643,375
Other receivables - Third parties	1,922,345	1,922,273	961,137	961,137	961,137
Inventories	-	-	-	1,317,138,386	6,812,918,870
Prepaid expenses	-	-	-	218,619,743	44,275,858
Prepaid taxes	431,443,689	299,101,642	177,398,645	-	247,266,379
Total Current Assets	<u>3,271,409,794</u>	<u>4,214,570,823</u>	<u>1,969,318,257</u>	<u>4,747,824,929</u>	<u>10,079,065,619</u>
NON-CURRENT ASSET					
Advances for purchases of land	3,988,000	4,297,069	1,994,034	1,789,285	-
T O T A L A S S E T S	<u>3,275,397,794</u>	<u>4,218,867,892</u>	<u>1,971,312,291</u>	<u>4,749,614,214</u>	<u>10,079,065,619</u>
LIABILITIES					
SHORT-TERM LIABILITIES					
Trade payables					
Third parties	225,626,758	669,392,190	320,937,517	605,815,961	1,360,223,161
Related parties	522,748,651	-	-	-	-
Taxes payable	136,419,131	196,727,943	68,806,111	189,377,130	226,767,238
Advances from customer -					
Third parties	-	-	-	2,229,045,356	5,778,416,266
Accrued expenses -					
Third parties	2,107,272,961	2,824,852,957	1,299,444,514	2,193,728,685	227,366,504
Total Short-term Liabilities	<u>2,992,067,501</u>	<u>3,690,973,090</u>	<u>1,689,188,142</u>	<u>5,217,967,132</u>	<u>7,592,773,169</u>

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11. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (Continued)

Premiere Park (Continued)

	30 June 2013 (Six months)	30 June 2012 (Six months)	31 December 2012 (One year)	31 December 2011 (One year)	31 December 2010 (One year)
REVENUE					
Net sales	-	5,045,454,545	2,522,727,273	24,500,769,081	21,772,688,252
COST OF GOODS SOLD					
Cost of goods sold	-	(3,220,216,085)	(1,635,954,823)	(16,398,411,030)	(14,847,329,015)
GROSS PROFIT	-	1,825,238,460	886,772,450	8,102,358,051	6,925,359,237
Selling expenses	(151,996,913)	(318,922,937)	(168,577,665)	(735,425,671)	(1,240,989,016)
General and administrative expenses	(173,678,847)	(214,609,377)	(80,336,928)	(1,592,010,371)	(1,496,572,987)
Other operating income	9,496,177	349,480,135	174,233,566	-	-
Other operating expenses	-	-	-	(1,508,874)	(730,473,639)
(LOSS) INCOME FROM OPERATIONS	(316,179,583)	1,641,186,281	812,091,423	5,773,413,135	3,457,323,595
Interest income	35,261,575	75,687,086	64,522,009	242,096,428	44,475,600
NET (LOSS) INCOME BEFORE INCOME TAXES	(280,918,008)	1,716,873,367	876,613,432	6,015,509,563	3,501,799,195
INCOME TAX EXPENSE					
Current	-	(252,272,728)	(126,136,364)	(1,220,154,931)	(1,015,506,747)
NET (LOSS) INCOME FOR THE PERIOD/YEAR	(280,918,008)	1,464,600,639	750,477,068	4,795,354,632	2,486,292,448
OTHER COMPREHENSIVE INCOME	-	-	-	-	-
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD/ YEAR	(280,918,008)	1,464,600,639	750,477,068	4,795,354,632	2,486,292,448

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12. PROPERTY, PLANT AND EQUIPMENT

	30 June 2013			Ending balance
	Beginning balance	Additions	Deductions	
<u>Acquisition cost</u>				
<u>Direct ownership</u>				
Land	111,703,681,998	-	-	111,703,681,998
Golf courses	33,742,683,310	-	-	33,742,683,310
Buildings and infrastructures	287,610,259,249	71,523,268,243	-	359,133,527,492
Golf and club house equipments	2,121,370,439	-	-	2,121,370,439
Transportation equipments	7,372,446,130	41,594,146	503,700,000	6,910,340,276
Furnitures and office equipments	29,625,747,675	6,944,059,513	-	36,569,807,188
Project equipments	40,483,031,789	609,220,028	-	41,092,251,817
Sub-total	512,659,220,590	79,118,141,930	503,700,000	591,273,662,520
<u>Construction-in-progress</u>				
Buildings and infrastructures	9,729,641,165	2,304,504,072	-	12,034,145,237
<u>Finance lease</u> (Note 20)				
Golf and club house equipments	1,769,958,900	-	-	1,769,958,900
Transportation equipments	17,348,670,864	1,160,774,200	-	18,509,445,064
Sub-total	19,118,629,764	1,160,774,200	-	20,279,403,964
T o t a l	541,507,491,519	82,583,420,202	503,700,000	623,587,211,721
<u>Accumulated depreciation</u>				
<u>Direct ownership</u>				
Golf courses	30,919,842,670	825,940,419	-	31,745,783,089
Buildings and infrastructures	48,113,702,919	7,829,481,894	-	55,943,184,813
Golf and club house equipments	1,370,650,494	-	-	1,370,650,494
Transportation equipments	6,949,565,882	65,294,820	503,075,731	6,511,784,971
Furnitures and office equipments	14,851,974,837	1,780,334,354	-	16,632,309,191
Project equipments	6,919,445,125	1,297,318,076	-	8,216,763,201
Sub-total	109,125,181,927	11,798,369,563	503,075,731	120,420,475,759
<u>Finance lease</u>				
Golf and club house equipments	936,663,601	171,871,959	-	1,108,535,560
Transportation equipments	10,142,603,191	1,103,215,666	-	11,245,818,857
Sub-total	11,079,266,792	1,275,087,625	-	12,354,354,417
T o t a l	120,204,448,719	13,073,457,188	503,075,731	132,774,830,176
Net Book value	421,303,042,800			490,812,381,545

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12. PROPERTY, PLANT AND EQUIPMENT (Continued)

	30 June 2012				
	Beginning balance	Additions	Deductions	Ending balance	
Acquisition cost					
Direct ownership					
Land	67,998,100,641	43,705,581,357	-	-	111,703,681,998
Golf courses	33,742,683,310	-	-	-	33,742,683,310
Buildings and infrastructures	53,074,708,202	261,800,000	-	-	53,336,508,202
Golf and club house equipments	2,121,370,439	-	-	-	2,121,370,439
Transportation equipments	6,941,957,039	1,361,110,909	318,000,000	318,000,000	8,303,067,948
Furnitures and office equipments	14,767,889,770	1,579,479,096	-	-	16,347,368,866
Project equipments	38,060,768,259	610,506,189	-	-	38,671,274,448
Sub-total	<u>216,707,477,660</u>	<u>47,518,477,551</u>	<u>318,000,000</u>	<u>318,000,000</u>	<u>264,225,955,211</u>
Construction-in-progress					
Buildings and infrastructures	-	235,448,714,425	-	-	235,448,714,425
Finance lease (Note 20)					
Golf and club house equipments	1,299,154,400	-	-	-	1,299,154,400
Transportation equipments	7,901,232,864	3,321,968,000	-	(318,000,000)	10,905,200,864
Sub-total	<u>9,200,387,264</u>	<u>3,321,968,000</u>	<u>-</u>	<u>(318,000,000)</u>	<u>12,204,355,264</u>
T o t a l	<u>225,907,864,924</u>	<u>286,289,159,976</u>	<u>318,000,000</u>	<u>-</u>	<u>511,879,024,900</u>
Accumulated depreciation					
Direct ownership					
Golf courses	29,267,961,832	825,940,419	-	-	30,093,902,251
Buildings and infrastructures	39,530,175,801	1,376,717,265	-	-	40,906,893,066
Golf and club house equipments	1,370,650,494	-	-	-	1,370,650,494
Transportation equipments	6,570,772,763	232,726,624	240,979,032	240,979,032	6,803,449,387
Furnitures and office equipments	12,772,610,857	668,307,935	-	-	13,440,918,792
Project equipments	4,290,618,204	1,343,994,994	-	-	5,634,613,198
Sub-total	<u>93,802,789,951</u>	<u>4,447,687,237</u>	<u>240,979,032</u>	<u>240,979,032</u>	<u>98,250,477,188</u>
Finance lease					
Golf and club house equipments	644,409,490	107,291,239	-	-	751,700,729
Transportation equipments	6,777,590,017	2,035,750,827	-	(240,979,032)	8,572,361,812
Sub-total	<u>7,421,999,507</u>	<u>2,143,042,066</u>	<u>-</u>	<u>(240,979,032)</u>	<u>9,324,062,541</u>
T o t a l	<u>101,224,789,458</u>	<u>6,590,729,303</u>	<u>240,979,032</u>	<u>-</u>	<u>107,574,539,729</u>
Net Book value	<u>124,683,075,466</u>				<u>404,304,485,171</u>

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12. PROPERTY, PLANT AND EQUIPMENT (Continued)

	31 December 2012				Ending balance
	Beginning balance	Additions	Deductions	Reclassification	
Acquisition cost					
Direct ownership					
Land	67,998,100,641	43,705,581,357	-	-	111,703,681,998
Golf courses	33,742,683,310	-	-	-	33,742,683,310
Buildings and infrastructures	53,074,708,202	234,535,551,047	-	-	287,610,259,249
Golf and club house equipments	2,121,370,439	-	-	-	2,121,370,439
Transportation equipments	6,941,957,039	431,373,909	318,884,818	318,000,000	7,372,446,130
Furnitures and office equipments	14,767,889,770	14,857,857,905	-	-	29,625,747,675
Project equipments	38,060,768,259	2,422,263,530	-	-	40,483,031,789
Sub-total	<u>216,707,477,660</u>	<u>295,952,627,748</u>	<u>318,884,818</u>	<u>318,000,000</u>	<u>512,659,220,590</u>
Construction-in-progress					
Buildings and infrastructures	-	9,729,641,165	-	-	9,729,641,165
Finance lease (Note 20)					
Golf and club house equipments	1,299,154,400	470,804,500	-	-	1,769,958,900
Transportation equipments	7,901,232,864	9,765,438,000	-	(318,000,000)	17,348,670,864
Sub-total	<u>9,200,387,264</u>	<u>10,236,242,500</u>	<u>-</u>	<u>(318,000,000)</u>	<u>19,118,629,764</u>
T o t a l	<u>225,907,864,924</u>	<u>315,918,511,413</u>	<u>318,884,818</u>	<u>-</u>	<u>541,507,491,519</u>
Accumulated depreciation					
Direct ownership					
Golf courses	29,267,961,832	1,651,880,838	-	-	30,919,842,670
Building and infrastructures	39,530,175,801	8,583,527,118	-	-	48,113,702,919
Golf and club house equipments	1,370,650,494	-	-	-	1,370,650,494
Transportation equipments	6,570,772,763	378,793,119	240,979,032	240,979,032	6,949,565,882
Furnitures and office equipments	12,772,610,857	2,079,363,980	-	-	14,851,974,837
Project equipments	4,290,618,204	2,628,826,921	-	-	6,919,445,125
Sub-total	<u>93,802,789,951</u>	<u>15,322,391,976</u>	<u>240,979,032</u>	<u>240,979,032</u>	<u>109,125,181,927</u>
Finance lease					
Golf and club house equipments	644,409,490	292,254,111	-	-	936,663,601
Transportation equipments	6,777,590,017	3,605,992,206	-	(240,979,032)	10,142,603,191
Sub-total	<u>7,421,999,507</u>	<u>3,898,246,317</u>	<u>-</u>	<u>(240,979,032)</u>	<u>11,079,266,792</u>
T o t a l	<u>101,224,789,458</u>	<u>19,220,638,293</u>	<u>240,979,032</u>	<u>-</u>	<u>120,204,448,719</u>
Net Book value	<u>124,683,075,466</u>				<u>421,303,042,800</u>

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12. PROPERTY, PLANT AND EQUIPMENT (Continued)

	31 December 2011				Ending balance
	Beginning balance	Additions	Deductions	Reclassification	
Acquisition cost					
Direct ownership					
Land	62,850,100,641	5,148,000,000	-	-	67,998,100,641
Golf courses	33,742,683,310	-	-	-	33,742,683,310
Buildings and infrastructures	52,466,654,768	608,053,434	-	-	53,074,708,202
Golf and club house equipments	1,960,550,439	-	-	160,820,000	2,121,370,439
Transportation equipments	7,128,757,039	-	186,800,000	-	6,941,957,039
Furnitures and office equipments	13,306,501,531	1,461,388,239	-	-	14,767,889,770
Project equipments	34,844,176,851	3,216,591,408	-	-	38,060,768,259
Sub-total	<u>206,299,424,579</u>	<u>10,434,033,081</u>	<u>186,800,000</u>	<u>160,820,000</u>	<u>216,707,477,660</u>
Finance lease (Note 20)					
Golf and club house equipments	1,459,974,400	-	-	(160,820,000)	1,299,154,400
Transportation equipments	7,439,415,227	461,817,637	-	-	7,901,232,864
Sub-total	<u>8,899,389,627</u>	<u>461,817,637</u>	<u>-</u>	<u>(160,820,000)</u>	<u>9,200,387,264</u>
T o t a l	<u>215,198,814,206</u>	<u>10,895,850,718</u>	<u>186,800,000</u>	<u>-</u>	<u>225,907,864,924</u>
Accumulated depreciation					
Direct ownership					
Golf courses	27,616,080,994	1,651,880,838	-	-	29,267,961,832
Buildings and infrastructures	36,451,568,525	3,078,607,276	-	-	39,530,175,801
Golf and club house equipments	1,370,650,494	-	-	-	1,370,650,494
Transportation equipments	6,681,621,345	64,432,173	175,280,755	-	6,570,772,763
Furnitures and office equipments	11,964,940,725	807,670,132	-	-	12,772,610,857
Project equipments	2,218,522,270	2,072,095,934	-	-	4,290,618,204
Sub-total	<u>86,303,384,353</u>	<u>7,674,686,353</u>	<u>175,280,755</u>	<u>-</u>	<u>93,802,789,951</u>
Finance lease					
Golf and club house equipments	562,582,828	81,826,662	-	-	644,409,490
Transportation equipments	4,789,723,033	1,987,866,984	-	-	6,777,590,017
Sub-total	<u>5,352,305,861</u>	<u>2,069,693,646</u>	<u>-</u>	<u>-</u>	<u>7,421,999,507</u>
T o t a l	<u>91,655,690,214</u>	<u>9,744,379,999</u>	<u>175,280,755</u>	<u>-</u>	<u>101,224,789,458</u>
Net Book value	<u>123,543,123,992</u>				<u>124,683,075,466</u>

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12. PROPERTY, PLANT AND EQUIPMENT (Continued)

	31 December 2010			Ending balance
	Beginning balance	Additions	Deductions	
Acquisition cost				
Direct ownership				
Land	62,850,100,641	-	-	62,850,100,641
Golf courses	34,064,683,310	-	322,000,000	33,742,683,310
Buildings and infrastructures	51,630,731,569	835,923,199	-	52,466,654,768
Golf and club house equipments	1,860,064,939	100,485,500	-	1,960,550,439
Transportation equipments	7,260,206,494	84,800,000	216,249,455	7,128,757,039
Furnitures and office equipments	13,043,192,156	263,309,375	-	13,306,501,531
Project equipments	2,206,283,395	33,101,699,845	463,806,389	34,844,176,851
Sub-total	<u>172,915,262,504</u>	<u>34,386,217,919</u>	<u>1,002,055,844</u>	<u>206,299,424,579</u>
Finance lease (Note 20)				
Golf and club house equipments	718,870,400	741,104,000	-	1,459,974,400
Transportation equipments	6,452,139,999	987,275,228	-	7,439,415,227
Sub-total	<u>7,171,010,399</u>	<u>1,728,379,228</u>	<u>-</u>	<u>8,899,389,627</u>
T o t a l	<u>180,086,272,903</u>	<u>36,114,597,147</u>	<u>1,002,055,844</u>	<u>215,198,814,206</u>
Accumulated depreciation				
Direct ownership				
Golf courses	25,986,530,131	1,651,880,838	22,329,975	27,616,080,994
Buildings and infrastructures	34,042,167,038	2,409,401,487	-	36,451,568,525
Golf and club house equipments	1,152,322,043	218,328,451	-	1,370,650,494
Transportation equipments	6,646,125,107	230,716,091	195,219,853	6,681,621,345
Furnitures and office equipments	11,626,087,785	338,852,940	-	11,964,940,725
Project equipments	2,049,366,683	169,155,587	-	2,218,522,270
Sub-total	<u>81,502,598,787</u>	<u>5,018,335,394</u>	<u>217,549,828</u>	<u>86,303,384,353</u>
Finance lease				
Golf and club house equipments	320,489,282	242,093,546	-	562,582,828
Transportation equipments	3,025,279,644	1,764,443,389	-	4,789,723,033
Sub-total	<u>3,345,768,926</u>	<u>2,006,536,935</u>	<u>-</u>	<u>5,352,305,861</u>
T o t a l	<u>84,848,367,713</u>	<u>7,024,872,329</u>	<u>217,549,828</u>	<u>91,655,690,214</u>
Net Book value	<u>95,237,905,190</u>			<u>123,543,123,992</u>

Depreciation was charged to the consolidated statements of comprehensive income as follows:

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
Cost of sales and direct costs (Note 30)	2,239,307,611	1,452,119,862	3,013,124,013	5,068,899,347	2,542,827,070
General and administrative expenses (Note 32)	<u>10,834,149,577</u>	<u>5,138,609,441</u>	<u>16,207,514,280</u>	<u>4,675,480,652</u>	<u>4,482,045,259</u>
T o t a l	<u>13,073,457,188</u>	<u>6,590,729,303</u>	<u>19,220,638,293</u>	<u>9,744,379,999</u>	<u>7,024,872,329</u>

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12. PROPERTY, PLANT AND EQUIPMENT (Continued)

The certificates of ownership of land covering approximately 85 hectares represent Hak Guna Bangunan (HGB) under the Company's name and expire on several dates from 2012 to 2029 and are extendable/renewable.

As of 30 June 2013 and 31 December 2012, the Company's property consisting of the golf course covering an area of 847,772 m² are used as collateral for loans obtained by the Company from PT Bank Muamalat Indonesia (Note 24).

As of 30 June 2012, 31 December 2011 and 2010, the Company's property, plant and equipment consisting of the golf course covering an area of 847,772 m² are used as collateral for loans obtained by the Company from PT Bank UOB Indonesia (Note 24).

Property, plant and equipment are covered by insurance, with PT Zurich Insurance Indonesia, a third party, against losses from fire and other risks under blanket policies for approximately Rp 63,856,207,627 and US\$ 1,000,000 in 30 June 2013 and 31 December 2012. Management is of the opinion that the policies are adequate to cover possible losses from such risks.

Based on the evaluation of the Group's management, there is no impairment in the value of the Company's assets as of 30 June 2013 and 2012, 31 December 2012, 2011 and 2010 as required by SFAS No. 48, since there are no events or changes in circumstances that indicate that the carrying amount of property, plant and equipment may not be fully recoverable.

13. SHORT-TERM LOANS

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
Bank					
PT Bank Negara Indonesia (Persero) Tbk	74,642,271,389	71,385,052,568	114,832,366,511	26,890,585,892	30,927,207,508
PT Bank Sinarmas Tbk	37,000,000,000	71,219,713,977	40,000,000,000	69,179,567,333	29,735,148,567
PT Bank ICBC Indonesia Tbk	20,000,000,000	-	20,000,000,000	-	-
PT Bank National Nobu Tbk	-	-	20,000,000,000	-	-
PT Bank Kesawan Tbk	-	-	-	-	9,347,145,476
PT Bank Rakyat Indonesia (Persero) Tbk	-	-	-	-	5,071,591,751
PT Bank Artha Graha Internasional Tbk	-	-	-	-	2,622,454,495
PT Bank Tabungan Negara (Persero) Tbk	-	-	-	-	2,206,980,019
Sub-total	<u>131,642,271,389</u>	<u>142,604,766,545</u>	<u>194,832,366,511</u>	<u>96,070,153,225</u>	<u>79,910,527,816</u>
Non-Bank					
PT Sinarmas Sekuritas	<u>28,000,000,000</u>	<u>-</u>	<u>28,000,000,000</u>	<u>-</u>	<u>-</u>
T o t a l	<u>159,642,271,389</u>	<u>142,604,766,545</u>	<u>222,832,366,511</u>	<u>96,070,153,225</u>	<u>79,910,527,816</u>

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13. SHORT-TERM LOANS (Continued)

PT Bank Negara Indonesia (Persero) Tbk

Company

In 2009, the Company obtained a Construction Working Capital Loan from PT Bank Negara Indonesia (Persero) Tbk amounting to Rp 30,000,000,000. This loan was used for development of Navarra, Bavaria and Green Park cluster residences. This loan facility bears annual interest at rate of 13.75% per annum and is secured by several parcels of land with an area of 21,311 m² owned by the Company located in Tangerang, Banten (Note 8). This loan has a term of 1 year and may be extended.

The working capital loan agreement has been amended several times, with the last amendment as recorded in BKM/PK/2012.011 credit agreement dated 6 June 2012, whereby the Company received an extension of credit facilities KMK for 1 year, or will mature on 12 May 2013. This facility was extended to 12 August 2013. As of 30 June 2013, the balance of the Company's borrowings under this facility amounted to Rp 26,913,811,518.

Without the prior written consent of the Bank, the Company is not permitted to:

1. Permit other parties to use the Company for the business activities of another party;
2. Repay debt to shareholders;
3. Provide loans to anyone, including to shareholders, unless the loan is granted for trade transactions that are directly related to its business;
4. Receive loans from other parties, unless the loan is received for trade transactions that are directly related to its business;
5. Obtain a lease from a leasing company;
6. Open a new branch office or representative office, or open a new addition to an existing business;
7. Bind itself as guarantors (Borg), pledge assets in any form and by any means for another party's debt;
8. Dissolve the Company and file for bankruptcy;
9. Change the composition of management, directors and members of the board of Commissioners;
10. Rent out the Company to another party;
11. Mortgage shares of the Company.

Subsidiaries

PT Modern Panel Indonesia (MPI)

On 16 November 2010, MPI obtained a credit facility with total maximum amount of Rp 12,000,000,000. This facility bears annual interest rate of 12.5% per annum. This loan is secured by several parcels of residential houses and land (Note 8). This loan has a term of 1 year and may be extended.

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13. **SHORT-TERM LOANS** (Continued)

PT Bank Negara Indonesia (Persero) Tbk (Continued)

Subsidiaries (Continued)

PT Modern Panel Indonesia (MPI) (Continued)

The working capital loan agreement has been amended several times, with the latest amendment as recorded in BKM/2/074.R credit agreement dated 30 May 2012, whereby MPI received an extension of the KMK credit facility for 1 year, or will mature on 12 May 2013. This facility was extended to 12 August 2013. As of 30 June 2013, the balance of MPI's borrowings under this facility amounted to Rp 12,000,000,000.

PT Modern Industrial Estat (MIE)

On 28 June 2012, MIE obtained a working capital credit facility with total maximum amount of Rp 75,000,000,000. The loan was used for working capital, trade receivable financing loan to the buyer receiving the industrial park land and bears interest at 10.5% per annum. This loan has maturity period one year or will mature on 12 May 2013. This facility was extended to 12 August 2013. As of 30 June 2013, the outstanding balance of MIE under this facility amounted to Rp 35,728,459,871.

PT Bank Sinarmas Tbk and PT Sinarmas Sekuritas

Company

Based on Notarial deed No. 34 of Ayni Suwarni Herry, S.H., dated 23 March 2007, the Company obtained a "Demand Loan Revolving" loan facility from PT Bank Sinarmas Tbk amounting to Rp 30,000,000,000. The loan facility bears interest at 14% per annum in 2012 and is secured by trade receivables arising from the sale of housing amounting to 125% of the ceiling or outstanding loan (Note 6). Based on letter No. SKL.630/2012/CM/CR-KGCU dated 28 December 2012, PT Bank Sinarmas Tbk notified the Company that the Demand Loan I credit facility has been transferred to PT Sinarmas Sekuritas. Terms and conditions of the credit facilities did not change and continue to refer to the signed credit agreement. This loan will mature on 27 August 2013. As of 30 June 2013, the balance of the Company's borrowings under this facility amounted to Rp 28,000,000,000.

Based on the Deed of Agreement Credit Suplessie No. 38 dated 25 August 2011, the Company obtained an extension of the previous credit facilities and additional facilities "Demand Loan II" amounting to Rp 40,000,000,000, which will mature on 27 August 2013. As of 30 June 2013, the balance of the Company's borrowings under this facility amounted to Rp 37,000,000,000.

Subsidiaries

PT Modern Industrial Estat (MIE)

Based on Notarial deed No. 4 of Dahlia, S.H., dated 9 March 2010, MIE obtained a loan facility amounting to Rp 10,000,000,000 with an interest rate of 15% per annum and a term of 1 year.

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13. SHORT-TERM LOANS (Continued)

PT Bank Sinarmas Tbk and PT Sinarmas Sekuritas (Continued)

Subsidiaries (Continued)

PT Modern Industrial Estat (MIE) (Continued)

This agreement has been amended several times, the latest amendment of which was stated in Addendum No. 010/P.001/DL/IV/2011-6 Credit Agreement on 5 April 2012 wherein the term of the loan was extended until 9 March 2013 with interest of 14% per annum. This loan was fully paid in November 2012.

PT Bank ICBC Indonesia Tbk

Company

Based on Notarial deed No. 57 dated 11 April 2012, made before Notary Mellyani Noor Shandra, S.H., the Company obtained a loan facility remains on demand (PTD) non-revolving with a total maximum amount of Rp 20,000,000,000. This loan bears interest at 12% per annum, and was used to finance the construction cost of the Green Central project. The loan is secured by a parcel of land (Note 8) and a personal guarantee from Luntungan Honoris, commissioner of the Company. This loan will mature on 11 April 2013 and was extended to 11 April 2014 based on Amended of Credit Agreement No. 040/ICBC-TCT/PTD-2/IV/2013/P1. As of 30 June 2013, the balance of the Company's borrowings under this facility amounted to Rp 20,000,000,000.

PT Bank National Nobu Tbk Tbk

Company

Based on the credit facility approval letter from PT Bank National Nobu Tbk Tbk to the Company No. 025/GMT/XI/2012 dated 26 November 2012, the Company obtained a Fixed Loan on Demand (PT-OD) facility. The facility has a limit of Rp 20,000,000,000 with floating interest rate of 11.5% per annum and a term of 12 months. This loan was fully paid in June 2013.

PT Bank Kesawan Tbk

Company

Based on Notarial deed No. 24 of Achmad Kiki Said, S.H., dated 31 July 2008, the Company obtained a Working Capital Loan from PT Bank Kesawan Tbk amounting to Rp 12,000,000,000. This loan bears annual interest at rate of 14% per annum. This loan was extended to 7 September 2010 with a balance of Rp 9,440,000,000 and was extended to 6 August 2011. This loan was fully paid in June 2011.

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13. SHORT-TERM LOANS (Continued)

PT Bank Rakyat Indonesia (Persero) Tbk

Company

On 19 October 2010, the Company obtained a Construction Working Capital Loan from PT Bank Rakyat Indonesia (Persero) Tbk amounting to Rp 8,600,000,000. The loan bears annual interest rate of 13.5% per annum. This loan was fully paid in November 2011.

PT Bank Artha Graha Internasional Tbk

Company

On 3 March 2008, according to Decree of credit No. 010/OL/BAGI-SUD/II/08 of PT Bank Artha Graha Internasional Tbk, the Company obtained a credit facility with a total maximum amount of Rp 150,000,000,000 in the form of fixed loan - Investments. This facility bears interest at 14% per annum for PTX facilities and 5% per month for overdraft facilities. This loan was fully paid in March 2011.

PT Bank Tabungan Negara (Persero) Tbk

Company

In 2009, the Company obtained a Construction Working Capital Loan from PT Bank Tabungan Negara (Persero) Tbk with a total facility amounting to Rp 80,100,000,000. This loan was used for the development of Pasadena Cluster Residences (Pasadena), Bukit Modern Padma, and Rusunami in Kota Modern. This loan bears annual interest between 13.5% to 14.5% per annum, and is secured by several parcels with a total land area of 165,074 m² owned by the Company located in Tangerang, Banten (Note 8) and cession of receivables from the sale of Pasadena and Bukit Modern Padma. On 7 October 2010, this facility has been renewed up to 7 October 2013 with change of total facility amounting to Rp 70,000,000,000. Since 7 October 2010, this loan facilities are classified as long-term bank loans (Note 24).

14. TRADE PAYABLES

	<u>30 June 2013</u>	<u>30 June 2012</u>	<u>31 December 2012</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
Third parties	98,591,631,182	93,171,039,235	110,218,845,558	98,840,624,982	36,014,856,043

The Group trade payables consist of contractor payables and other services.

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14. TRADE PAYABLES (Continued)

The details of the ages of the trade payables are as follows:

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
Not yet due	38,939,109,602	22,595,583,904	30,097,270,076	29,652,187,495	14,441,536,426
Overdue					
1-30 days	8,768,231,077	7,531,861,301	19,248,028,036	9,884,062,498	2,987,424,930
31-60 days	12,332,607,041	11,297,791,952	15,034,716,740	14,826,093,747	4,481,137,395
61-90 days	16,284,693,742	15,063,722,603	20,046,288,987	19,768,124,996	5,974,849,860
More than 90 days	22,266,989,720	36,682,079,475	25,792,541,719	24,710,156,246	8,129,907,432
Sub-total	<u>59,652,521,580</u>	<u>70,575,455,331</u>	<u>80,121,575,482</u>	<u>69,188,437,487</u>	<u>21,573,319,617</u>
T o t a l	<u>98,591,631,182</u>	<u>93,171,039,235</u>	<u>110,218,845,558</u>	<u>98,840,624,982</u>	<u>36,014,856,043</u>

As of 30 June 2013 and 2012, 31 December 2012, 2011 and 2010, trade payables are denominated in Indonesian Rupiah.

15. OTHER PAYABLES

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
Third parties					
PT Pan Indonesia Bank Tbk	8,193,637,500	8,193,637,500	8,193,637,500	8,193,637,500	8,193,637,500
Loan from Unibank (Suspended)	7,000,000,000	7,000,000,000	7,000,000,000	7,000,000,000	7,000,000,000
Jointly controlled operations	733,730,957	733,730,957	733,730,957	3,397,319,783	13,471,798,315
Purchases of property, plant and equipment	-	10,003,755,283	-	14,432,243,274	14,432,243,274
Others	15,084,049,401	44,558,998,723	15,158,257,680	8,322,426,048	10,328,379,721
T o t a l	<u>31,011,417,858</u>	<u>70,490,122,463</u>	<u>31,085,626,137</u>	<u>41,345,626,605</u>	<u>53,426,058,810</u>

PT Pan Indonesia Bank Tbk

This account represents promissory notes in Rupiah currency which was issued by the Company through PT Pan Indonesia Bank Tbk. These promissory notes became due on several dates in 1998 until 7 January 1999 and were not extended. There is neither settlement nor deduction of the promissory notes in 30 June 2013 and 2012, 31 December 2012, 2011 and 2010.

Loan from Unibank (Suspended)

The loan represents the loan obtained from PT Bank Unibank Tbk (Suspended), a member of the syndicated loan headed by PT Bank Danamon Indonesia Tbk, amounting to Rp 7,000,000,000 which was transferred to IBRA in 2002. This syndicated loan has matured in 2001, however, up to the completion the date of these consolidated financial statements, the loan remains unpaid. This loan bears annual interest of 18%.

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15. OTHER PAYABLES (Continued)**Loan from Unibank (Suspended) (Continued)**

Based on the decision of the President of the Republic of Indonesia No. 15 Year 2004 about the termination of the duties and winding up of IBRA, article 6 stated that with the termination of IBRA's duties as referred to in article 1 and/ or winding up of IBRA as referred to in article 2, all of IBRA's assets become the assets of the state which will be managed by the Ministry of Finance. In 2007, the Company has written-off the interest accrued on this loan upon which the Company is contingently liable depending on the outcome of the final settlement of this loan. The contingent liability is recognized and measured in accordance with SFAS No. 57 (Revised 2009), "Provisions, Contingent Liabilities and Contingent Assets".

Jointly Controlled Operations

The balance represents the Company's share of the jointly controlled entities' liabilities to PT Premiere Qualitas Indonesia in relation to the joint operations as discussed in Note 11.

Purchases of property plant and equipment

Purchases of property, plant and equipment pertain to the subsidiary's payable to Emmedue Spa for the purchase of machines used in its operations.

16. DEPOSITS FROM CUSTOMERS

	<u>30 June 2013</u>	<u>30 June 2012</u>	<u>31 December 2012</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
Third parties	353,668,251,515	240,903,458,927	605,088,828,511	401,096,078,666	170,295,808,518
Related parties (Note 35)	<u>75,284,625,323</u>	<u>71,191,884,076</u>	<u>75,639,912,668</u>	<u>66,960,935,524</u>	<u>67,021,278,206</u>
T o t a l	<u>428,952,876,838</u>	<u>312,095,343,003</u>	<u>680,728,741,179</u>	<u>468,057,014,190</u>	<u>237,317,086,724</u>

Based on the Letter of Agreement and Receipt on 21 December 2012 in connection with the sale of land located in the Village of Kunciran Jaya, Tangerang, Banten City ± 20 hectares of the Company to a third party, namely PT Tangerang Matra Real Estate, the Company received a sum amounting to Rp 400,000,000,000 which was presented as part of "Deposits from Customers". In January 2013, the related sale was recognized when the sale materialized.

17. ACCRUED EXPENSES

	<u>30 June 2013</u>	<u>30 June 2012</u>	<u>31 December 2012</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
Third parties					
Project development work with contractors	179,252,701,071	115,801,709,906	126,756,176,411	54,428,423,305	11,192,002,392
Salaries, licenses and utilities	5,315,837,680	4,239,481,204	2,567,751,049	24,295,478,103	4,122,307,863
Others	<u>5,173,954,693</u>	<u>19,124,787,119</u>	<u>11,202,061,717</u>	<u>9,169,931,354</u>	<u>8,338,628,947</u>
T o t a l	<u>189,742,493,444</u>	<u>139,165,978,229</u>	<u>140,525,989,177</u>	<u>87,893,832,762</u>	<u>23,652,939,202</u>

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18. DEFERRED INCOME

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
Third parties					
Mr M Dahlan	-	1,413,206,920	-	1,413,206,920	1,413,206,920
Mr Zulhardi	-	1,211,320,220	-	1,211,320,220	1,211,320,220
Mr Christian	-	807,546,811	-	807,546,811	807,546,811
Mr Ipung	-	605,660,108	-	605,660,108	605,660,108
Sub-total	-	4,037,734,059	-	4,037,734,059	4,037,734,059
Related parties (Note 35)	57,516,918,314	59,750,316,635	57,516,918,314	61,164,141,506	63,951,729,909
T o t a l	57,516,918,314	63,788,050,694	57,516,918,314	65,201,875,565	67,989,463,968

Third parties balances arose from land leasing transactions for ornamental plants nurseries.

19. TAXATION**a. Prepaid tax**

This account represents the Value-Added Tax amounting to Rp 1,633,410,629, Rp 670,317,158, Rp 1,388,791,477, Rp 550,793,064 and Rp 634,164,250 as of 30 June 2013 and 2012, 31 December 2012, 2011 and 2010, respectively.

b. Taxes Payable

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
Income taxes:					
Article 4 (2)	61,890,871,749	42,863,702,611	61,600,427,819	29,623,466,781	13,538,214,857
Article 21	1,485,412,421	140,117,734	2,147,799,544	398,263,748	183,902,116
Article 23	1,169,363,457	183,709,138	909,962,334	1,273,972,247	1,784,954,498
Article 25	-	-	-	145,337,112	-
Article 26	273,291,148	271,688,308	273,291,148	271,688,308	271,688,308
Article 29	911,883,702	969,019,985	2,036,597,824	180,525,349	1,744,525,338
Value-Added Tax	19,792,284,731	16,231,905,208	30,891,541,359	19,005,789,681	33,006,612,975
Land and Building Tax	3,683,197,023	4,030,536,969	2,897,026,397	3,135,389,937	3,135,389,937
Regional tax	189,718,456	152,577,356	205,410,728	196,818,837	131,197,092
Hotel sales and service tax	593,912,573	-	400,355,836	-	-
SKPKB 2010:					
Income Taxes:					
Article 4 (2)	987,258,041	-	-	-	-
Article 21	157,110,796	-	-	-	-
Article 29	307,717,160	-	-	-	-
Value-Added Tax	8,773,537,964	-	-	-	-
T o t a l	100,215,559,227	64,843,257,309	101,362,412,989	54,231,252,000	53,796,485,121

Company

The Company received a Tax Assessment Letter - Underpayment (SKPKB) No. 00006/207/04/054/12 dated 21 December 2012 for Value-Added Tax on Goods and Services tax for December 2004, ordering the Company to pay the underpayment amounting to Rp 694,718,108. The Company paid the underpayment on 23 January 2013.

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19. **TAXATION** (Continued)

b. **Taxes Payable** (Continued)

Company (Continued)

The Company received a Tax Assessment Letter - Underpayment (SKPKB) No. 00002/240/04/054/12 dated 21 December 2012 for Income Tax Article 4(2) for the fiscal period from January to December 2004, ordering the Company to pay the underpayment amounting to Rp 71,311,773. The Company paid the underpayment on 23 January 2013.

The Company received a Tax Assessment Letter - Underpayment (SKPKB) No. 00003/204/04/054/12 dated 21 December 2012 for Income Tax Article 26 for the fiscal period from January to December 2004, ordering the Company to pay the underpayment amounting to Rp 1,602,840. The Company paid the underpayment on 23 January 2013.

The Company received a Tax Assessment Letter - Underpayment (SKPKB) No. 00005/201/04/054/12 dated 21 December 2012 for Income Tax Article 21 for the fiscal period from January to December 2004, ordering the Company to pay the underpayment amounting to Rp 116,462,038. The Company paid the underpayment on 23 January 2013.

The Company received Tax Collection Letters (STP) No. 00005/107/04/054/12 dated 21 December 2012, ordering the Company to pay the underpayment of Value-Added Tax amounting to Rp 93,880,825. The Company paid the underpayment on 23 January 2013.

The Company received Tax Collection Letters (STP) No. 00002/137/04/054/12 dated 21 December 2012, ordering the Company to pay the underpayment of Value-Added Tax amounting to Rp 3,740,000. The Company paid the underpayment on 23 January 2013.

The Company received a Tax Assessment Letter - Underpayment (SKPKB) No. 00007/203/04/054/12 dated 21 December 2012 for Income Tax Article 23 for the fiscal period from January to December 2004, ordering the Company to pay the underpayment amounting to Rp 457,898,575. The Company paid the underpayment on 23 January 2013.

The Company received a Tax Assessment Letter - Underpayment (SKPKB) No. 00002/237/04/054/12 dated 21 December 2012 for Value-Added Tax on Goods and Services tax for December 2004, ordering the Company to pay the underpayment amounting to Rp 27,676,000. The Company paid the underpayment on 23 January 2013.

The Company received a Tax Assessment Letter - Underpayment (SKPKB) No. 00003/277/04/054/12 dated 21 December 2012 for Value-Added Tax on Goods and Services tax for December 2004, ordering the Company to pay the underpayment amounting to Rp 45,894,985. The Company paid the underpayment on 23 January 2013.

The Company received a Tax Assessment Letter - Underpayment (SKPKB) No. 00001/201/04/415/13 dated 16 January 2013 for Income Tax Article 21 for the fiscal period from January to December 2004, ordering the Company to pay the underpayment amounting to Rp 367,779,816. The Company paid the underpayment on 26 February 2013.

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19. TAXATION (Continued)

b. Taxes Payable (Continued)

Company (Continued)

The Company received a Tax Assessment Letter - Underpayment (SKPKB) No. 00003/206/10/054/13 dated 2 July 2013 for Corporate Income Tax for the Company for tax year 2010, ordering the Company to pay the underpayment amounting to Rp 307,717,160. As of 30 June 2013, this SKPKB is unpaid.

The Company received a Tax Assessment Letter - Underpayment (SKPKB) No. 00006/201/10/054/13 dated 2 July 2013 for Income Tax Article 21 for January to December 2010, ordering the Company to pay the underpayment amounting to Rp 66,929,106. As of 30 June 2013, this SKPKB is unpaid.

The Company received a Tax Assessment Letter - Underpayment (SKPKB) No. 00021/207/10/054/13 dated 2 July 2013 for Value-Added Tax on Goods and Services for January to December 2010, ordering the Company to pay the underpayment amounting to Rp 5,580,449,892. As of 30 June 2013, this SKPKB is unpaid.

The Company received Tax Collection Letters (STP) of Value-Added Tax on Goods and Services No. 00032/107/10/054/13 dated 2 July 2013 for January to December 2010, ordering the Company to pay the underpayment of Value-Added Tax amounting to Rp 3,193,088,072. As of 30 June 2013, this STP is unpaid.

The Company received Tax Collection Letters (STP) of Final Income Tax Article 4(2) No. 00006/140/10/054/13 dated 10 July 2013 for January to December 2010, ordering the Company to pay the underpayment of Income Tax amounting to Rp 912,295,405. As of 30 June 2013, this STP is unpaid.

The Company received a Tax Assessment Letter - Underpayment (SKPKB) No. 00002/240/10/415/13 dated 18 July 2013 for Final Income Tax Article 4(2) for January to December 2010, ordering the Company to pay the underpayment amounting to Rp 74,962,636. As of 30 June 2013, this SKPKB is unpaid.

The Company received a Tax Assessment Letter - Underpayment (SKPKB) No. 00007/201/10/415/13 dated 18 July 2013 for Income Tax Article 21 for January to December 2010, ordering the Company to pay the underpayment amounting to Rp 90,181,690. As of 30 June 2013, this SKPKB is unpaid.

c. Tax Expense

	<u>30 June</u> <u>2 0 1 3</u>	<u>30 June</u> <u>2 0 1 2</u>	<u>31 December</u> <u>2 0 1 2</u>	<u>31 December</u> <u>2 0 1 1</u>	<u>31 December</u> <u>2 0 1 0</u>
Current tax					
Non-final tax	(1,477,105,696)	(969,019,985)	(2,085,571,700)	(1,925,050,688)	(1,744,525,338)
Final tax	(47,900,973,863)	(24,369,407,564)	(53,731,683,433)	(22,561,484,216)	(10,820,843,523)
Sub-total	(49,378,079,559)	(25,338,427,549)	(55,817,255,133)	(24,486,534,904)	(12,565,368,861)
Deferred tax	<u>623,923,282</u>	<u>3,327,012,064</u>	<u>4,685,036,562</u>	<u>388,839,887</u>	(763,874,806)
T o t a l	<u>(48,754,156,277)</u>	<u>(22,011,415,485)</u>	<u>(51,132,218,571)</u>	<u>(24,097,695,017)</u>	<u>(13,329,243,667)</u>

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19. TAXATION (Continued)

d. Fiscal Computation

A reconciliation between income before tax expense as shown in the consolidated statements of comprehensive income and estimated taxable income and the calculation of current tax expense (non-final tax) is as follows:

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
Consolidated income before income tax	597,929,569,366	166,194,794,142	311,607,099,170	98,215,038,211	65,999,339,591
(Income) loss of subsidiaries before income tax	(46,943,581,913)	(37,871,746,171)	(46,270,397,981)	17,928,396,987	(14,073,064,025)
Income before income tax expense of Company	550,985,987,453	128,323,047,971	265,336,701,189	116,143,435,198	51,926,275,566
Add (deduct):					
Income subject to final tax:					
Real estate sales	(778,972,138,407)	(357,014,265,097)	(716,108,739,948)	(459,015,279,045)	(229,112,613,394)
Interest	(6,906,731,126)	(2,870,091,308)	(4,863,170,638)	(2,597,079,471)	(768,325,274)
Rental income	(6,000,000,000)	(17,000,000)	(17,000,000)	(245,698,064)	(2,286,833,310)
Expenses related to income subject to final tax	234,132,564,234	314,470,853,569	630,544,986,280	367,363,666,146	193,958,662,625
(Loss) income subject to non-final tax, before fiscal correction	(6,760,317,846)	82,892,545,135	174,892,776,883	21,649,044,764	13,717,166,213
Add (deduct):					
Tax expense and penalties	10,225,623,961	-	-	-	91,032,091
Provision for employee benefits	1,046,492,121	1,710,707,127	4,096,717,228	956,379,742	394,518,438
Depreciation expenses	707,366,264	584,600,218	1,169,200,439	1,062,909,488	(163,715,130)
Finance lease transactions	(237,188,671)	(457,002,635)	(1,013,787,849)	(589,148,071)	(1,605,273,636)
Entertainment, donation and representation	31,519,954	16,581,214	70,046,715	71,301,108	65,353,799
Share in net income of associates - Net	-	(49,472,138,678)	(139,674,440,175)	(15,450,284,279)	(5,520,980,423)
Negative goodwill	-	(31,399,212,441)	(31,399,212,441)	-	-
Estimated taxable income - Company	5,013,495,783	3,876,079,940	8,141,300,800	7,700,202,752	6,978,101,352
Subsidiary	894,927,000	-	200,986,237	-	-

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19. TAXATION (Continued)

d. Fiscal Computation (Continued)

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
Tax expense for the current period/year					
Company	1,253,373,946	969,019,985	2,035,325,200	1,925,050,688	1,744,525,338
Subsidiary	223,731,750	-	50,246,500	-	-
Income tax expense per consolidated statements of comprehensive income - current period/year	1,477,105,696	969,019,985	2,085,571,700	1,925,050,688	1,744,525,338
Prepayments of income taxes:					
Company	508,016,175	-	-	1,744,525,339	-
Subsidiary	57,205,819	-	48,973,876	-	-
Prepayments of income taxes	565,221,994	-	48,973,876	1,744,525,339	-
Income tax payable					
Company	745,357,771	969,019,985	2,035,325,200	180,525,349	1,744,525,338
Subsidiary	166,525,931	-	1,272,624	-	-
T o t a l	911,883,702	969,019,985	2,036,597,824	180,525,349	1,744,525,338

In September 2008, Law No. 7 Year 1983 regarding "Income Tax" changed for the latest time with the Law No. 36 of 2008. Such changes include changes to the corporate income tax fiscal of the previous tax return using tax fiscal elevated into a single fiscal that is 28% for fiscal 2009 and 25% for fiscal year 2010 and beyond.

The amount of estimated taxable income of the Group will be reported in tax return.

In 2010, the Company paid deficiency taxes for 2007, 2008 and 2009 amounting to Rp 15,491,179,406.

The tax figures disclosed in the financial statements for 2012, 2011 and 2010 are the same as those in the tax returns filed with the tax office.

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19. TAXATION (Continued)

e. Deferred Tax Assets (Liabilities)

Deferred tax is calculated based on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the tax bases of assets and liabilities. Details of deferred tax assets and liabilities are as follows:

Company

	<u>30 June</u> <u>2 0 1 3</u>	<u>30 June</u> <u>2 0 1 2</u>	<u>31 December</u> <u>2 0 1 2</u>	<u>31 December</u> <u>2 0 1 1</u>	<u>31 December</u> <u>2 0 1 0</u>
Deferred tax assets:					
Provision for employee benefits	5,146,368,380	4,693,135,238	4,884,745,350	1,469,309,259	1,230,214,323
Depreciation of property, plant and equipment	<u>469,141,675</u>	<u>-</u>	<u>292,300,109</u>	<u>-</u>	<u>-</u>
Sub-total	<u>5,615,510,055</u>	<u>4,693,135,238</u>	<u>5,177,045,459</u>	<u>1,469,309,259</u>	<u>1,230,214,323</u>
Deferred tax liabilities:					
Depreciation of property, plant and equipment	(231,490,531)	(85,340,476)	(231,490,531)	(231,490,531)	(497,217,903)
Finance lease transactions	<u>(1,662,283,254)</u>	<u>(1,463,789,782)</u>	<u>(1,602,986,086)</u>	<u>(1,349,539,124)</u>	<u>(1,202,252,105)</u>
Sub-total	<u>(1,893,773,785)</u>	<u>(1,549,130,258)</u>	<u>(1,834,476,617)</u>	<u>(1,581,029,655)</u>	<u>(1,699,470,008)</u>
Deferred tax (liabilities) assets - Net	<u>3,721,736,270</u>	<u>3,144,004,980</u>	<u>3,342,568,842</u>	<u>(111,720,396)</u>	<u>(469,255,685)</u>

Subsidiaries

	<u>30 June</u> <u>2 0 1 3</u>	<u>30 June</u> <u>2 0 1 2</u>	<u>31 December</u> <u>2 0 1 2</u>	<u>31 December</u> <u>2 0 1 1</u>	<u>31 December</u> <u>2 0 1 0</u>
Deferred tax assets:					
Provision for employee benefits	964,878,883	58,111,212	800,456,591	-	-
Depreciation of property, plant and equipment	<u>538,535,829</u>	<u>41,087,010</u>	<u>458,202,267</u>	<u>27,911,533</u>	<u>-</u>
Deferred tax assets	<u>1,503,414,712</u>	<u>99,198,222</u>	<u>1,258,658,858</u>	<u>27,911,533</u>	<u>-</u>

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20. FINANCE LEASE LIABILITIES

The Group has finance lease transactions for transportation and golf equipment with PT Mitsui Leasing Capital Indonesia and PT Orix Indonesia, covering three (3) years. The minimum lease payments based on the finance lease agreements are as follows:

	<u>30 June 2013</u>	<u>30 June 2012</u>	<u>31 December 2012</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
Y e a r s:					
2011	-	-	-	-	1,156,733,974
2012	-	1,453,372,000	-	579,140,457	311,921,685
2013	1,924,279,687	1,575,274,270	3,690,801,756	2,147,991,758	66,864,273
2014	3,017,295,000	568,755,000	2,733,935,257	-	-
2015	1,806,049,500	17,238,000	1,488,087,000	-	-
2016	56,692,000	-	-	-	-
T o t a l	<u>6,804,316,187</u>	<u>3,614,639,270</u>	<u>7,912,824,013</u>	<u>2,727,132,215</u>	<u>1,535,519,932</u>
Less interest not yet due	(719,690,292)	(373,194,818)	(962,864,464)	(69,391,408)	(29,426,467)
Amount applicable to finance lease liabilities	6,084,625,895	3,241,444,452	6,949,959,549	2,657,740,807	1,506,093,465
Less current maturities	(3,080,231,466)	(1,882,405,185)	(3,455,513,196)	(1,701,534,794)	(1,204,874,774)
Long-term portion	<u>3,004,394,429</u>	<u>1,359,039,267</u>	<u>3,494,446,353</u>	<u>956,206,013</u>	<u>301,218,691</u>

All assets acquired through finance lease agreements are used as collateral for finance lease liabilities (Note 12).

21. REFUNDABLE MEMBERSHIP DEPOSITS

Membership deposits received by Padang Golf Modern from the first 500 members are 100% refundable after 20 years from the date of deposit. Deposits starting from the 501st to the 777th member are 50% refundable after 20 years from the date the deposits. For members starting from 778th and onwards, the deposits received are non-refundable.

	<u>30 June 2013</u>	<u>30 June 2012</u>	<u>31 December 2012</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
Amount of refundable membership deposit	17,250,616,883	22,445,657,713	20,814,344,176	21,781,801,919	20,386,453,871
Less current maturities	(15,513,022,383)	(17,287,058,003)	(17,904,037,470)	(15,910,513,410)	-
Long-term portion	<u>1,737,594,500</u>	<u>5,158,599,710</u>	<u>2,910,306,706</u>	<u>5,871,288,509</u>	<u>20,386,453,871</u>

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22. BONDS PAYABLE

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
Modernland Realty Year 2012					
Bonds Payable with Fixed Interest Rate					
Third parties					
Series A	247,534,711,363	-	247,198,933,691	-	-
Series B	247,318,599,767	-	247,201,083,055	-	-
Sub-total	494,853,311,130	-	494,400,016,746	-	-
Convertible Bonds					
Related parties (Note 35)					
AA Land Pte. Ltd., Singapore	30,575,047,381	28,126,060,766	29,219,203,737	26,878,813,572	80,247,063,214
PT Potensi Sukses Bersama	-	-	-	22,140,341,074	20,206,838,378
Sub-total	30,575,047,381	28,126,060,766	29,219,203,737	49,019,154,646	100,453,901,592
T o t a l	525,428,358,511	28,126,060,766	523,619,220,483	49,019,154,646	100,453,901,592
Less Current Portion					
Convertible Bonds					
Related parties (Note 35)					
AA Land Pte. Ltd., Singapore	30,575,047,381	28,126,060,766	29,219,203,737	-	-
Long-term portion of Bonds Payable					
Modernland Realty Year 2012					
Bonds Payable with Fixed Interest Rate					
Third parties					
Series A	247,534,711,363	-	247,198,933,691	-	-
Series B	247,318,599,767	-	247,201,083,055	-	-
Sub-total	494,853,311,130	-	494,400,016,746	-	-
Convertible Bonds					
Related parties (Note 35)					
AA Land Pte. Ltd., Singapore	-	-	-	26,878,813,572	80,247,063,214
PT Potensi Sukses Bersama	-	-	-	22,140,341,074	20,206,838,378
Sub-total	-	-	-	49,019,154,646	100,453,901,592
T o t a l	494,853,311,130	-	494,400,016,746	49,019,154,646	100,453,901,592

Modernland Realty Year 2012 Bonds Payable with Fixed Interest Rate

In accordance with the Effectivity of Registration Statement Letter No. S-14327/BL/2012 dated 17 December 2012 issued by the Chairman of BAPEPAM-LK, the Company undertook Public Bond Offering II Modernland Realty Year 2012 with Fixed Interest Rates. The bonds issued by the Company were Series A bonds with a principal amount of Rp 250,000,000,000, with a fixed interest rate of 10.75% and a term of 3 (three) years and the Series B bonds with a principal amount of Rp 250,000,000,000, with a fixed interest rate of 11% and a term of 5 (five) years. Bond interest will be paid quarterly.

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22. BONDS PAYABLE (Continued)

Modernland Realty Year 2012 Bonds Payable with Fixed Interest Rate (Continued)

In connection with the issuance of the bonds, the Company signed Modernland Realty Year 2012 Bond II Trustee Agreement No. 50 dated 22 October 2012 with PT Bank Permata Tbk, which was amended by the Deed of Addendum/ Amendment I of the Modernland Realty Bond II Year 2012 Trustee Agreement No. 42 dated 19 November 2012, and the Deed of Addendum/ Amendment II of the Modernland Realty Year 2012 Bond II Trustee Agreement No. 37 dated 11 December 2012, all made in the presence of F.X. Budi Santoso Isbandi, S.H., Notary in Jakarta.

Based on Bond II Underwriting Agreement as notarized under deed No. 53 of F.X. Budi Santoso Isbandi, S.H., dated 22 October 2012, the Company appointed PT Minna Padi Investama Tbk as executor of the offering and Underwriters in Public Bond Offering II with full commitment amounting to Rp 500,000,000,000.

Based on Payment Agent Agreement for Bonds II as notarized under deed No. 52 dated 22 October 2012 and Addendum/ Amendment I Payment Agent Agreement for Modernland Realty Year 2012 Bonds II with Fixed Interest Rate No. 40 dated 11 December 2012 of F.X. Budi Santoso Isbandi, S.H., the Company appointed PT Kustodian Sentral Efek Indonesia (KSEI) as its payment agent obliged to assist in carrying out the payment of bond interest and bond principal amounts to bondholders. On the same date, the Company registered the Bonds with KSEI based on Registration Agreement Number: SP-0059/PO/KSEI/1012.

The above Series A and B bonds payable are accounted for and presented in the consolidated statements of financial position at amortized cost using the effective interest rates of 11.23% and 11.31% per annum, respectively.

The setting up of the guarantee through the mortgages of several plots of land registered in the name of the Company and/ or subsidiaries to guarantee the outstanding bonds will be made in 2 (two) phases, namely:

Phase One:

The signing of the Deed of Mortgages shall be made no later than 10 (ten) business days after the date of issuance, with a collateral value of Rp 103,092,000,000 against a total land area of 401,508 m² in the name of NA, subsidiary, located in Serang (Note 9), including all items established, grown and placed on the land, and

Phase Two:

Phase 2 will be undertaken no later than the third year after the date of issuance amounting to the owed amount, over land in the name of the Company with an area of 333,656 m² located in Cakung (Note 9) as stated in the Notary's Statement/ PPAT processing the land rights which are still "girik" if the value of the plots of land with an area covering 401,508 m² in the name of NA, a subsidiary, located in Serang (Note 9), including everything established, grown and placed on the land, which has been pledged in Phase One, is not sufficient to guarantee the payment of the bond principal due.

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22. BONDS PAYABLE (Continued)

Modernland Realty Year 2012 Bonds Payable with Fixed Interest Rate (Continued)

The proceeds of the public bond offering above, net of issuance costs, will be used for the Company's working capital and for increasing the Company's investments in MIE and NA, subsidiaries, which in turn will be use for working capital purposes, including the purchase of land and infrastructure.

Based on Letter No. 1611/PEF-Dir/IX/2012 dated 3 October 2012 from PT Pemeringkat Efek Indonesia (Pefindo), the above bonds received a rating of idA- (Single A Minus).

The Company guarantees to the Trustee that the collaterals provided:

1. Are not pledged as collateral to ensure other debt;
2. Are not the object of claims and lawsuits by other parties stating that the party has rights over the collateral.
3. Will not be transferred, assigned and/or charged in any way whatsoever without the prior written consent of the Trustee;

Based on the trustee agreement above, the Company is required to comply with certain covenants, such as financial ratio covenants and are restricted from undertaking certain corporate actions.

As of 30 June 2013, the Company has complied with all the above covenants.

Convertible Bonds

AA Land Pte. Ltd., Singapore

This account represents zero-coupon bonds convertible into 100 shares with par value of Rp 1,000,000,000 for bond and held by AA Land Pte Ltd., Singapore, which arose from the conversion of interest and penalty payables as of 31 December 2004 amounting to Rp 394,975,047,381. The conversion was made based on the Restructuring Agreement on 12 January 2005 which was provided by Law Firm Wang Tan & Molly Lim LLC.

The zero-coupon convertible bonds were issued on 9 May 2005 and will mature after eight (8) years from the issuance date. These bonds are unsecured. These convertible bonds were issued with certain conditions, among others, as follows:

- (i) On the third year after the issuance date, the bondholder shall have the options to:
 - Redeem up to 25% of the principal amount of the bonds subject to the giving of two (2) months notice to the Company of such intention of redeem; or
 - Convert the bonds into shares.
- (ii) During the period of the bonds, the Company has rights to settle the bonds partially or fully.
- (iii) On maturity date, the remaining unpaid bonds are exchangeable with certain new shares issued by the Company with par value of Rp 500 per share.

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22. BONDS PAYABLE (Continued)

Convertible Bonds (Continued)

AA Land Pte. Ltd., Singapore (Continued)

The issuance of these zero-coupon convertible bonds was approved at the Shareholders' Extraordinary General Meeting dated 11 February 2005 which was covered by Notarial deed No. 63 made before Aulia Taufani, S.H., replacing Sutjipto, S.H.

Based on Notarial deed No. 32 of Wahyu Nuraini, S.H., dated 27 June 2008, the Company issued new shares totaling 590,000,000 shares with par value of Rp 500 per share, which arose from the conversion of the Company's convertible bonds amounting to Rp 295,000,000,000 which were issued through a Capital Increase without Pre-emptive Rights.

On 1 January 2010, the Group adopted SFAS No. 55 (Revised 2006) and restated the beginning balance of the convertible bonds by Rp 26,687,271,318 to discount the beginning balance of the convertible bonds to the present value of the future cash outflows using the effective interest rate of a financial instrument with similar credit risk and other characteristics. The value attributable to the conversion feature is presented as "*Equity portion of convertible bond*" in the consolidated statements of financial position.

In November 2011 and June 2011, the Company partially paid convertible bonds amounting to Rp 57,000,000,000 and Rp 12,400,000,000, respectively, to AA Land Pte. Ltd., Singapore pursuant to a request for partial payment of the convertible bonds addressed to the Company. These payments are assessed through estimated future cash flows. The above changes in estimate resulted in a decrease in the balance of the equity element of bonds amounting to Rp 18,525,588,914.

PT Potensi Sukses Bersama

Based on Notarial deed No. 10 of Ny. Sastriany Josoprawiro, S.H., dated 2 January 2012, the Company took over from PSB, a related party, the mandatory convertible bonds issued by NA, amounting to Rp 22,140,341,074.

23. EMPLOYEE BENEFITS LIABILITY

The Group provides benefits for employees who reach the retirement age of 55 year based on the provisions of Labor Law No. 13/2003 dated 25 March 2003. The benefits are unfunded.

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23. EMPLOYEE BENEFITS LIABILITY (Continued)

a. Net Employee Benefits Expense (Income)

	<u>30 June</u> <u>2 0 1 3</u>	<u>30 June</u> <u>2 0 1 2</u>	<u>31 December</u> <u>2 0 1 2</u>	<u>31 December</u> <u>2 0 1 1</u>	<u>31 December</u> <u>2 0 1 0</u>
Current service cost	2,197,920,578	1,331,119,116	3,645,980,452	2,516,304,138	1,456,491,857
Interest cost	1,242,867,358	860,377,193	1,868,884,299	834,633,997	1,497,221,475
Amortization of unvested past service cost and unrecognized actuarial loss (gain)	250,846,214	264,860,410	515,704,521	349,715,962	(8,328,410,393)
Actuarial loss	-	161,727,936	-	-	-
Net employee benefits expense (income)	<u>3,691,634,150</u>	<u>2,618,084,655</u>	<u>6,030,569,272</u>	<u>3,700,654,097</u>	<u>(5,374,697,061)</u>

b. Employee Benefits Liability

	<u>30 June</u> <u>2 0 1 3</u>	<u>30 June</u> <u>2 0 1 2</u>	<u>31 December</u> <u>2 0 1 2</u>	<u>31 December</u> <u>2 0 1 1</u>	<u>31 December</u> <u>2 0 1 0</u>
Present value of benefit obligation	34,403,618,618	26,204,463,685	35,777,122,018	21,951,519,164	13,910,566,610
Unrecognized actuarial gains	(2,830,663,510)	(3,222,479,003)	(2,444,607,151)	(2,130,483,669)	(2,480,199,631)
Unrecognized past service cost	(6,491,156,967)	(3,332,353,835)	(10,591,707,108)	(4,378,771,325)	950,916,127
Net liability	<u>25,081,798,141</u>	<u>19,649,630,847</u>	<u>22,740,807,759</u>	<u>15,442,264,170</u>	<u>12,381,283,106</u>

Movements in the employee benefits liability are as follows:

	<u>30 June</u> <u>2 0 1 3</u>	<u>30 June</u> <u>2 0 1 2</u>	<u>31 December</u> <u>2 0 1 2</u>	<u>31 December</u> <u>2 0 1 1</u>	<u>31 December</u> <u>2 0 1 0</u>
Beginning balance	22,740,807,759	15,442,264,170	15,442,264,170	12,381,283,106	18,105,355,402
Addition due to acquisition of new subsidiary	-	1,994,302,555	1,994,302,555	-	-
Net employee benefits expense (income)	3,691,634,150	2,618,084,655	6,030,569,272	3,700,654,097	(5,374,697,061)
Benefit payment	(1,350,643,768)	(405,020,533)	(726,328,238)	(639,673,033)	(349,375,235)
Ending balance	<u>25,081,798,141</u>	<u>19,649,630,847</u>	<u>22,740,807,759</u>	<u>15,442,264,170</u>	<u>12,381,283,106</u>

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23. EMPLOYEE BENEFITS LIABILITY (Continued)

b. Employee Benefits Liability (Continued)

The principal assumptions used in determining employee benefits liability are as follows:

	30 June 2 0 1 3	30 June 2 0 1 2	31 December 2 0 1 2	31 December 2 0 1 1	31 December 2010
Discount rates	5.5%	6.5%	5.5%	6% p.a.	8% p.a.
Annual salary increase	10% p.a.	10% p.a.	10% p.a.	10% p.a.	10% p.a.
Retirement age	55	55	55	55	55
Turnover rates	0-10% p.a.	0-10% p.a.	0-10% p.a.	0-10% p.a.	0-10% p.a.
Mortality rates	(CSO) - 1980	(CSO) - 1980	(CSO) - 1980	(CSO) - 1980	(CSO) - 1980
Disability rates	10% of mortality rate	10% of mortality rate	10% of mortality rate	10% of mortality rate	10% of mortality rate

24. LONG-TERM BANK LOANS

	30 June 2 0 1 3	30 June 2 0 1 2	31 December 2 0 1 2	31 December 2 0 1 1	31 December 2 0 1 0
In Rupiah					
PT Bank ICBC Indonesia Tbk	154,403,456,827	182,080,842,589	173,600,209,354	37,603,083,278	35,543,623,257
PT Bank Artha Graha Internasional Tbk	75,707,795,315	90,440,802,178	84,977,839,784	95,844,178,097	72,109,809,720
PT Bank Muamalat Indonesia Tbk	72,364,673,391	-	73,475,500,000	-	-
PT Bank Tabungan Negara (Persero) Tbk	57,950,708,441	80,803,676,645	81,570,597,856	42,672,317,782	48,879,183,115
PT Bank Sinarmas Tbk	22,880,904,647	30,000,000,000	26,251,042,655	30,000,000,000	-
PT Bank Negara Indonesia (Persero) Tbk	7,000,000,000	-	7,000,000,000	-	-
PT Bank Ganesha	-	1,645,591,645	335,831,443	3,239,817,252	6,539,078,248
PT Bank Mitra Niaga	-	-	-	-	13,666,737,290
In SGD					
PT Bank UOB Indonesia	-	41,330,406,700	-	37,143,537,246	74,233,017,380
T o t a l	<u>390,307,538,621</u>	<u>426,301,319,757</u>	<u>447,211,021,092</u>	<u>246,502,933,655</u>	<u>250,971,449,010</u>
Net of current maturities					
In Rupiah					
PT Bank ICBC Indonesia Tbk	63,833,926,274	53,140,000,000	52,601,151,376	20,779,522,939	16,625,000,000
PT Bank Artha Graha Internasional Tbk	26,112,907,294	17,499,999,868	20,764,921,180	12,249,999,670	4,917,632,663
PT Bank Muamalat Indonesia Tbk	26,326,557,031	-	13,869,507,197	-	-
PT Bank Tabungan Negara (Persero) Tbk	43,531,696,902	14,020,150,000	41,692,307,692	7,931,450,000	5,889,000,000
PT Bank Negara Indonesia (Persero) Tbk	2,140,000,000	-	1,560,000,000	-	-
PT Bank Ganesha	-	1,645,591,645	335,831,443	2,853,965,073	3,262,316,578
PT Bank Mitra Niaga	-	-	-	-	13,666,737,290
In SGD					
PT Bank UOB Indonesia	-	22,615,750,000	-	21,270,700,000	42,115,610,740
Total current portion	<u>161,945,087,501</u>	<u>108,921,491,513</u>	<u>130,823,718,888</u>	<u>65,085,637,682</u>	<u>86,476,297,271</u>

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24. LONG-TERM BANK LOANS (Continued)

	<u>30 June 2013</u>	<u>30 June 2012</u>	<u>31 December 2012</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
Long-term bank loans, net of current maturities					
In Rupiah					
PT Bank ICBC Indonesia Tbk	90,569,530,553	128,940,842,589	120,999,057,978	16,823,560,339	18,918,623,257
PT Bank Artha Graha Internasional Tbk	49,594,888,021	72,940,802,310	64,212,918,604	83,594,178,427	67,192,177,057
PT Bank Muamalat Indonesia Tbk	46,038,116,360	-	59,605,992,803	-	-
PT Bank Tabungan Negara (Persero) Tbk	14,419,011,539	66,783,526,645	39,878,290,164	34,740,867,782	42,990,183,115
PT Bank Sinarmas Tbk	22,880,904,647	30,000,000,000	26,251,042,655	30,000,000,000	-
PT Bank Negara Indonesia (Persero) Tbk	4,860,000,000	-	5,440,000,000	-	-
PT Bank Ganesha	-	-	-	385,852,179	3,276,761,670
In SGD					
PT Bank UOB Indonesia	-	18,714,656,700	-	15,872,837,246	32,117,406,640
Total Long-term portion	<u>228,362,451,120</u>	<u>317,379,828,244</u>	<u>316,387,302,204</u>	<u>181,417,295,973</u>	<u>164,495,151,739</u>

PT Bank ICBC Indonesia Tbk

In May and September 2009, the Company obtained credit facilities in the form of Fixed Loan Installment 1 and 2 (PTI-1 and PTI-2) from PT Bank ICBC Indonesia Tbk amounting to Rp 18,000,000,000 and Rp 15,000,000,000, respectively. These facilities bear annual interest rates of 13.5% to 15.5% par annum and are secured by several parcels of land with a total area of 78,771 m² owned by the Company and located in Tangerang and Pondok Cabe (Note 8). These facilities matured in May 2012 and September 2012. The Company repaid this facility in May 2012 for PTI-1 and September 2012 for PTI-2.

Based on Addendum of Credit Agreement No. 29 dated 31 August 2010 by Osrirnarni Cesman, S.H., Notary in Jakarta, the Company obtained an additional fixed loan facility in the form of Fixed Installment Loans 3 (PTI-3) amounting to Rp 20,000,000,000. This loan was used as working capital of the Company and will mature in August 2013. As of the 30 June 2013, the outstanding balance under this facility amounted to Rp 1,871,426,134.

Based on Notarial deed No. 279 of Doctor Irawan Soerodjo dated 27 June 2011, the Company obtained additional credit facilities in the form of Fixed Installment Loans (PTI-4) with a maximum loan amount of Rp 21,000,000,000. This loan was used as working capital of the Company and bears interest at 13% per annum and is valid until 27 June 2014. As of 30 June 2013, the outstanding balance under this facility amounted to Rp 8,750,000,000.

Based on the loan agreement No. 55 dated 11 April 2012, as notarized by Notary Mellyani Noor Shandra, S.H., the Company obtained additional facilities in the form of Fixed Installment Loans 5 (PTI-5) with a maximum loan amount of Rp 90,000,000,000. This loan was used to acquire debt on behalf of PT Bumi Perkasa Permai to the PT Bank CIMB Niaga Tbk. This loan bears interest at 12% per annum and timed for 60 months or it will expire on 11 April 2017.

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24. LONG-TERM BANK LOANS (Continued)

PT Bank ICBC Indonesia Tbk (Continued)

As of 31 December 2012, the Company drew down the maximum amount allowed under this facility or Rp 90,000,000,000. As of 30 June 2013, the balance of the Company's borrowings under this facility amounted to Rp 81,806,680,298.

Based on loan agreement deed No. 56 dated 11 April 2012, as notarized by Notary Mellyani Noor Shandra, S.H., the Company obtained an additional facility in the form of Fixed Loans on demand (PTD) non-revolving credit facility with a maximum amount of Rp 70,000,000,000. These loans are used for finance the development of the Green Central project. This loan bears interest at 12% per annum and a term of 36 months or will mature on 11 April 2015. As of 30 June 2013, the balance of the Company's borrowings under this facility amounted to Rp 61,975,350,395.

The whole loan is secured by land with an area of 76,689 m² (Note 8) of the Company and are cross-collateral (PTI-4) with PTI-1, PTI-2, PTI-3, PTI-5 and PTD.

As long as the credit agreements are in force, the Company commits:

1. Not to borrow from or lend money to a third party, without the prior written approval of the Bank other than as may arise in the day-to-day business;
2. Not to act as guarantor, in order to guarantee the debts of another party and not to pledge as collateral its movable or non-movable goods without the written consent of the Bank;
3. To promptly notify the Bank of any events that may have an adverse effect on its operations and/or which may cause the Company to delay or neglect to pay back debts of the Company based on and in accordance with the provisions of the Credit Agreement and other amounts required to be paid by the Company;
4. Not to withdraw funds beyond the limit specified in the credit facilities set by the Bank nor incur overdrafts. The Company is required to pay overdraft penalties in accordance with the Bank's regulation;
5. Not to undertake a merger/ consolidation/ acquisition or investment or any other material action that would affect the performance of the repayment of the Company without the prior approval of the Bank;
6. To pay a penalty for any delays in the repayment of principal and interest in arrears appropriate for interest rates prevailing at the time of payment;
7. To notify the Bank in writing, if there are changes in the legal status, articles of association, organizational structure, and shareholders of the Company;
8. To provide written notice to the Bank if dividends are distributed.

On 13 September 2012, the Company obtained approval of the waiver of restrictions in connection with the issuance of Modernland Realty Year 2012 Bonds II in accordance with Letter of Approval No. 240/Ext/CMBI/ICBC/IX/12 issued by PT Bank ICBC Indonesia Tbk.

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24. LONG-TERM BANK LOANS (Continued)

PT Bank Artha Graha Internasional Tbk

Based on Notarial deed No. 38 of Myra Yuwono, S.H., dated 27 August 2010, the Company obtained a loan facility for working capital "*Fixed Loan I*" from PT Bank Artha Graha Internasional Tbk amounting to Rp 70,000,000,000 with a term of 5 years. The loan bears interest of 15.5% per annum and is secured by land owned by the Company located in Tangerang, Banten (Note 8). As of 30 June 2013, the balance of the Company's borrowings under this facility amounted to Rp 49,887,585,113.

Furthermore, based on the Credit Agreement Amendment No. 26 dated 24 February 2011 as notarized under the deed of Notary Myra Yuwono, S.H., PT Bank Artha Graha Internasional Tbk agreed to an increase in the loan facility "*Fixed Loan II*" amounting to Rp 35,000,000,000. These loans were used for additional working capital and bear interest of 15.5% per annum. These loans will mature on 24 February 2016 and are secured by the Company's land with an area of 14,158 m² (Note 8). As of 30 June 2013, the balance of the Company's borrowings under this facility amounted to Rp 25,820,210,202.

Before any form of credit facility is granted by the Bank to the Company, together with interest, fees, other costs and penalties owed by the Company and payable to the Bank are paid in full by the Company, without the prior written consent of the Bank, the Company is not allowed to undertake the following:

1. Obtain a new loan from financial institutions or other parties with collateral related to the collaterals given to the Bank;
2. Bind itself as surety/guarantor against another party's debt or pledge/ mortgage to others all or part of its property that has been pledged to the Bank;
3. Sell and/or transfer or in any way release any and/or all of the assets of the Company, except to run the day-to-day operations of the Company;
4. Transfer to another party all or part of the rights or obligations of the Company under the Credit Agreement and other agreements relating to the credit agreement.
5. Open a new business in addition to an existing business or change the line of business either with or without separation of business;
6. Dissolve the Company, undertake a merger or business combination with another legal entity, including the separation of the business;
7. Take-over and/or transfer and/or separate the Company wholly or partly under any name and purpose to any third party;
8. Transfer the Company in any form or by any name with any intention whatsoever to any third party;
9. Rent out the Company to third parties;
10. File for bankruptcy or suspension of debt payment obligations;
11. Change the structure of the board of directors, commissioners and controlling shareholder of controlling shareholders, either directly or indirectly;
12. Pay debt to shareholders and/or company of any kind existing now or which may arise in the future.

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24. LONG-TERM BANK LOANS (Continued)

PT Bank Muamalat Indonesia Tbk

Based on Letter of Approval on Principle of Financing on behalf of PT Modernland Realty Tbk No. 396/OL/301/XII/12 dated 7 December 2012, the Company has made additions for working capital requirements and takeover of debt/ working capital financing from PT Bank UOB Indonesia to PT Bank Muamalat Indonesia Tbk, with a maximum funding limit of Rp 75,000,000,000. Collateral given by the Company on these loans include land rights over the Padang Golf Modern covering 847,772 m² and Account Authorization Agreement for the account of the Company in PT Bank Muamalat Indonesia Tbk with debit account authorization (Note 12). This loan will mature on 26 December 2015. As of 30 June 2013, the outstanding balance under this facility amounted to Rp 72,364,673,391.

PT Bank Tabungan Negara (Persero) Tbk

Company

The Company's long-term loan facility from PT Bank Tabungan Negara (Persero) Tbk represents loans previously classified as short-term. Since 7 October 2010, the loan facility was extended for a period of 2 years, and thus classified as long-term bank loans (Note 13). The loan period has been extended until 7 October 2013.

The Company obtained several facilities as follows:

1. Working Capital Construction (KYG)-Non-Revolving with a maximum amount of Rp 70,000,000,000. As of 30 June 2013, the balance of the Company's borrowings under this facility amounted to Rp 18,578,391,120.
2. Working Capital Construction (KYG)-Revolving with maximum amount of Rp 43,000,000,000. As of 30 June 2013, the balance of the Company's borrowings under this facility amounted to Rp 15,337,921,167.

For the above facilities, the Company pledged its land with an area of 22,501 m² including existing and future buildings thereon (Note 8) and fiduciary security over the Company's trade receivables (Note 6) arising from the sale of housing units financed by the bank.

Before the credit is paid in full, the Company is prohibited to undertake the following without the written consent of the Bank:

1. Obtain credit from other parties in connection with this project except for loans from shareholders and common stock transactions;
2. Bind itself as underwriter/guarantor and/or encumber assets of the Company to another party's debt;
3. File for bankruptcy;
4. Pay off debt to shareholders.

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24. LONG-TERM BANK LOANS (Continued)

PT Bank Tabungan Negara (Persero) Tbk (Continued)

Subsidiaries

PT Modern Industrial Estat

Based on Notarial Deed No. 140 of Subandiyah Ammar Asof, S.H. dated 23 July 2010, MIE obtained a non-revolving credit facility with a maximum amount of Rp 6,000,000,000 with a period of 60 months or will mature on 23 July 2015. This loan bears interest at 13.25% per annum and is secured by land inventory (Note 8) and fiduciary security over trade receivables (Note 6). As of 30 June 2013, the outstanding balance of MIE under this facility amounted to Rp 2,880,550,000.

Based on Notarial deed No. 92 of Notary Tabrani, S.H., dated 26 March 2012, MIE obtained an investment credit facility which is non-revolving with a maximum amount of Rp 25,000,000,000 with a term of 48 months or will mature on 26 March 2016. This loan bears interest at 12.75% per annum and is secured by trade receivables of the customer by submission of the original SPJB and postdated cheques with a value of 120% of the credit limit or loan outstanding (Note 6). As of 30 June 2013, the outstanding balance under this facility amounted to Rp 21,153,846,154.

PT Bank Sinarmas Tbk

Based on Suplessie Credit Agreement No. 38 dated 25 August 2011, the Company obtained an extension of the "Term Loan" credit facility amounting to Rp 30,000,000,000. The loan bears interest at the rate of 14% per annum and will mature in 2015. As of 30 June 2013, the Company has used the entire amount allowed under this facility.

Under this facility, the Company pledged trade receivables (Note 6) of the Company at 140% of the total ceiling provided by the Bank.

During the loan period, the Company is not allowed to do the following:

1. Declare itself bankrupt or insolvent;
2. Obtain loans from other banks;
3. Loans to shareholders become subordinated to bank loans;
4. Perform actions that violate government regulations;
5. Withdraw of capital that has been paid in full.

On 17 October 2012, the Company approved the lifting of restrictions in connection with the issuance of Modernland Realty Year 2012 Bonds II in accordance with the Letter of Approval No. SKL.517/2012/CM/CR-KCU issued by PT Bank Sinarmas Tbk. As of 30 June 2013, the outstanding balance under this facility amounted to Rp 22,880,904,647.

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24. LONG-TERM BANK LOANS (Continued)

PT Bank Negara Indonesia (Persero) Tbk

Subsidiaries

PT Modern Panel Indonesia

Based on Credit Agreement No. BKM/PK/2012.012 dated 6 June 2012, MPI obtained a Working Capital Loan (WCL) - Aflopend with maximum amount of Rp 7,000,000,000. The loan was used for working capital for the Emmedue Block panel construction and bears interest at 11.5% per annum. The loan is secured by MPI inventory and land with an area of 11,700 m² located in Serang (Note 8) and will mature on 5 June 2016. As of 30 June 2013, the outstanding balance under this facility amounted to Rp 7,000,000,000.

PT Bank Ganesha

Company

On 29 October 2009, the Company obtained a fixed loan facility from PT Bank Ganesha amounting to Rp 10,000,000,000. The loan facility bears interest at 15% per annum and is secured by the Company's land with an area of 3,286 m² located in Cipondoh (Note 8) as well as trade receivables from the sale of real estate (Note 6). This loan will mature in 2012 and 2013. This loan has been repaid fully in January 2013.

Without prior written approval of the Bank, the Company may not undertake the following:

1. Borrow from another bank or any third party, insofar as collateral as set forth in the credit agreement is concerned, or to loan to any third party or otherwise, other than those related to the daily operations of the Company;
2. Act as guarantor (Borg) for third-party debt;
3. Sell, pledge or mortgage to another bank or to any third party, including making other agreements with collateral pledged as collateral for the credit facility.

PT Bank Mitra Niaga

Company

The Company obtained several Investment Credit loan facilities from PT Bank Mitra Niaga for a total facility of Rp 15,000,000,000 in June 2010. This loan bears interest at 14.5% in the first year, and floating on the second and third years. This loan was fully repaid in 2011.

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24. LONG-TERM BANK LOANS (Continued)

PT Bank UOB Indonesia

Company

On 23 November 2006, the Company, PT Bank UOB Indonesia ("Bank UOB"), acting as the lender, facilities and security agent, and UOB Asia Limited, acting as arranger entered into a Facility Agreement.

The loan facility consists of:

- Tranche A
Maximum loan facility amounting to SGD 14,925,393 and will be paid in annual installments each dated 30 March 2007, 2008 and 2009 amounting to SGD 4,975,131.
- Tranche B
Maximum loan facility amounting to SGD 11,955,318 and will be paid in annual installments each dated 31 December 2007, 2008 and 2009 amounting to SGD 2,990,696 and 2010 amounting to SGD 2,983,230.

In April 2010, the Company signed an agreement with Bank UOB, whereby Bank UOB agreed to provide additional facilities as follows:

- Tranche C
Maximum loan facility amounting to SGD 12,000,000 and will be paid in installments of SGD 3,050,000 on 28 December 2010, 2011 and 2012 and on 27 December 2013.

The loans are subject to annual interest rates in accordance with the provisions of the loan agreement (floating interest) and due on a quarterly basis since the drawdown date.

The Company also paid total facility fees of Rp 4,956,912,971. This prepayment was presented in the consolidated statements of financial position as part of "*Prepaid Expense*" and amortized during the loan period. The amortization expenses in 2009 amounted to Rp 1,599,183,117. In 2010, the Company had fully amortized the cost of such service.

As of 31 December 2012, the outstanding balance of the Company's Tranche C facility has already been paid.

The credit facilities are collateralized by:

- Fiduciary security over the Company's receivables (Note 6)
- Fiduciary security over PT Modern Griya Reksa (MGR) receivables (Note 35)
- Fiduciary security over the Company's fund in the bank (Note 5)
- The Company's shares of stock of PT Mitra Sindo Sukses and PT Mitra Sindo Makmur (Note 10)
- Joint and personal guarantees from Luntungan Honoris and Siwie Honoris
- Golf course land area of 847,772 m² (Tranche C Loan) (Note 12)

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24. LONG-TERM BANK LOANS (Continued)

PT Bank UOB Indonesia (Continued)

Company (Continued)

Without prior approval from Bank UOB, the Company is not permitted to, among others:

- Conduct a reorganization.
- Undertake a change in ownership.
- Sell, transfer, lend or abolish Company land with an area of 900,000 m² located in Tangerang, Banten.
- Change the Company's business activities.
- Enter into an agreement to transfer the receivables.

The Company has fulfilled all the terms and conditions of the bank loan.

25. SHARE CAPITAL

Issued and fully paid shares of the Company consists of Series A and Series B shares with par values of Rp 500 and Rp 250 per share, respectively. Series B shares have the same rights and are equal in every respect to the Series A shares, including voting rights in the General Meeting of Shareholders and the right to dividends.

The composition of the Company's shareholders are as follows:

<u>Shareholders</u>	30 June 2013		
	Number of shares issued and fully paid	Percentage of ownership	T o t a l
AA Land Pte Ltd., Singapore	1,864,263,957	29.75%	637,031,345,500
PT Potensi Sukses Bersama	416,131,000	6.64%	104,032,750,000
Public (less than 5% ownership interest each)	3,986,138,704	63.61%	1,589,780,741,594
T o t a l	6,266,533,661	100.00%	2,330,844,837,094

<u>Shareholders</u>	30 June 2012		
	Number of shares issued and fully paid	Percentage of ownership	T o t a l
AA Land Pte Ltd., Singapore	1,864,263,957	29.75%	932,131,978,500
PT Bintang Sukses Pratama	420,000,000	6.70%	105,000,000,000
PT Bumi Perkasa Permai	394,999,996	6.30%	98,749,999,000
Edy Suwarno AL JAP L Sing	390,519,500	6.23%	44,040,925,000
Public (less than 5% ownership interest each)	3,196,750,208	51.02%	1,150,921,934,594
T o t a l	6,266,533,661	100.00%	2,330,844,837,094

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25. SHARE CAPITAL (Continued)

31 December 2012			
<u>Shareholders</u>	<u>Number of shares issued and fully paid</u>	<u>Percentage of ownership</u>	<u>T o t a l</u>
AA Land Pte Ltd., Singapore	1,864,263,957	29.74%	637,031,345,500
PT Bumi Perkasa Permai	394,999,996	6.30%	98,749,999,000
PT Bintang Sukses Pratama	320,000,000	5.11%	80,000,000,000
Public (less than 5% ownership interest each)	<u>3,687,269,708</u>	<u>58.85%</u>	<u>1,515,063,492,594</u>
T o t a l	<u>6,266,533,661</u>	<u>100.00%</u>	<u>2,330,844,837,094</u>
31 December 2011			
<u>Shareholders</u>	<u>Number of shares issued and fully paid</u>	<u>Percentage of ownership</u>	<u>T o t a l</u>
AA Land Pte Ltd., Singapore	683,861,425	22.37%	341,930,712,344
PT Bukit Makmur Widya	600,000,000	19.63%	300,000,000,000
Castle Capital Holdings Inc	270,758,178	8.86%	135,379,089,000
PT Inti Putra Modern	163,576,924	5.35%	81,788,462,000
Public (less than 5% ownership interest each)	<u>1,338,649,161</u>	<u>43.79%</u>	<u>669,324,580,500</u>
T o t a l	<u>3,056,845,688</u>	<u>100.00%</u>	<u>1,528,422,843,844</u>
31 December 2010			
<u>Shareholders</u>	<u>Number of shares issued and fully paid</u>	<u>Percentage of ownership</u>	<u>T o t a l</u>
AA Land Pte Ltd., Singapore	1,325,654,925	43.37%	662,827,462,344
Castle Capital Holdings Inc	270,758,178	8.86%	135,379,089,000
PT Inti Putra Modern	163,502,924	5.35%	81,751,462,000
Public (less than 5% ownership interest each)	<u>1,296,929,661</u>	<u>42.42%</u>	<u>648,464,830,500</u>
T o t a l	<u>3,056,845,688</u>	<u>100.00%</u>	<u>1,528,422,843,844</u>

Based on Notarial deed No. 43 dated 15 December 2011, made by F.X. Budi Santoso Isbandi, S.H., Notary in Jakarta, the Company conducted the Limited Public Offering II in respect of a Rights Issue with Preemptive Rights (HMETD) and increase in authorized capital stock from Rp 1,600,000,000,000 to Rp 6,000,000,000,000. The amendment was accepted by the Minister of Law and Human Rights of the Republic of Indonesia in his Decision Letter No. AHU-63063.AH.01.02.Year 2011 dated 21 December 2011 and has been registered in the Company Register under No. AHU-0104769.AH.01.09 Year 2011 dated 21 December 2011.

The increase in capital contribution from the funds of PUT II were used for the acquisition of MIE and NA, subsidiaries, acquisition of hotel and commercial areas, and for working capital and business development including but not limited to the purchase of land.

There is no ownership of the shares owned by the Directors and Commissioners of the Company.

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26. ADDITIONAL PAID-IN CAPITAL

This account represents the difference between the nominal value of shares of the Company in connection with the public offering of shares of Restricted II, IPO to the public, bonus shares, conversion of the mandatory convertible bonds and difference in value from restructuring transactions of entities under common control.

In 2013, difference in value from restructuring transactions of entities under common control amounting to Rp 16,260,579,631 was reclassified to additional paid-in capital.

Additional paid-in capital balance as of 30 June 2012 and 31 December 2012 amounted to Rp 3,695,839,247 which consists of 31 December 2011 balance amounting to Rp 3,534,943,500, reduced by issuance costs amounting to Rp 7,230,782,747 from the Limited Public Share Offering II. The Limited Public Offering II did not result to any additional paid-in capital since the shares were issued at par value.

The balance of additional paid-in capital amounting to Rp 3,534,943,500 as of 31 December 2011 and 2010, respectively, represents additional paid-in capital arising from the proceeds of the initial public offering amounting to Rp 83,220,000,000, net of bonus shares amounting to Rp 213,545,126,000, as well as the conversion of the mandatory convertible bonds amounting to Rp 133,860,069,500.

27. RETAINED EARNINGS (DEFICIT)

	Retained earnings (deficit)		
	Appropriated	Unappropriated	T o t a l
Balance 31 December 2009	2,500,000,000	(491,472,249,975)	(488,972,249,975)
Adjustments in accordance with SFAS No. 50 and 55 (Revised 2006)	-	3,915,723,274	3,915,723,274
Comprehensive net income for the year	-	52,674,704,926	52,674,704,926
Balance 31 December 2010	2,500,000,000	(434,881,821,775)	(432,381,821,775)
Comprehensive net income for the year	-	74,144,040,066	74,144,040,066
Balance 31 December 2011	2,500,000,000	(360,737,781,709)	(358,237,781,709)
Adjustment of difference in subsidiaries' equity arising from the restatement of prior year consolidated financial statements	-	4,588,827,062	4,588,827,062
Comprehensive net income for the year	-	260,520,634,812	260,520,634,812
Balance 31 December 2012	2,500,000,000	(95,628,319,835)	(93,128,319,835)

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27. RETAINED EARNINGS (DEFICIT) (Continued)

	Retained earnings (deficit)		
	Appropriated	Unappropriated	T o t a l
Balance 31 December 2011	2,500,000,000	(360,737,781,709)	(358,237,781,709)
Adjustment of difference in subsidiaries' equity arising from the restatement of prior year consolidated financial statements	-	4,588,827,062	4,588,827,062
Comprehensive net income for the period	-	144,203,882,092	144,203,882,092
Balance 30 June 2012	2,500,000,000	(211,945,072,555)	(209,445,072,555)
Balance 31 December 2012	2,500,000,000	(95,628,319,835)	(93,128,319,835)
Comprehensive net income for the period	-	549,216,704,844	549,216,704,844
Balance 30 June 2013	2,500,000,000	453,588,385,009	456,088,385,009

In 2010, an adjustment was made to retained earnings. The adjustment is due to the application of SFAS No. 50 (Revised 2006) and SFAS No. 55 (Revised 2006) amounting to Rp 3,915,723,274.

28. NON-CONTROLLING INTEREST

Non-controlling interests in net assets of subsidiaries represent the share of minority shareholders in the net assets of subsidiaries that are not wholly owned by the Company (Note 2b).

The Company has complied with paragraph 10 (f) SFAS 1 (Revised 2009) "*Presentation of Financial Statements*", in relation to the presentation of accounts "*Non-controlling Interests*" a reclassification based on DSAK-IAI Technical Bulletin No. 7.

Details of non-controlling interests in the equity and share of results of consolidated subsidiaries are as follows:

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
PT Modern Panel Indonesia	57,358,191	122,167,467	98,421,914	110,608,512	130,390,997
PT Mitra Mutiara Makmur	(228,032)	-	-	-	-
PT Golden Surya Makmur	-	2,907,667	1,400,442	-	-
PT The New Asia Industrial Estate	-	(1,096,916)	(1,096,916)	-	-
PT Terus Maju Perkasa	-	299,251	299,251	-	-
PT Modern Asia Hotel	-	-	1,000	-	-
PT Modern Graha Lestari	-	-	1,000	-	-
T o t a l	57,130,159	124,277,469	99,026,691	110,608,512	130,390,997

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29. REVENUES

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
Net sales					
Land	811,579,375,000	298,874,077,394	542,358,141,942	58,010,364,322	66,440,122,728
Residential houses					
Land	89,090,870,812	98,978,155,308	250,307,443,895	155,474,869,621	59,100,113,906
Buildings	69,189,866,918	76,518,638,864	197,786,725,910	217,287,314,500	68,773,705,131
Apartment Units	16,665,793,460	9,046,268,531	9,046,268,531	10,514,608,303	15,869,678,729
EPS and Wire Mesh	2,650,593,894	2,472,662,050	6,176,442,057	9,181,294,300	-
Land for development	-	6,186,363,636	6,845,454,545	17,728,122,299	18,928,992,900
Net sales	989,176,500,084	492,076,165,783	1,012,520,476,880	468,196,573,345	229,112,613,394
Golf course					
Green fees	5,309,115,773	4,118,157,790	9,105,957,419	8,231,738,542	7,733,174,034
Membership fees	3,887,047,569	2,093,763,214	4,238,700,054	3,909,590,912	2,908,527,724
Others	7,496,570,005	6,973,057,552	13,263,413,690	13,465,474,788	12,800,720,329
Club House Restaurant	6,351,711,670	5,041,209,489	11,155,323,507	10,833,970,535	8,770,466,206
Golf course and club house restaurant	23,044,445,017	18,226,188,045	37,763,394,670	36,440,774,777	32,212,888,293
Hotel income	24,357,113,059	-	7,484,128,476	-	-
Total	1,036,578,058,160	510,302,353,828	1,057,768,000,026	504,637,348,122	261,325,501,687

30. COST OF GOODS SOLD AND DIRECT COSTS

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
Cost of sales					
Land	104,484,714,750	164,455,100,265	274,055,969,135	41,941,810,084	14,503,989,597
Residential houses					
Buildings	51,188,465,771	22,410,021,117	149,424,659,041	83,998,882,316	44,379,252,328
Land	31,206,742,195	57,654,317,562	91,079,754,670	79,875,532,268	28,085,956,161
Apartment units	14,516,035,962	5,575,719,946	5,575,719,946	3,671,681,969	11,699,888,234
EPS and Wiremesh	2,966,912,516	2,795,673,679	6,448,795,592	8,375,778,057	2,786,250,509
Cost of sales	204,362,871,194	252,890,832,569	526,584,898,384	217,863,684,694	101,455,336,829
Direct cost					
Golf course :					
Salaries and allowance	5,120,304,533	4,119,128,687	8,297,853,178	7,757,594,054	7,886,714,189
Depreciation expenses (Note 12)	1,359,396,927	1,452,119,862	3,013,124,013	5,068,899,347	2,542,827,070
Others	3,904,807,613	2,635,091,033	5,826,738,021	3,416,849,387	4,736,569,349
Sub-total	10,384,509,073	8,206,339,582	17,137,715,212	16,243,342,788	15,166,110,608

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30. COST OF GOODS SOLD AND DIRECT COSTS (Continued)

	<u>30 June 2013</u>	<u>30 June 2012</u>	<u>31 December 2012</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
Club house restaurant:					
Salaries and allowances	1,948,314,717	1,574,927,902	3,478,840,538	2,399,246,632	2,355,771,771
Foods and beverages	1,891,098,140	1,007,513,654	3,670,672,653	-	-
Others	1,485,808,919	1,715,825,178	2,442,835,755	1,507,231,785	1,296,263,805
Sub-total	<u>5,325,221,776</u>	<u>4,298,266,734</u>	<u>9,592,348,946</u>	<u>3,906,478,417</u>	<u>3,652,035,576</u>
Direct costs of golf course and club house restaurant	<u>15,709,730,849</u>	<u>12,504,606,316</u>	<u>26,730,064,158</u>	<u>20,149,821,205</u>	<u>18,818,146,184</u>
Hotels:					
Foods and beverages	5,800,373,184	-	2,189,264,338	-	-
Rooms	2,532,280,669	-	485,256,996	-	-
Depreciation expenses (Note 12)	879,910,684	-	-	-	-
Others	70,802,877	-	46,433,279	-	-
Direct cost of hotel	<u>9,283,367,414</u>	<u>-</u>	<u>2,720,954,613</u>	<u>-</u>	<u>-</u>
Total	<u><u>229,355,969,457</u></u>	<u><u>265,395,438,885</u></u>	<u><u>556,035,917,155</u></u>	<u><u>238,013,505,899</u></u>	<u><u>120,273,483,013</u></u>

31. SELLING EXPENSES

	<u>30 June 2013</u>	<u>30 June 2012</u>	<u>31 December 2012</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
Sales commissions	9,199,702,462	4,915,678,752	12,773,410,172	14,409,350,972	1,452,000,001
Advertising and promotion	8,275,894,633	4,402,710,695	11,469,180,900	10,328,815,955	8,243,072,475
Salaries and employees benefits	4,953,551,353	4,195,926,984	11,214,984,065	7,178,454,232	516,148,997
Others	2,403,123,199	7,636,287,151	16,744,299,118	22,566,557,345	831,667,729
Total	<u><u>24,832,271,647</u></u>	<u><u>21,150,603,582</u></u>	<u><u>52,201,874,255</u></u>	<u><u>54,483,178,504</u></u>	<u><u>11,042,889,202</u></u>

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32. GENERAL AND ADMINISTRATIVE EXPENSES

	30 June 2 0 1 3	30 June 2 0 1 2	31 December 2 0 1 2	31 December 2 0 1 1	31 December 2 0 1 0
Salaries, wages and employee benefits	39,975,382,411	23,455,691,355	51,570,022,733	28,402,870,690	27,334,466,557
Taxes and licenses	25,136,068,275	14,054,292,346	29,361,935,872	21,012,121,589	11,170,320,088
Consultants fees	12,884,667,162	3,621,608,755	11,373,955,203	3,665,345,912	4,684,355,934
Depreciation expenses (Note 12)	10,834,149,577	5,138,609,441	16,207,514,280	4,675,480,652	4,482,045,259
Donation, entertainment and representation	8,331,614,286	4,204,636,633	9,458,021,182	5,777,661,992	1,858,018,430
Repairs and maintenance	6,164,461,554	1,009,673,386	9,832,346,530	1,140,360,319	3,689,213,263
Electricity, water, postage and telecommunication	4,382,142,382	1,159,385,876	4,807,006,391	4,313,970,824	3,337,552,613
Security expense	4,047,170,029	2,571,331,106	5,728,359,669	4,329,407,291	4,128,010,307
Employee benefit	2,340,990,382	615,404,256	4,096,717,228	3,700,654,097	1,255,067,406
Shipping fees	1,503,613,684	1,280,494,561	2,499,476,122	38,879,988	2,754,955,000
Management and technical fees	667,145,518	199,488,852	-	1,825,329,413	1,773,987,799
Others	10,060,284,037	5,002,498,768	9,435,159,001	982,148,963	5,130,471,044
T o t a l	126,327,689,297	62,313,115,335	154,370,514,211	79,864,231,730	71,598,463,700

33. FINANCE COSTS

	30 June 2 0 1 3	30 June 2 0 1 2	31 December 2 0 1 2	31 December 2 0 1 1	31 December 2 0 1 0
Bank loans (Note 13 and 24)	46,171,061,002	29,500,947,088	66,255,442,177	56,289,557,993	28,008,439,130
Bonds payable (Note 22)	27,187,500,000	1,247,247,194	3,177,005,958	6,793,079,825	6,959,287,152
Finance lease liabilities (Note 20)	356,625,673	56,342,701	537,157,106	135,073,626	1,442,173,449
T o t a l	73,715,186,675	30,804,536,983	69,969,605,241	63,217,711,444	36,409,899,731

34. OTHER OPERATING INCOME

	30 June 2 0 1 3	30 June 2 0 1 2	31 December 2 0 1 2	31 December 2 0 1 1	31 December 2 0 1 0
Income from leased assets	251,432,237	188,939,725	357,701,992	245,698,064	-
Gain on sales of property, plant and equipment	203,000,000	73,879,032	72,094,214	160,766,658	59,000,000
Gain on bargain purchase (Note 1c)	-	31,399,212,441	31,399,212,441	-	-
Others	42,659,089	9,695,830,074	28,376,637,262	24,112,757,360	23,569,077,008
T o t a l	497,091,326	41,357,861,272	60,205,645,909	24,519,222,082	23,628,077,008

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35. ACCOUNT BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The relationship and nature of account balances or transactions with related parties are described as follows:

No.	Related parties	Nature of Relationship	Nature of Transaction
1.	PT Mitra Sindo Makmur	Associate	Trade receivables, deposits from customer and deferred income
2.	PT Mitra Sindo Sukses	Associate	Trade receivables and deferred income
3.	PT Modern Griya Reksa	Entities which have the same key management personnel with the Company	Non-trade receivables
4.	Luntungan Honoris	President Commissioner of the Company	Non-trade receivables and non-trade payables
5.	PT Potensi Sukses Bersama	Shareholder	Non-trade receivables, non-trade payables and convertible bonds
6.	Yayasan Harapan Bangsa	Entities which have the same key management personnel with the Company	Non-trade receivables
7.	PT Puncak Ardiumulia Realty	Entities which have the same key management personnel with the Company	Advance for purchase for land and property, plant and equipment and non-trade payables
8.	PT Adiyasa Konstrindo	Entities which have the same key management personnel with the Company	Non-trade payables
9.	AA Land Pte. Ltd.	Shareholder	Convertible bonds

The details of the balances of accounts with related parties are as follows:

	Balances					Percentage of total assets/ liabilities (%)				
	30 June 2 0 1 3	30 June 2 0 1 2	31 December 2 0 1 2	31 December 2 0 1 1	31 December 2 0 1 0	30 June 2 0 1 3	30 June 2 0 1 2	31 December 2 0 1 2	31 December 2 0 1 1	31 December 2 0 1 0
Trade receivables (Note 6)	76,965,142,361	72,997,194,491	77,626,413,919	68,895,253,448	69,739,888,223	1.60	2.09	1.70	2.73	3.25
Non-trade receivables										
Short-term	38,094,928,432	33,539,828,432	38,894,828,432	-	-	0.79	0.95	0.85	-	-
Long-term	-	-	-	23,798,905,310	23,798,905,310	-	-	-	0.94	1.11
Advances for purchase of land and property, plant and equipment (Note 9)	-	-	-	-	5,148,000,000	-	-	-	-	0.24
Non-trade payables										
Short-term	100,000,000	-	-	-	-	0.00	-	-	-	-
Long-term	-	20,275,000	299,900,000	90,511,663,803	76,501,088,644	-	0.00	0.01	6.77	7.54
Deposit from customers (Note 16)	75,284,625,323	71,191,884,076	75,639,912,668	66,960,935,524	67,021,278,206	3.71	5.14	3.20	5.01	6.60
Deferred income (Note 18)	57,516,918,314	59,750,316,635	57,516,918,314	61,164,141,506	63,951,729,909	2.83	4.31	2.43	4.57	6.30
Convertible bonds (Note 22)										
Short-term	30,575,047,381	28,126,060,766	29,219,203,737	-	-	1.51	2.03	1.24	-	-
Long-term	-	-	-	49,019,154,646	100,453,901,592	-	-	-	3.66	9.90

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35. ACCOUNT BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
Trade receivables					
PT Mitra Sindo Makmur	72,989,092,320	69,396,464,618	73,650,363,878	65,294,523,575	66,139,158,350
PT Mitra Sindo Sukses	3,976,050,041	3,976,050,041	3,976,050,041	3,976,050,041	3,976,050,041
Less allowance for impairment losses	-	(375,320,168)	-	(375,320,168)	(375,320,168)
T o t a l (Note 6)	76,965,142,361	72,997,194,491	77,626,413,919	68,895,253,448	69,739,888,223
Percentage of total assets	1.60%	2.09%	1.70%	2.73%	3.25%
Non-trade receivables					
Short-term					
PT Modern Griya Reksa	33,078,828,432	33,539,828,432	34,078,828,432	-	-
PT Potensi Sukses Bersama	4,816,000,000	-	4,816,000,000	-	-
Luntungan Honoris	200,100,000	-	-	-	-
T o t a l	38,094,928,432	33,539,828,432	38,894,828,432	-	-
Percentage of total assets	0.79%	0.95%	0.85%	-	-
Long-term					
PT Modern Griya Reksa	-	-	-	22,719,828,432	22,719,828,432
Yayasan Harapan Bangsa	-	-	-	1,079,076,878	1,079,076,878
T o t a l	-	-	-	23,798,905,310	23,798,905,310
Percentage of total assets	-	-	-	0.94%	1.11%
Advances for purchase of land and property, plant and equipment					
PT Puncak Ardiumulia Realty (Note 9)	-	-	-	-	5,148,000,000
Percentage of total assets	-	-	-	-	0.24%
Non-trade payables					
Short-term					
Luntungan Honoris	100,000,000	-	-	-	-
Percentage of total liabilities	0.00%	-	-	-	-
Long-term					
PT Adiyasa Konstrindo	-	20,000,000	-	-	-
PT Puncak Ardiumulia Realty	-	275,000	-	-	2,648,036,177
Luntungan Honoris	-	-	299,900,000	-	5,230,000,000
PT Potensi Sukses Bersama	-	-	-	90,511,663,803	68,623,052,467
T o t a l	-	20,275,000	299,900,000	90,511,663,803	76,501,088,644
Percentage of total liabilities	-	0.00%	0.01%	6.77%	7.54%
Deposits from customer					
PT Mitra Sindo Makmur (Note 16)	75,284,625,323	71,191,884,076	75,639,912,668	66,960,935,524	67,021,278,206

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Percentage of total liabilities	3.71%	5.14%	3.20%	5.01%	6.60%
35. ACCOUNT BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)					
	<u>30 June 2013</u>	<u>30 June 2012</u>	<u>31 December 2012</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
Deferred income					
PT Mitra Sindo Makmur	39,663,498,519	39,663,498,519	39,663,498,519	39,663,498,519	39,663,498,519
PT Mitra Sindo Sukses	17,853,419,795	20,086,818,116	17,853,419,795	21,500,642,987	24,288,231,390
T o t a l (Note 18)	<u>57,516,918,314</u>	<u>59,750,316,635</u>	<u>57,516,918,314</u>	<u>61,164,141,506</u>	<u>63,951,729,909</u>
Percentage of total liabilities	<u>2.83%</u>	<u>4.31%</u>	<u>2.43%</u>	<u>4.57%</u>	<u>6.30%</u>
Convertible bonds					
Short-term					
AA Land Pte. Ltd. (Note 22)	<u>30,575,047,381</u>	<u>28,126,060,766</u>	<u>29,219,203,737</u>	-	-
Percentage of total liabilities	<u>1.51%</u>	<u>2.03%</u>	<u>1.24%</u>	-	-
Convertible bonds					
Long-term					
AA Land Pte. Ltd.	-	-	-	26,878,813,572	80,247,063,214
PT Potensi Sukses Bersama	-	-	-	22,140,341,074	20,206,838,378
T o t a l (Note 22)	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,019,154,646</u>	<u>100,453,901,592</u>
Percentage of total liabilities	-	-	-	<u>3.66%</u>	<u>9.90%</u>

Deferred income from related parties arose from 49% of the gross profit generated from the sales of land to the related parties which have not yet been sold to third parties.

The payable to PT Puncak Ardiumulia Realty (PAR) arose in 2002 as a result of the Company's debt payments to PT Bank Global amounting to Rp 2,000,000,000 with land owned by PAR with a total area of 24,960 m² located in Serang, Banten. Thus, the Company's payable to PT Bank Global was transferred to PAR.

Based on Notarial deed No. 10 dated 2 January 2012 of Ny. Sastriany Josoprawiro, S.H., PT Potensi Sukses Bersama (PSB) took over from MIE, a related party, the mandatory convertible bonds issued by NA amounting to Rp 22,140,341,074 (Note 22).

As of 30 June 2012, 31 December 2011 and 2010, Non-trade receivables to PT Modern Griya Reksa was used as collateral for loans obtained from PT Bank UOB Indonesia (Note 24).

All account balances and transactions with related parties are disclosed in the consolidated financial statements.

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36. SEGMENT INFORMATION

The Group classified its business activity based on project location whereas each project has revenue from customer that can be attributed directly per project site, and each area has an influence in terms of making decisions. There were no significant transactions between segments. The Group segment information is as follows:

Geographical Segment	30 June 2013					Total
	Tangerang	Pondok Cabe	Cakung	Serang	Gajah Mada	
Revenues	<u>845,189,833,932</u>	<u>59,791,442,275</u>	<u>-</u>	<u>107,239,668,894</u>	<u>24,357,113,059</u>	<u>1,036,578,058,160</u>
Segment results (expenses)	<u>634,863,371,442</u>	<u>26,906,149,024</u>	<u>(5,925,565,975)</u>	<u>37,533,884,113</u>	<u>10,960,700,876</u>	<u>704,338,539,480</u>
Unallocated Group Expenses						<u>51,828,902,908</u>
Income from operations						<u>652,509,636,572</u>
Finance cost						<u>(73,715,186,675)</u>
Finance income						<u>12,622,329,254</u>
Share in net income of associates - net						<u>6,512,790,215</u>
Income before income tax						<u>597,929,569,366</u>
Income tax expense						<u>(48,754,156,277)</u>
Net Income						<u>549,175,413,089</u>
Assets and Liabilities						
Segment assets	<u>1,362,461,017,228</u>	<u>29,216,255,359</u>	<u>556,996,891,906</u>	<u>1,082,154,682,743</u>	<u>34,229,583,248</u>	<u>3,065,058,430,484</u>
Unallocated Group Assets						<u>1,740,056,981,997</u>
Total Assets						<u>4,805,115,412,481</u>
Segment Liabilities	<u>583,307,456,663</u>	<u>4,378,386,381</u>	<u>534,446,526,292</u>	<u>354,956,769,646</u>	<u>38,795,943,099</u>	<u>1,515,885,082,081</u>
Unallocated Group Liabilities						<u>514,041,024,222</u>
Total Liabilities						<u>2,029,926,106,303</u>
Other Segment Information						
Capital Expenditure	<u>74,124,303,453</u>	<u>13,982,000</u>	<u>-</u>	<u>2,788,450,766</u>	<u>5,656,683,994</u>	<u>82,583,420,213</u>
Depreciation	<u>10,092,857,679</u>	<u>129,647,238</u>	<u>15,164,041</u>	<u>1,712,796,285</u>	<u>1,122,991,945</u>	<u>13,073,457,188</u>

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36. SEGMENT INFORMATION (Continued)

Business Segment	30 June 2013				
	Estate and Apartment	Golf course and Club House Restaurant	Hotel	T o t a l	
Revenues	<u>989,176,500,084</u>	<u>23,044,445,017</u>	<u>24,357,113,059</u>	<u>1,036,578,058,160</u>	
Other Segment information					
Segment assets	<u>2,225,931,534,515</u>	<u>(101,494,699,387)</u>	<u>34,229,583,248</u>	<u>2,158,666,418,376</u>	
Unallocated Group assets				<u>2,646,448,994,105</u>	
Total Assets				<u>4,805,115,412,481</u>	
Capital expenditures					
Acquisition of property and equipment	<u>76,397,148,964</u>	<u>529,587,255</u>	<u>5,656,683,994</u>	<u>82,583,420,213</u>	
Geographical Segment	30 June 2012				
	Tangerang	Pondok Cabe	Cakung	Serang	T o t a l
Revenues	<u>347,209,363,080</u>	<u>34,217,453,698</u>	<u>-</u>	<u>128,875,537,050</u>	<u>510,302,353,828</u>
Segment results (expenses)	<u>156,244,213,386</u>	<u>15,397,854,164</u>	<u>(5,103,023,538)</u>	<u>37,868,900,404</u>	<u>204,407,944,416</u>
Unallocated Group Expenses					<u>(20,412,094,150)</u>
Income from operations					<u>183,995,850,266</u>
Finance cost					<u>(30,804,536,983)</u>
Finance income					<u>3,089,608,620</u>
Share in net income of associates - net					<u>9,913,872,239</u>
Income before income tax					<u>166,194,794,142</u>
Income tax expenses					<u>(22,011,415,485)</u>
Net Income					<u>144,183,378,657</u>
Assets and Liabilities					
Segment assets	<u>987,875,024,281</u>	<u>21,183,731,943</u>	<u>424,373,771,931</u>	<u>416,717,805,412</u>	<u>1,850,150,333,567</u>
Unallocated Group Assets					<u>1,645,515,003,593</u>
Total Assets					<u>3,495,665,337,160</u>
Segment Liabilities	<u>395,132,333,908</u>	<u>29,659,179,045</u>	<u>311,837,162,853</u>	<u>287,897,790,569</u>	<u>1,024,526,466,375</u>
Unallocated Group Liabilities					<u>361,416,479,638</u>
Total Liabilities					<u>1,385,942,946,013</u>
Other Segment Information					
Capital Expenditure	<u>4,870,131,486</u>	<u>53,420,778</u>	<u>-</u>	<u>3,517,029,474</u>	<u>8,440,581,738</u>
Depreciation	<u>4,924,680,792</u>	<u>93,118,408</u>	<u>24,250,407</u>	<u>1,548,679,696</u>	<u>6,590,729,303</u>

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Business Segment	30 June 2012		
	Estate and Apartment	Golf course and Club House Restaurant	T o t a l
Revenues	492,076,165,783	18,226,188,045	510,302,353,828
Other Segment information			
Segment assets	1,613,948,686,165	(101,030,347,267)	1,512,918,338,898
Unallocated Group assets			1,982,746,998,262
Total Assets			3,495,665,337,160
Capital expenditures			
Acquisition of property and equipment	7,546,957,759	893,623,979	8,440,581,738

Geographical Segment	31 December 2012					T o t a l
	Tangerang	Pondok Cabe	Cakung	Serang	Gajah Mada	
Revenues	651,249,668,584	77,880,967,966	-	321,153,235,000	7,484,128,476	1,057,768,000,026
Segment results (expenses)	293,062,350,863	35,046,435,585	(5,896,085,547)	105,031,299,645	3,367,857,814	430,611,858,360
Unallocated Group Expenses						(83,621,439,998)
Income from operations						346,990,418,362
Finance cost						(69,969,605,241)
Finance income						5,311,563,402
Share in net income of associates - net						29,274,722,647
Income before income tax						311,607,099,170
Income tax expense						(51,132,218,571)
Net Income						260,474,880,599
Assets and Liabilities						
Segment assets	1,264,680,024,024	27,665,635,291	554,225,763,091	585,986,594,536	25,469,898,954	2,458,027,915,896
Unallocated Group Assets						2,133,892,130,117
Total Assets						4,591,920,046,013
Segment Liabilities	641,477,703,951	50,578,908,403	531,787,588,350	248,188,073,168	29,066,521,256	1,501,098,795,128
Unallocated Group Liabilities						864,807,357,796
Total Liabilities						2,365,906,152,924
Other Segment Information						
Capital Expenditure	298,821,908,311	67,340,278	-	4,613,794,474	12,415,468,350	315,918,511,413
Depreciation	16,180,013,790	154,219,708	48,640,990	2,010,571,662	827,192,143	19,220,638,293

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Business Segment	31 December 2012				
	Estate and Apartment	Golf course and Club House Restaurant	Hotel	T o t a l	
Revenues	<u>1,012,520,476,880</u>	<u>37,763,394,670</u>	<u>7,484,128,476</u>	<u>1,057,768,000,026</u>	
Other Segment information					
Segment assets	<u>2,094,619,586,290</u>	<u>(101,494,699,387)</u>	<u>25,469,898,954</u>	<u>2,018,594,785,857</u>	
Unallocated Group assets				<u>2,573,325,260,156</u>	
Total Assets				<u>4,591,920,046,013</u>	
Capital expenditures					
Acquisition of property and equipment	<u>301,541,740,908</u>	<u>1,961,302,155</u>	<u>12,415,468,350</u>	<u>315,918,511,413</u>	
Geographical Segment	31 December 2011				
	Tangerang	Pondok Cabe	Cakung	Serang	T o t a l
Revenues	<u>438,900,073,073</u>	<u>65,737,275,049</u>	<u>-</u>	<u>-</u>	<u>504,637,348,122</u>
Segment results (expenses)	<u>175,560,029,229</u>	<u>21,035,928,016</u>	<u>(6,033,090,691)</u>	<u>(46,361,000)</u>	<u>190,516,505,554</u>
Unallocated Group Expenses					<u>(40,530,099,534)</u>
Income from operations					<u>149,986,406,020</u>
Finance cost					<u>(63,217,711,444)</u>
Finance income					<u>2,722,922,016</u>
Share in net income of associates - net					<u>8,723,421,619</u>
Income before income tax					<u>98,215,038,211</u>
Income tax expense					<u>(24,097,695,017)</u>
Net Income					<u>74,117,343,194</u>
Assets and Liabilities					
Segment assets	<u>713,884,257,876</u>	<u>15,308,346,082</u>	<u>306,672,147,580</u>	<u>115,630,128,402</u>	<u>1,151,494,879,940</u>
Unallocated Group Assets					<u>1,374,534,836,537</u>
Total Assets					<u>2,526,029,716,477</u>
Segment Liabilities	<u>381,369,049,502</u>	<u>28,626,087,897</u>	<u>300,975,223,213</u>	<u>113,842,279,877</u>	<u>824,812,640,489</u>
Unallocated Group Liabilities					<u>512,855,018,236</u>
Total Liabilities					<u>1,337,667,658,725</u>
Other Segment Information					
Capital Expenditure	<u>10,741,019,567</u>	<u>154,831,151</u>	<u>-</u>	<u>-</u>	<u>10,895,850,718</u>
Depreciation	<u>9,606,627,506</u>	<u>89,036,352</u>	<u>48,765,541</u>	<u>-</u>	<u>9,744,429,399</u>

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Business Segment	31 December 2011			Total	
	Estate and Apartment	Golf course and Club House	Restaurant		
Revenues	<u>468,196,573,345</u>	<u>36,440,774,777</u>		<u>504,637,348,122</u>	
Other Segment information					
Segment assets	<u>1,166,314,090,097</u>	(<u>100,565,995,147</u>)		1,065,748,094,950	
Unallocated Group assets				<u>1,460,281,621,527</u>	
Total Assets				<u>2,526,029,716,477</u>	
Capital expenditures					
Acquisition of property and equipment	<u>6,810,907,162</u>	<u>4,084,943,556</u>		<u>10,895,850,718</u>	
Geographical Segment	31 December 2010				Total
	Tangerang	Pondok Cabe	Cakung	Serang	
Revenues	<u>246,325,162,970</u>	<u>15,000,338,717</u>	<u>-</u>	<u>-</u>	<u>261,325,501,687</u>
Segment results (expenses)	<u>120,717,974,616</u>	(<u>5,654,768,595</u>)	(<u>925,085,179</u>)	(<u>10,860,608,874</u>)	103,277,511,968
Unallocated Group Expenses					(<u>21,238,769,188</u>)
Income from operations					82,038,742,780
Finance cost					(<u>36,409,899,731</u>)
Finance income					14,849,516,120
Share in net income of associates - net					<u>5,520,980,422</u>
Income before income tax					65,999,339,591
Income tax expense					(<u>13,329,243,667</u>)
Net Income					<u>52,670,095,924</u>
Assets and Liabilities					
Segment assets	<u>797,144,451,693</u>	<u>80,446,747,127</u>	<u>443,050,399,241</u>	<u>114,902,890,314</u>	1,435,544,488,375
Unallocated Group Assets					<u>712,002,758,154</u>
Total Assets					<u>2,147,547,246,529</u>
Segment Liabilities	<u>134,754,292,697</u>	<u>22,380,713,405</u>	<u>87,486,447,784</u>	<u>95,186,644,802</u>	339,808,098,688
Unallocated Group Liabilities					<u>674,968,844,369</u>
Total Liabilities					<u>1,014,776,943,057</u>
Other Segment Information					
Capital Expenditure	<u>36,079,327,147</u>	<u>31,820,000</u>	<u>3,450,000</u>	<u>-</u>	<u>36,114,597,147</u>
Depreciation	<u>6,913,510,284</u>	<u>66,159,519</u>	<u>45,202,526</u>	<u>-</u>	<u>7,024,872,329</u>

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Business Segment	31 December 2010		
	Estate and Apartment	Golf course and Club House Restaurant	T o t a l
Revenues	<u>229,112,613,394</u>	<u>32,212,888,293</u>	<u>261,325,501,687</u>
Other Segment information			
Segment assets	<u>1,106,425,454,036</u>	<u>(100,565,995,147)</u>	1,005,859,458,889
Unallocated Group assets			<u>1,141,687,787,640</u>
Total Assets			<u><u>2,147,547,246,529</u></u>
Capital expenditures			
Acquisition of property and equipment	<u>34,826,232,370</u>	<u>1,288,364,777</u>	<u>36,114,597,147</u>

37. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

The Company's significant agreements, commitment and contingencies are as follows:

- a. On 2 September 2008, the Company signed Notarial deed No. 09 dated 2 September 2008 made before Mr. James Herman Rahardjo, S.H., a Notary, regarding Corporate Guarantee ("*Borghthocht*"). Based on the provision of the Deed, the Company guarantees and commits to pay in full amount, without reservation and upon UOB's request, to PT Bank UOB Indonesia (formerly PT Bank UOB Buana Tbk) ("*Bank UOB*") if PT Mitra Sindo Sukses, an associate, defaults under the provisions of the loan agreement and Acknowledgment of Indebtedness ("*Agreement*") between PT Mitra Sindo Sukses and Bank UOB. The Company will pay the loan principal amounting to Rp 250,000,000,000 plus interest, loan fees, penalties, expenses or others amount which have to be paid by PT Mitra Sindo Sukses to Bank UOB (Note 10).
- b. The Company entered into a Build, Operate and Transfer Agreement with PT Artamitra Usahamulia (AU) wherein AU will construct and operate the Modernland sports and recreation facilities on approximately 2.4 hectares of land located in Tangerang owned by the Company for twenty (20) years starting from 1 July 1995. The cost of the land under this agreement amounting to Rp 3,599,610,620 is presented in the consolidated statements of financial position as part of "*Other Assets*".
- c. On 17 December 2004, the Company entered into a cooperation agreement (Site A Master Agreement) with Le-Vision Pte. Ltd., Singapore (Le-Vision). As stated in the Site A Master Agreement, the Company and Le-Vision agreed to establish a joint venture company to develop the Company's land located at Cakung, East Jakarta, into residential house and trade centre area.

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37. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (Continued)

As a follow up to the cooperation agreement with Le-Vision, on 20 September 2005 the Company entered into an agreement (Site A - Binding Sale and Purchase) with PT Mitra Sindo Sukses (MSS), a joint venture between the Company and Le-Vision, whereby the Company shall sell land of approximately 1,333,686 m² to MSS.

On 17 December 2004, the Company entered into a cooperation agreement (Site B - Master Agreement) with Castlehigh Pte. Ltd., Singapore (Castlehigh) and PT Modern Griyareksa (MGR), based on the Site B Master Agreement, the Company and Castlehigh agreed to establish a joint-venture company to develop the Company and MGR's land located at Cakung, East Jakarta, into residential house and trade centre area.

As a follow-up of the cooperation agreement with Castlehigh, on 20 September 2005, the Company entered into agreement (Site B - Binding Sale and Purchase Agreement) with PT Mitra Sindo Makmur (MSM), a joint venture between the Company and Castlehigh, whereby the Company shall sell land of approximately 655,049 m² to MSM.

- d. The Company is a defendant in court case No. 430 covering claims over 5,670 m² of land located at Cakung, East Jakarta. The Company won based on the decision of the Supreme Court. Against the decision, a third-party appealed which is still in process as of the completion date of the consolidated financial statements.
- e. The Company and PT Mitra Sindo Sukses are defendants in a court case No. 357 covering claims over 7,775 m² of land located at Cakung, East Jakarta. The District Court decided N.O. (*Niet Ontvankelijk Verklaard*), no one won. Both the Company and the plaintiffs filed appeals to the High Court in Jakarta, which is still in process as of the date of the completion of the consolidated financial statements.
- f. The Company is a defendant in court case No. 21 covering claims over 280 hectares of land located at Cakung, East Jakarta. The plaintiff is claiming for Rp 518,000,000,000. In this case, the Company won based on the decision of the District Court. The plaintiff filed an appeal on this decision to the High Court in Jakarta, with the decision N.O. (*Niet Ontvankelijk Verklaard*), because the plaintiff's status is not clear/*obscuur libel*. With this result, the third party appealed against the decision and the case is currently filed in the Civil Secretariat of the East Jakarta District Court to be sent to the Supreme Court which is still in process as of the completion date of the consolidated financial statements.
- g. The Company is undergoing a lawsuit with case No. 284/Pdt.G/2012/PN.TNG, where the Company was sued for the actions against the law, wherein according to the plaintiff, the Company had made a sale of a house without a Building Permit. In this case, Tangerang District Court gave decision against the verdict of this case: lawsuit rejected. An appeal to the High Court upheld the ruling of the District Court. Until the completion date of the consolidated financial statements, the case still in process in Supreme Court because the third party appealed against the decision.

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37. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (Continued)

- h. The Company is undergoing a lawsuit with case No. 45/Pdt.G/2012/PN.TNG, where the Company was sued over disputed ownership rights to land with an area of 2,200 m². As of the completion date of the consolidated financial statements, the Case is still processing of appeal in the High Court.
- i. The Company is undergoing a lawsuit with case No. 502/Pdt.G/2012/PN.TNG, where the Company was sued over disputed ownership rights to land with an area of 1,300 m². An appeal to the High Court upheld the ruling of the District Court. Until the completion date of the consolidated financial statements, the case still in process in Supreme Court of the Republic of Indonesia because the third party appealed against the decision.
- j. The Company is undergoing a lawsuit with case No. 522/Pdt.G/2011/PN.TNG, where the Company was sued over disputed ownership rights to land with an area of 932 m² Kohir No. C.569, No. Persil. 32-S-III, land with an area of 745 m² Kohir No. C.806, No. Persil. 29-S-III, and land with an area of 2,681 m², wherein according to the Company, the land had been granted to the government as part of the part of the social and general facilities. An appeal to the High Court upheld the ruling of the District Court.
- k. The Company is undergoing a lawsuit in case No. 09/Pdt.G/2012/PN.TNG, where the Company was sued over disputed ownership rights to the land with an area of 4,940 m² located in the Cluster Sakura. Against this case, the Tangerang District Court has issued an Interlocutory Injunction accepting the exception of Defendants I, III and V. As of the completion date of the consolidated financial statements, there has been no final decision on the case other than decision received by the Company.
- l. Based on Notarial deed No. 33 dated 25 February 2013 by Notary Ny. Sastriany Josoprawiro, S.H., the Company has a receivable amounting to Rp 100,000,000,000 (one billion Rupiah) to NA with interest at 14.5% per annum payable within three years from 15 December 2012 until 15 December 2015.
- m. Under the agreement dated 10 September 2008 regarding the commitment to carry out business activities in the field of hospitality, PT Bumi Perkasa Permai ("BPP"), acting as the owner, entered into a cooperation with PT AAPC Indonesia (Accor), as operator, for Hotel NOVOTEL Gajah Mada with the requirement of payment of a specific portion of the gross income received by the hotel. Subsequently, on 22 November 2012, an amendment to the agreement was made whereby BPP agreed to assign its rights and obligations to the Company. The Company subsequently appointed MMM, a subsidiary, as its agent to exercise all rights and obligations with respect to the operations of the hotel in accordance with the principal agreement.
- n. The Company is undergoing a lawsuit in case No. 300/PDT.G/2012/PN.TNG, where the Company was sued over disputed ownership rights to the land with an area of 4,940 m² located in the Cluster Sakura. Until the completion date of the consolidated financial statements, the case still in process.

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38. EARNINGS PER SHARE

The following is a reconciliation of the numerator factors and the divisor used in calculating basic and diluted earnings per share:

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
Net income attributable to owners of the parent company	549,216,704,844	144,203,882,092	260,520,634,812	74,144,040,066	52,674,704,926
Convertible bond	30,575,047,381	30,575,047,381	30,575,047,381	30,575,047,381	99,975,047,381
Number of shares if the bonds are converted	61,150,095	61,150,095	61,150,095	61,150,095	200,907,803
Weighted-average number of shares outstanding	6,266,533,660	6,266,533,660	6,266,533,661	3,056,845,688	3,056,845,688
Weighted-average number of share outstanding if the bonds are converted	6,327,683,755	6,327,683,755	6,327,683,756	3,117,995,783	3,256,795,783
Basic earnings per share	87.64	23.01	41.57	24.26	17.23
Diluted earnings per share	86.80	22.79	41.17	23.78	16.17

39. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

	30 June 2013		30 June 2012	
	SGD	Equivalent	SGD	Equivalent
Assets				
Cash and cash equivalents	505,728	3,965,413,746	1,014	7,520,435
Trade receivables	9,308,747	72,989,092,320	9,308,747	63,396,464,618
Total Assets	9,814,475	76,954,506,066	9,309,761	63,403,985,053
Liabilities				
Deposits from customer	9,601,374	75,284,625,323	9,601,374	71,194,188,328
Long-term bank loan	-	-	5,573,892	41,330,406,700
Total Liabilities	9,601,374	75,284,625,323	15,175,266	112,524,595,028
Assets (Liabilities) - Net	213,101	1,669,880,743	(5,865,505)	(49,120,609,975)

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39. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES (Continued)

	<u>31 December 2012</u>		<u>31 December 2011</u>	
	<u>SGD</u>	<u>Equivalent</u>	<u>SGD</u>	<u>Equivalent</u>
<u>Assets</u>				
Cash and cash equivalents	501,593	3,966,156,791	951	6,634,673
Trade receivables	<u>9,308,747</u>	<u>73,601,905,138</u>	<u>9,308,747</u>	<u>64,919,203,407</u>
Total Assets	<u>9,810,340</u>	<u>77,568,061,929</u>	<u>9,309,698</u>	<u>64,925,838,080</u>
<u>Liabilities</u>				
Deposits from customer	9,601,063	75,916,709,263	9,601,063	66,960,935,524
Long-term bank loan	-	-	<u>5,326,002</u>	<u>37,143,537,246</u>
Total Liabilities	<u>9,601,063</u>	<u>75,916,709,263</u>	<u>14,927,065</u>	<u>104,104,472,770</u>
Assets (Liabilities) - Net	<u>209,277</u>	<u>1,651,352,666</u>	<u>(5,617,367)</u>	<u>(39,178,634,690)</u>
<u>31 December 2010</u>				
			<u>SGD</u>	<u>Equivalent</u>
<u>Assets</u>				
Cash and cash equivalents			1,618	11,295,121
Trade receivables			<u>9,420,404</u>	<u>65,763,838,182</u>
Total Assets			<u>9,422,022</u>	<u>65,775,133,303</u>
<u>Liabilities</u>				
Deposits from customer			9,595,029	67,021,278,206
Long-term bank loan			<u>10,633,579</u>	<u>74,233,017,381</u>
Total Liabilities			<u>20,228,608</u>	<u>141,254,295,587</u>
Liabilitas - Net			<u>(10,806,586)</u>	<u>(75,479,162,284)</u>
<u>30 June 2013</u>				
	<u>USD</u>	<u>Equivalent</u>	<u>USD</u>	<u>Equivalent</u>
<u>Asset</u>				
Cash and cash equivalents	<u>87,126</u>	<u>865,078,978</u>	<u>2,718</u>	<u>25,766,306</u>
<u>31 December 2012</u>				
	<u>USD</u>	<u>Equivalent</u>	<u>USD</u>	<u>Equivalent</u>
<u>Asset</u>				
Cash and cash equivalents	<u>44,841</u>	<u>433,610,146</u>	<u>2,851</u>	<u>25,851,728</u>
<u>31 December 2010</u>				
	<u>USD</u>	<u>Equivalent</u>	<u>USD</u>	<u>Equivalent</u>
<u>Asset</u>				
Cash and cash equivalents			<u>2,893</u>	<u>26,012,607</u>

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39. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES (Continued)

	30 June 2012		31 December 2011	
	Euro	Equivalent	Euro	Equivalent
<u>Liability</u>				
Other payables - third parties	289,341	3,414,514,521	602,445	7,072,098,666
			31 December 2010	
			Euro	Equivalent
<u>Liability</u>				
Other payables - third parties			1,207,113	14,432,243,274

40. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and liabilities is the value at which the instrument could be exchanged/ completed between knowledgeable, willing parties to the transaction reasonably (arm's length transaction), which is not derived from a forced sale or liquidation.

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

1. Cash and cash equivalents, restricted funds, trade receivables, other receivables, non-trade receivables from/payables to related party, trade payables, other payables and accrued expenses approximate their carrying values due to their short-term nature.
2. The fair values of finance lease liabilities, bank and non-bank loans, bonds payable and refundable membership deposits are estimated by discounting future cash flows.

The following table presents the fair values, which approximate the carrying values, of financial instruments of the Group:

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
A S S E T S					
<u>Loans and receivables</u>					
Cash and cash equivalent	577,833,533,302	235,661,006,199	1,065,857,565,523	94,048,159,936	74,198,833,550
Restricted funds	89,077,639,895	64,882,953,047	74,230,826,206	55,304,662,508	53,532,547,433
Trade receivables	304,380,529,761	273,449,778,658	363,040,259,636	258,167,729,332	263,829,326,402
Other receivables -					
Third parties	18,012,661,682	8,446,541,005	32,068,429,066	8,271,051,166	2,095,564,751
Non-trade receivables from related parties	38,094,928,432	33,539,828,432	38,894,828,432	23,798,905,310	23,798,905,310
T o t a l	<u>1,027,399,293,072</u>	<u>615,980,107,341</u>	<u>1,574,091,908,863</u>	<u>439,590,508,252</u>	<u>417,455,177,446</u>

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40. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

	30 June 2 0 1 3	30 June 2 0 1 2	31 December 2 0 1 2	31 December 2 0 1 1	31 December 2 0 1 0
LIABILITIES					
<u>Other financial liabilities</u>					
Bank and non-bank loans	549,949,810,010	568,906,086,302	670,043,387,603	342,573,086,880	330,881,976,826
Trade payables	98,591,631,182	93,171,039,235	110,218,845,558	98,840,624,982	36,014,856,043
Other payables - Third parties	31,011,417,858	70,490,122,463	31,085,626,137	41,345,626,605	53,426,058,810
Non-trade payables to related parties	100,000,000	20,275,000	299,900,000	90,511,663,803	76,501,088,644
Accrued expenses	189,742,493,444	139,165,978,229	140,525,989,177	87,893,832,762	23,652,939,202
Bonds payable	525,428,358,511	28,126,060,766	523,619,220,483	49,019,154,646	100,453,901,592
Finance lease liabilities	6,084,625,895	3,241,444,452	6,949,959,549	2,657,740,807	1,506,093,465
Refundable membership deposits	17,250,616,883	22,445,657,713	20,814,344,176	21,781,801,919	20,386,453,871
T o t a l	1,418,158,953,783	925,566,664,160	1,503,557,272,683	734,623,532,404	642,823,368,453

41. FINANCIAL RISK MANAGEMENT

The Group's financial risk management policies aim to identify and analyze the financial risks faced by the Group, set appropriate risk limits and controls, and oversee compliance with the limits established.

The financial risk management policies implemented by the Group in the face of these risks are as follows:

a. Credit Risk

The Group exposure to credit risk arise primarily from managing trade receivables. The Group monitors receivables so that these are collected in a timely manner and also conduct reviews of individual customer accounts on a regular basis to assess the potential for uncollectibility.

In managing the timely collection of receivables, the Group monitors these intensively by sending invoices on a timely basis to the customers based on Standard Operational Procedures (SOP) that have been set. The Group charges penalties to customers for late payment.

b. Foreign Exchange Risk

The Group's foreign exchange risk arises from the loan received by the Company in foreign currency. Management researches and monitors the movement of foreign currency rates.

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41. **FINANCIAL RISK MANAGEMENT** (Continued)

b. **Foreign Exchange Risk** (Continued)

The table below shows the sensitivity to a reasonably possible change in foreign exchange rates, assuming all other variables are fixed, to the income before income taxes and equity of the Group as of 30 June 2013 and 31 December 2012:

	Increase (decrease)	
	30 June 2013	31 December 2012
Strengthened by 5%		
Net income before tax	126,747,986	104,248,140
Equity	126,747,986	104,248,140
Weakened by 5%		
Net income before tax	(126,747,986)	(104,248,140)
Equity	(126,747,986)	(104,248,140)

c. **Liquidity Risk**

The Group's exposure to liquidity risk arise primarily from the placement of funds in excess of those used to support the business activities of the Group. The Group manages liquidity risk by maintaining sufficient cash flows and bank facilities and continuously monitoring projected cash flows and availability of funds. The Group also implements prudent liquidity risk management to maintain sufficient cash balances arising from revenue collection, places the excess cash in low risk financial instruments that provide adequate returns, and pay close attention to the reputation and credibility of financial institutions.

The Group applies liquidity risk management by establishing sufficient cash balances from collection of customers' receivables or other sources.

The table below summarizes the maturity schedule of the Group's financial liabilities based on undiscounted contractual payments as of 30 June 2013 and 31 December 2012:

30 June 2013	Less than 1 year	1 - 2 years	3 - 5 years	T o t a l
Bank and non-bank loans	370,508,689,724	150,998,592,891	106,724,216,543	628,231,499,158
Trade payables	98,591,631,182	-	-	98,591,631,182
Other payables - Third parties	31,011,417,858	-	-	31,011,417,858
Non-trade payables to related parties	100,000,000	-	-	100,000,000
Accrued expenses	189,742,493,444	-	-	189,742,493,444
Bonds payable	84,950,047,381	54,375,000,000	582,187,500,000	721,512,547,381
Finance lease liabilities	1,924,279,687	3,017,295,000	1,862,741,500	6,804,316,187
Refundable membership deposits	15,513,022,383	1,737,594,500	-	17,250,616,883
T o t a l	792,341,581,659	210,128,482,391	690,774,458,043	1,693,244,522,093

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41. FINANCIAL RISK MANAGEMENT (Continued)

c. Liquidity Risk (Continued)

<u>31 December 2012</u>	<u>Less than 1 year</u>	<u>1 - 2 years</u>	<u>3 - 5 years</u>	<u>T o t a l</u>
Bank and non-bank loans	385,912,979,445	179,386,263,591	177,703,592,709	743,002,835,745
Trade payables	110,218,845,558	-	-	110,218,845,558
Other payables - Third parties	31,085,626,137	-	-	31,085,626,137
Non-trade payables to related parties	299,900,000	-	-	299,900,000
Accrued expenses	140,525,989,177	-	-	140,525,989,177
Bonds payable	84,950,047,381	74,408,804,000	609,375,000,000	768,733,851,381
Finance lease liabilities	3,690,801,756	2,733,935,257	1,488,087,000	7,912,824,013
Refundable membership deposits	18,034,930,000	2,894,894,883	332,650,000	21,262,474,883
T o t a l	774,719,119,454	259,423,897,731	788,899,329,709	1,823,042,346,894

d. Interest Rate Risk

The Group interest rate risk arise from loans with floating rates and interest for Home Ownership Credit (KPR).

Management's policy in managing this risk is to cooperate with some reputable banks to set competitive KPR interest rates. Management also enters into interest rate swaps in specific circumstances to manage interest rate risk arising from specific loan with floating rates.

The Group has no significant loan with floating interest rates as of 30 June 2013 and 31 December 2012.

e. Capital Management

The main objective of the Group capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments with respect to changes in economic conditions and the characteristics of its business risks. In order to maintain and adjust its capital structure, the Group may adjust the amount of dividend payments to shareholders or return capital structure. No changes have been made in the objectives, policies and processes as they have been applied in previous years.

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41. FINANCIAL RISK MANAGEMENT (Continued)

e. Capital Management (Continued)

Gearing ratio as of 30 June 2013 and 2012 and 31 December 2012, 2011 and 2010 are as follows:

	30 June 2013	30 June 2012	31 December 2012	31 December 2011	31 December 2010
Short-term loans	159,642,271,389	142,604,766,545	222,832,366,511	96,070,153,225	79,910,527,816
Other payables - Third parties					
PT Pan Indonesia					
Bank Tbk	8,193,637,500	8,193,637,500	8,193,637,500	8,193,637,500	8,193,637,500
Loan from Unibank (Suspended)	7,000,000,000	7,000,000,000	7,000,000,000	7,000,000,000	7,000,000,000
Purchases property, plant and equipment	-	10,003,755,283	-	14,432,243,274	14,432,243,274
Non-trade payables to related parties	100,000,000	20,275,000	299,900,000	90,511,663,803	76,501,088,644
Bonds payable	525,428,358,511	28,126,060,766	523,619,220,483	49,019,154,646	100,453,901,592
Current portion of long-term liabilities					
Bank loans	161,945,087,501	108,921,491,513	130,823,718,888	65,085,637,682	86,476,297,271
Finance lease	3,080,231,466	1,882,405,185	3,455,513,196	1,701,534,794	1,204,874,774
Long-term liabilities - net of current maturities					
Bank loans	228,362,451,120	317,379,828,244	316,387,302,204	181,417,295,973	164,495,151,739
Finance lease	3,004,394,429	1,359,039,267	3,494,446,353	956,206,013	301,218,691
Sub-total	<u>1,096,756,431,916</u>	<u>625,491,259,303</u>	<u>1,216,106,105,135</u>	<u>514,387,526,910</u>	<u>538,968,941,301</u>
L e s s :					
Cash and cash equivalents	(577,833,533,302)	(235,661,006,199)	(1,065,857,565,523)	(94,048,159,936)	(74,198,833,550)
Restricted fund	(89,077,639,895)	(64,882,953,047)	(74,230,826,206)	(55,304,662,508)	(53,532,547,433)
Sub-total	<u>(666,911,173,197)</u>	<u>(300,543,959,246)</u>	<u>(1,140,088,391,729)</u>	<u>(149,352,822,444)</u>	<u>(127,731,380,983)</u>
Net liabilities	429,845,258,719	324,947,300,057	76,017,713,406	365,034,704,466	411,237,560,318
Total equity attributable to owners of the parent entity	<u>2,775,132,176,019</u>	<u>2,109,598,113,678</u>	<u>2,225,914,866,398</u>	<u>1,188,251,449,240</u>	<u>1,132,639,912,475</u>
Net liabilities and total equity	<u>3,204,977,434,738</u>	<u>2,434,545,413,735</u>	<u>2,301,932,579,804</u>	<u>1,553,286,153,706</u>	<u>1,543,877,472,793</u>
Gearing ratio	<u>13.41%</u>	<u>13.35%</u>	<u>3.30%</u>	<u>23.50%</u>	<u>26.64%</u>

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42. INFORMATION ON NON-CASH ACTIVITIES

	<u>30 June</u> <u>2 0 1 3</u>	<u>30 June</u> <u>2 0 1 2</u>	<u>31 December</u> <u>2 0 1 2</u>	<u>31 December</u> <u>2 0 1 1</u>	<u>31 December</u> <u>2 0 1 0</u>
Acquisition of leased assets	-	10,236,242,500	10,236,242,500	622,637,637	1,728,379,228
Acquisition of property, plant and equipment	-	780,652,100	780,652,100	-	31,351,573,900

43. EVENT AFTER REPORTING DATE

On July 24, 2013, the Company entered into a conditional share sale agreement with Castlehigh Pte. Ltd. and Le-Vision Pte. Ltd. to acquire the remaining 51% of the issued and outstanding shares in each of PT Mitra Sindo Makmur (MSM) and PT Mitra Sindo Sukses (MSS) that are not yet owned by the Company for an aggregate purchase price of Rp 2,294,360,000,000. The Company paid a deposit of Rp 229,436,000,000 upon signing of the agreement and the remaining will be paid on completion. The Completion of the agreement is conditional upon the approval of the shareholders of the Company at an extraordinary general meeting of the shareholders.

44. COMPLETION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Group management is responsible for the preparation and presentation of the consolidated financial statements which were completed and authorized for issuance by the Company's Directors on 2 August 2013.