

# **PT Sinar Mas Multiartha Tbk and Its Subsidiaries**

Consolidated Financial Statements -  
As of December 31, 2012 and 2011 and January 1, 2011/  
December 31, 2010 and For the Years Ended  
December 31, 2012 and 2011

And Independent Auditors' Report

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**TABLE OF CONTENTS**

---

	<u>Page</u>
The Directors' Statement on the Responsibility on the Consolidated Financial Statements of PT Sinar Mas Multiartha Tbk and Its Subsidiaries as of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010 and For the Years Ended December 31, 2012 and 2011	
<b>Independent Auditors' Report</b>	1
<b>CONSOLIDATED FINANCIAL STATEMENTS</b> - As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010 and for the years ended December 31, 2012 and 2011	
Consolidated Statements of Financial Position	3
Consolidated Statements of Comprehensive Income	7
Consolidated Statements of Changes in Equity	9
Consolidated Statements of Cash Flows	10
Notes to Consolidated Financial Statements	12
<b>Attachment</b>	
<b>CONSOLIDATING SUPPLEMENTARY INFORMATION – COMPANY'S FINANCIAL STATEMENTS</b> - As of December 31, 2012 and 2011 and for the years then ended	
Company's Statements of Financial Position	I.1
Company's Statements of Comprehensive Income	I.3
Company's Statements of Changes in Equity	I.4
Company's Statements of Cash Flows	I.5



**DIRECTOR'S STATEMENT  
ON  
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2012 and 2011 AND JANUARY 1, 2011/ DECEMBER 31, 2010  
AND FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**

We, the undersigned:

- |  |   |  |
|--|---|--|
| 1. Name  | : | <b>Doddy Susanto</b>   |
| Office Address   | : | bii plaza, Tower I, 9 <sup>th</sup> Floor<br>Jl. M.H. Thamrin No. 51 Jakarta 10350               |
| Residential Address/in accordance with<br>Personal Identity Card | : | Jl. Pulau Matahari II.AG/19, Rt. 016<br>Rw.009 Kembangan Utara Jakarta Barat                     |
| Telephone Number   | : | ( 021 ) 392-5660   |
| Title  | : | President Director   |
|  |   |  |
| 2. Name  | : | <b>Kurniawan Udjaja</b>  |
| Office Address   | : | bii plaza, Tower I, 9 <sup>th</sup> Floor<br>Jl. M.H. Thamrin No.51 Jakarta 10350                |
| Residential Address/in accordance with<br>Personal Identity Card | : | Bukit Nusa Indah Kav. 1528 BNI Rt.001 Rw.014<br>Kelurahan Serua, Kecamatan Ciputat,<br>Tangerang |
| Telephone Number   | : | ( 021 ) 392-5660   |
| Title  | : | Director   |

declare that :

1. We are responsible for the preparation and presentation of the Company's and Its Subsidiaries Consolidated Financial Statements as of December 31, 2012 and 2011 and and January 1, 2011/ December 31, 2010 and for the years ended December 31, 2012 and 2011.
2. The Company's and Its Subsidiaries consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards.
3.
  - a. All information has been fully and correctly disclosed in the Company's and Its Subsidiaries consolidated financial statements, and
  - b. The Company's and Its Subsidiaries financial statements do not contain materially misleading information or facts, and do not conceal any information or facts.
4. We are responsible for the Company's and Its Subsidiaries internal control system.

This statement has been made truthfully.

Jakarta, April 9, 2013

 <b>Doddy Susanto</b> President Director	 <b>Kurniawan Udjaja</b> Director
---	---

Registered Public Accountants  
Business License No.1219/KM.1/2011  
Intiland Tower, 7th Floor  
Jl. Jenderal Sudirman, Kav 32  
Jakarta - 10220  
INDONESIA

T : 62-21-570 8111  
F : 62-21-572 2737

### Independent Auditors' Report

**No. 10241213LA**

**The Stockholders, Board of Commissioners and Directors  
PT Sinar Mas Multiartha Tbk**

We have audited the consolidated statement of financial position of PT Sinar Mas Multiartha Tbk (The Company) and its subsidiaries (Group) as of December 31, 2012 and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended. We have also audited the consolidated financial statements of the Group as of and for the year ended December 31, 2011, prior to restatement as discussed in the fourth paragraph, on which we expressed an unqualified opinion on those statements in our report dated March 30, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain subsidiaries, which statements reflect total assets of 60.63% and 54.86% of the total consolidated assets as of December 31, 2012 and 2011, respectively, and income before tax of 74.83% and 88.07% of the total consolidated income before tax for the years ended December 31, 2012 and 2011, respectively. We also did not audit the financial statements of certain associates, the investments in which are reflected in the accompanying consolidated financial statements using the equity method of accounting. The investments in these associates represent 0.52% and 0.47% of the total consolidated assets as of December 31, 2012 and 2011, respectively, and the share in net income of these associates represents 2.07% and 1.25% of the consolidated net income for the years ended December 31, 2012 and 2011, respectively. The financial statements of those subsidiaries and associates were audited by other independent auditors whose unqualified reports, have been furnished to us, and our opinion, insofar as they relate to the amounts included for those subsidiaries and associates, are based solely on the reports of the other independent auditors. The consolidated statement of financial position of Group as of January 1, 2011/December 31, 2010 before restatement as described in the fourth paragraph were audited by Mulyamin Sensi Suryanto whose report, dated March 31, 2011, expressed an unqualified opinion on those statements.

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

In our opinion, based on our audits and the reports of the other independent auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of PT Sinar Mas Multiartha Tbk and its subsidiaries as of December 31, 2012 and 2011 and the results of their operations and their cash flows for the years then ended in conformity with Indonesian Financial Accounting Standards.

As discussed and fully disclosed in Note 62 to the consolidated financial statements, PT Asuransi Jiwa Sinarmas MSIG (formerly PT Asuransi Jiwa Sinarmas) and PT Asuransi Sinar Mas and its subsidiaries, subsidiaries of the Company, adopted Statement of Financial Accounting Standard (PSAK) No. 62, Insurance Contracts, effective January 1, 2012. The financial statements of these subsidiaries had been audited by other independent auditors. In relation to adoption of this PSAK No. 62, PT Asuransi Sinar Mas and its subsidiaries had restated their consolidated financial statements as of and for the year ended December 31, 2011 and their consolidated statement of financial position as of January 1, 2011/December 31, 2010. Accordingly, the Group's consolidated financial statements as of and for the year ended December 31, 2011 and the consolidated statement of financial position as of January 1, 2011/December 31, 2010 of PT Sinar Mas Multiartha Tbk and its subsidiaries have been restated from the amounts previously reported to reflect the impact of the aforementioned restatement of the financial statements of PT Asuransi Sinarmas and its subsidiaries. We have audited the restatement adjustments applied to the restated consolidated financial statements as of and for the year ended December 31, 2011 and consolidated statement of financial position as of January 1, 2011/December 31, 2010 of PT Sinar Mas Multiartha Tbk and its subsidiaries. In our opinion, such restatement adjustments are appropriate and have been properly applied.

Our audits were conducted to form an opinion on the basic consolidated financial statements as of and for the years ended December 31, 2012 and 2011 taken as a whole. The accompanying consolidating supplementary information (Company's Financial Statements) are presented for the purpose of additional analysis of the basic consolidated financial statements rather than to present the financial position, result of operations, and cash flows of the Company as a separate entity, and are not required part of the basic consolidated financial statements in conformity with Indonesian Financial Accounting Standards. These consolidating supplementary information are the responsibility of the Company's management and have been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements and, in our opinion, are fairly stated, in all material respects in relation to basic consolidated financial statements for the years ended December 31, 2012 and 2011 taken as whole.

As disclosed in Note 2b to the consolidated financial statements, the Group adopted certain revised Statements of Financial Accounting Standards (PSAK) effective January 1, 2012.

MULYAMIN SENSI SURYANTO & LIANNY



Yelly Warsono  
Certified Public Accountant License No.AP 0148

April 9, 2013

*The accompanying consolidated financial statements are not intended to present the financial position and the results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than those in Indonesia. The standards, procedures and practices to audit such consolidated financial statements are those established by the Indonesian Institute of Certified Public Accountants.*

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES  
Consolidated Statements of Financial Position  
December 31, 2012 and 2011 and January 1, 2011/December 31, 2010  
(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	Notes	December 31,		As Restated -
		2012	2011	Note 62 January 1, 2011/ December 31, 2010
<b>ASSETS</b>				
<b>Cash and Cash Equivalents</b>				
Related parties	2e,2g,2h,2i,4,54,62	-	22,742	277
Third parties	2f,53	7,010,441	8,529,903	1,988,267
Net		<u>7,010,441</u>	<u>8,552,645</u>	<u>1,988,544</u>
<b>Short-term Investments</b>				
Related parties	2e,2i,5,54,62	680,485	685,256	534,480
Third parties	2f,53	17,541,670	15,136,817	7,571,983
Allowance for impairment losses		(127)	(8,538)	-
Net		<u>18,222,028</u>	<u>15,813,535</u>	<u>8,106,463</u>
<b>Securities Purchased Under Agreements to Resell</b>				
	2i,6	-	39,627	107,141
<b>Consumer Financing Receivables</b>				
Third parties	2i,2j,7	1,011,548	864,497	531,842
Unearned income		(290,728)	(237,513)	(154,343)
Allowance for impairment losses		(1,714)	(2,786)	(538)
Net		<u>719,106</u>	<u>624,198</u>	<u>376,961</u>
<b>Net Investments in Finance Lease</b>				
Related parties	2i,2k,8	4,326	122,118	172,799
Third parties	2f,53	225,794	45,806	50,981
Guaranteed residual value		18,869	25,389	25,487
Unearned lease income		(59,364)	(35,115)	(56,197)
Security deposits		(18,869)	(25,389)	(25,487)
Allowance for impairment losses		(3,819)	(6,553)	(3,714)
Net		<u>166,937</u>	<u>126,256</u>	<u>163,869</u>
<b>Factoring Receivables</b>				
Related parties	2e,2i,2l,9,54	69,889	111,621	65,658
Third parties	2f,53	1,183,054	326,902	133,175
Deferred factoring income		(6,410)	(6,023)	(6,095)
Allowance for impairment losses		(3,170)	(7,637)	(5,180)
Net		<u>1,243,363</u>	<u>424,863</u>	<u>187,558</u>
<b>Segregated Funds Net Assets - Unit Link</b>				
	2i,2m,10,62	3,943,326	4,548,419	7,054,710
<b>Premiums and Reinsurance Receivables</b>				
Related parties	2e,2ab,11,54,62	113,687	103,557	44,092
Third parties	2f,53	276,122	306,246	315,211
Allowance for impairment losses		(1,678)	(691)	(4,926)
Net		<u>388,131</u>	<u>409,112</u>	<u>354,377</u>
<b>Loans</b>				
Related parties	2e,2i,2n,12,54	1,427,069	1,760,159	794,940
Third parties	2f,53	8,959,015	8,480,015	6,216,855
Total		10,386,084	10,240,174	7,011,795
Allowance for impairment losses		(92,248)	(104,732)	(77,638)
Net		<u>10,293,836</u>	<u>10,135,442</u>	<u>6,934,157</u>
<b>Ijarah assets</b>				
Cost	2o,13	75,191	151,075	275,370
Accumulated depreciation		(28,678)	(68,363)	(56,212)
Net		<u>46,513</u>	<u>82,712</u>	<u>219,158</u>

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES  
Consolidated Statements of Financial Position  
December 31, 2012 and 2011 and January 1, 2011/December 31, 2010  
(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	Notes	December 31,		As Restated -
		2012	2011	Note 62 January 1, 2011/ December 31, 2010
<b>Securities Agent Receivables</b>	2f,2i,14,53	369,096	245,369	165,481
<b>Other Accounts Receivable</b>	2e,2i,15,54,62			
Related parties	2f,53	25,934	20,650	6,234
Third parties		865,943	743,133	537,373
Total		891,877	763,783	543,607
Allowance for impairment losses		(281)	(347)	(747)
Net		891,596	763,436	542,860
<b>Reinsurance Assets</b>	2e,2w,16,54,62	1,068,087	1,434,475	1,271,337
<b>Investment in Shares of Stock</b>	2i,2p,17,62	685,959	658,657	558,845
<b>Investment Properties</b>	2q,18			
Cost		16,124	11,691	34,497
Accumulated depreciation		(5,827)	(5,246)	(4,766)
Net Book Value		10,297	6,445	29,731
<b>Property and Equipment</b>	2r,2u,19,62			
Cost		2,421,521	1,678,975	1,168,459
Accumulated depreciation		(577,016)	(425,254)	(325,505)
Net Book Value		1,844,505	1,253,721	842,954
<b>Foreclosed Properties</b>	2s,20	95,684	90,362	75,922
Allowance for impairment losses	2u	(1,664)	(442)	(4,683)
Net Book Value		94,020	89,920	71,239
<b>Deferred Tax Assets</b>	2ad,51	53,865	16,041	3,560
<b>Other Assets</b>	2e,2i,2u,2t,21,54,62			
Related parties	2f,53	24,395	11,108	9,622
Third parties		1,717,269	1,234,974	530,262
Total		1,741,664	1,246,082	539,884
<b>TOTAL ASSETS</b>		<u>48,792,770</u>	<u>46,470,955</u>	<u>29,518,829</u>

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES  
Consolidated Statements of Financial Position  
December 31, 2012 and 2011 and January 1, 2011/December 31, 2010  
(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	Notes	December 31,		As Restated -
		2012	2011	Note 62 January 1, 2011/ December 31, 2010
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
<b>Deposits and Deposits from Other Banks</b>				
Related parties	2e,2i,2v,22,54,62 2f,53	3,305,019	5,633,851	4,278,045
Third parties		9,264,700	8,999,062	5,728,533
Total		12,569,719	14,632,913	10,006,578
<b>Securities Sold Under Agreements to Repurchase</b>	2i,23	-	39,125	32,069
<b>Insurance Payable</b>				
Related parties	2e,2w,2ab,24,54,62 2f,53	13,127	31,455	12,446
Third parties		345,698	269,972	184,291
Total		358,825	301,427	196,737
<b>Premiums Received in Advance</b>	2e,2ab,25,54,62	619,787	1,114,836	1,162,078
<b>Liability for Future Policy Benefits</b>	2e,2f,2w,26,53,54,62	10,008,717	7,696,397	2,481,280
<b>Segregated Funds Contract Liabilities - Unit Link</b>	2m,54,10	3,943,326	4,548,419	7,054,710
<b>Insurance Contract Liability</b>	2w,62	182,367	40,586	-
<b>Unearned Premiums and Estimated Claims Liability</b>				
Related parties	2e,2w,27,54,62 2f,53	788,726	729,631	779,959
Third parties		1,181,181	1,123,269	774,356
Total		1,969,907	1,852,900	1,554,315
<b>Securities Agent Payables</b>	2f,2i,28,53,62	141,222	93,740	417,590
<b>Taxes Payable</b>	2ad,29,51	71,980	54,684	41,414
<b>Accrued Expenses</b>	2e,2f,2i,30,53,54	75,920	69,620	43,868
<b>Medium Term Notes</b>	2i,2x,31	996,884	-	-
<b>Loans Received</b>	2i,2x,32	999,619	930,904	512,265
<b>Deferred Tax Liabilities</b>	2ad,51,62	59,507	43,821	41,992
<b>Defined-benefit Post-employment Reserve</b>	2ac,49	96,838	76,788	64,447
<b>Mudharabah Reserve</b>		3,313	1,978	1,097
<b>Other Liabilities</b>				
Related parties	2e,2i,33,54,62 2f,53	2,131	946	818
Third parties		437,029	416,888	646,563
Total		439,160	417,834	647,381
<b>Total Liabilities</b>		32,537,091	31,915,972	24,257,821

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES  
Consolidated Statements of Financial Position  
December 31, 2012 and 2011 and January 1, 2011/December 31, 2010  
(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	Notes	December 31,		As Restated -
		2012	2011	Note 62 January 1, 2011/ December 31, 2010
<b>Equity</b>				
<b>Equity Attributable to the Equity Holders of the Company</b>				
<b>Capital Stock</b> - Rp 5,000 (in full Rupiah amount) par value per Series A and Rp 100 (in full Rupiah amount) par value Series B				
Authorized - 142,474,368 Series A shares and 21,371,155,200 Series B shares				
Issued and paid-up -				
142,474,368 Series A shares and 6,093,458,908 Series B shares as of December 31, 2012, and 142,474,368 Series A shares and 6,090,063,689 Series B shares as of December 31, 2011, and 142,474,368 Series A shares and 6,081,318,298 Series B shares as of January 1, 2011/ December 31, 2010				
	35,41	1,321,718	1,321,378	1,320,504
<b>Additional Paid-in Capital - Net</b>	2aa,36,41	809,755	808,397	804,900
<b>Difference in Value Arising from Restructuring Transactions Among Entities Under Common Control</b>	2d,38	93,484	93,484	93,485
<b>Other Equity Components</b>	37,62	2,864,969	2,830,549	121,433
<b>Retained Earnings</b>				
Appropriated	40	791,607	527,331	263,230
Unappropriated		4,746,344	3,955,145	2,457,094
<b>Total</b>		10,627,877	9,536,284	5,060,646
<b>Non-Controlling Interests</b>	2d,34	5,627,802	5,018,699	200,362
<b>Total Equity</b>		16,255,679	14,554,983	5,261,008
<b>TOTAL LIABILITIES AND EQUITY</b>		48,792,770	46,470,955	29,518,829

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the Years Ended December 31, 2012 and 2011**  
*(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)*

	Notes	2012	As Restated - Note 62 2011
<b>INCOME</b>			
Insurance underwriting income	2ab		
Interest income	42	12,389,104	14,178,755
Gain on sale of short-term investments - net	43	1,966,897	1,604,650
Gain on investments in units of mutual funds	2i,5	1,515,962	772,429
Consumer financing income	2i,5	501,573	1,384,206
Administration fee and commissions	2j	394,405	301,873
Sales	44	104,872	137,530
Gain on foreign exchange - net	2e	96,085	28,034
Investment management income		84,165	70,882
Factoring income	2f,2i,53	80,144	59,369
Stock brokerage and underwriting income		64,733	73,457
Share in net income of the associates - net	2p,17	34,704	25,176
Finance lease income	2f,2k,53	18,999	24,908
Shares administration fee	2f,53	3,551	2,728
Other income	45.62	124,898	156,522
<b>Total Income</b>		<b>17,516,605</b>	<b>18,946,653</b>
<b>EXPENSES</b>			
Insurance underwriting expenses	2ab		
Interest expense	46.62	12,984,441	14,598,505
Salaries and employee benefits	47	764,557	896,543
General and administrative expenses	2ac	704,017	499,832
Unrealized loss on decrease in fair value of securities	2f,48,53	695,888	461,885
Depreciation	2i,5	231,256	21,692
Costs of goods sold	2q,2r,18,19	167,581	114,710
Investment management expenses	44	105,218	137,012
Provision for impairment losses on financial and non-financial assets		19,173	15,572
Stock brokerage and underwriting expenses	2u,2i,62	15,344	64,523
Other expenses		5,263	12,385
<b>Total Expenses</b>	2e,50,62	<b>167,584</b>	<b>111,731</b>
		<b>15,860,322</b>	<b>16,934,390</b>
<b>INCOME BEFORE TAX</b>		<b>1,656,283</b>	<b>2,012,263</b>
<b>TAX EXPENSE</b>			
Current	2ad,51,62	110,620	78,996
Deferred		(22,138)	(10,652)
<b>Total</b>		<b>88,482</b>	<b>68,344</b>
<b>NET INCOME</b>		<b>1,567,801</b>	<b>1,943,919</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
Unrealized gain (loss) on change in fair value of available for sale securities of subsidiaries		100,466	(120,111)
Translation adjustment of a subsidiary		312	41
Gain on change in ownership interest in subsidiaries and associates		-	38,575
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>100,778</b>	<b>(81,495)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,668,579</b>	<b>1,862,424</b>

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the Years Ended December 31, 2012 and 2011**  
*(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)*

	<b>Notes</b>	<b>2012</b>	<b>As Restated - Note 62 2011</b>
Income attributable to:			
Equity holders of the Company		1,066,012	1,638,570
Non-controlling interests	2c,34	<u>501,789</u>	<u>305,349</u>
		<u>1,567,801</u>	<u>1,943,919</u>
Comprehensive income (loss) attributable to:			
Equity holders of the Company		1,100,432	4,347,686
Non-controlling interests	2c,34	<u>568,147</u>	<u>(2,485,262)</u>
		<u>1,668,579</u>	<u>1,862,424</u>
<b>Earnings per Share</b> <b>(in full Rupiah amount)</b>	2ae,52		
Basic		170.98	263.24
Diluted		150.59	231.68

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES  
Consolidated Statements of Changes in Equity  
For the Years Ended December 31, 2012 and 2011  
(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	Equity Attributable to Equity Holders of the Parent Company										Non Controlling Interests	Total Equity	
	Notes	Capital Stock	Additional Paid-in Capital - Net	Difference in Value Arising from Restructuring Transactions among Entities Under Common Control	Share in Unrealized Gain (Loss) on Change in Fair Value of Available For Sale Securities of Subsidiaries	Share in Translation Adjustment of a Subsidiary	Gain (Loss) on Change in Ownership Interest in Subsidiaries and Associates	Cummulative Losses on Derivative Instruments for Cashflows Hedges - net in Associates	Retained Earning				Total
									Appropriated	Unappropriated			
Balance as of January 1, 2011, before the impact of initial adoption of PSAK No. 22 (Revised 2010)		1,320,504	804,900	93,485	93,723	-	36,809	(9,099)	263,230	2,457,094	5,060,646	200,362	5,261,008
Impact of initial adoption of PSAK No. 22 (Revised 2010)	2b,33,63	-	-	-	-	-	-	-	-	129,806	129,806	-	129,806
Balance as of January 1, 2011, after the impact of initial adoption of PSAK No. 22 (Revised 2010)		1,320,504	804,900	93,485	93,723	-	36,809	(9,099)	263,230	2,586,900	5,190,452	200,362	5,390,814
Additional capital stock from conversion of Series IV warrants	35,41	874	3,497	-	-	-	-	-	-	-	4,371	-	4,371
Difference in value arising from restructuring transactions among entities under common control	2d,38	-	-	(1)	-	-	-	-	-	-	(1)	1	-
Appropriation for general reserve	40	-	-	-	-	-	-	-	264,101	(264,101)	-	-	-
Cash dividends	39	-	-	-	-	-	-	-	-	(6,224)	(6,224)	-	(6,224)
Purchase of shares of subsidiary by non-controlling interest		-	-	-	-	-	-	-	-	-	-	7,303,598	7,303,598
Total comprehensive income (loss) during the year (As restated - Note 62)		-	-	-	(122,960)	41	2,832,035	-	-	1,638,570	4,347,686	(2,485,262)	1,862,424
Balance as of December 31, 2011 (As restated - Note 62)		1,321,378	808,397	93,484	(29,237)	41	2,868,844	(9,099)	527,331	3,955,145	9,536,284	5,018,699	14,554,983
Additional capital stock from conversion of Series IV warrants	35,41	340	1,358	-	-	-	-	-	-	-	1,698	-	1,698
Purchase of shares of subsidiary by non-controlling interest		-	-	-	-	-	-	-	-	-	-	119,673	119,673
Cash dividends to non-controlling interest		-	-	-	-	-	-	-	-	-	-	(74,416)	(74,416)
Appropriation for general reserve	40	-	-	-	-	-	-	-	264,276	(264,276)	-	-	-
Cash dividends	39	-	-	-	-	-	-	-	-	(6,236)	(6,236)	-	(6,236)
Reclassification to tabarru fund		-	-	-	-	-	-	-	-	(4,301)	(4,301)	(4,301)	(8,602)
Total comprehensive income during the year		-	-	-	36,455	312	(2,347)	-	-	1,066,012	1,100,432	568,147	1,668,579
Balance as of December 31, 2012		<u>1,321,718</u>	<u>809,755</u>	<u>93,484</u>	<u>7,218</u>	<u>353</u>	<u>2,866,497</u>	<u>(9,099)</u>	<u>791,607</u>	<u>4,746,344</u>	<u>10,627,877</u>	<u>5,627,802</u>	<u>16,255,679</u>

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2012 and 2011**  
*(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)*

	<b>2012</b>	<b>As Restated - Note 62 2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Insurance underwriting income received	12,540,330	14,377,304
Interest income received	1,937,118	1,549,787
Income received from financing activities	491,398	385,312
Stock brokerage, underwriting and investment management income received	147,991	142,387
Shares administration fee received	3,386	2,303
Other income received	364,601	408,061
Insurance underwriting expenses paid	(11,141,415)	(11,828,315)
Expenses paid	(1,646,824)	(1,194,917)
Interest paid	(662,895)	(796,473)
Stock brokerage, underwriting and investment management expenses paid	(24,436)	(27,957)
Gain (loss) on foreign exchange - net	59,437	20,926
Operating cash flows before changes in operating assets	<u>2,068,691</u>	<u>3,038,418</u>
Decrease (increase) in operating assets:		
Short-term investments	(1,711,447)	(4,865,710)
Securities purchased under agreements to resell	39,627	67,514
Consumer financing receivables	(126,505)	(285,126)
Net investments in finance lease	(37,947)	34,631
Factoring receivables	(819,751)	(239,857)
Segregated funds net assets - unit link	605,093	2,506,291
Loans	(148,354)	(3,222,145)
Ijarah assets	45,014	157,344
Securities agent receivables	(124,711)	(77,936)
Other accounts receivable	(104,881)	(185,186)
Foreclosed properties	(5,322)	(14,440)
Other assets	(608,675)	(686,827)
Increase (decrease) in operating liabilities:		
Deposits and deposits from other banks	(2,063,194)	4,626,335
Securities sold under agreements to repurchase	(39,125)	7,056
Premiums received in advance	(105,234)	(71,558)
Securities agent payable	49,373	(323,249)
Taxes payable	159	10,512
Accrued expenses	7,699	13,044
Mudharabah reserve	1,335	850
Other liabilities	190,428	(122,125)
Net Cash Generated from (Used in) Operations before Income tax	<u>(2,887,727)</u>	<u>367,836</u>
Income tax paid	(93,484)	(76,238)
Net Cash Provided by (Used in) Operating Activities	<u>(2,981,211)</u>	<u>291,598</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property and equipment	7,714	4,350
Dividends received from associates	3,376	-
Acquisitions of investment property	(4,433)	-
Acquisitions of property and equipment	(765,623)	(506,377)
Acquisitions of investment in shares	-	(110,829)
Proceeds from sale of investment	-	117,918
Net Cash Used in Investing Activities	<u>(758,966)</u>	<u>(494,938)</u>

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2012 and 2011**  
*(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)*

	<b>2012</b>	<b>As Restated - Note 62 2011</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loan received	1,265,001	777,838
Payment of loan received	(1,196,223)	(358,072)
Payment of interest on loan	(103,123)	(89,928)
Proceeds from issuance of medium term notes- net	996,884	-
Payment of cash dividend to non-controlling interest	(74,417)	-
Proceeds from issuance of shares by a subsidiary	119,673	7,271,255
Payment of cash dividend	(6,236)	(6,195)
Proceeds from additional issuances of capital stock from conversion of Series IV warrants	1,698	4,371
Net Cash Provided by Financing Activities	<u>1,003,257</u>	<u>7,599,269</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,736,920)</b>	<b>7,395,929</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>10,265,207</b>	<b>2,866,006</b>
Effect of foreign exchange rate changes	35,488	3,272
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b><u>7,563,775</u></b>	<b><u>10,265,207</u></b>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash and cash equivalents consist of:		
Cash on hand	285,170	468,469
Cash in banks	528,153	194,210
Demand deposits with Bank Indonesia	1,441,593	1,344,573
Time deposits	4,755,135	6,542,100
Funds placed in securities companies	390	3,293
Demand deposits with other banks	387,852	561,609
Bank Indonesia Intervention	165,482	1,150,953
Total Cash and Cash Equivalents	<u>7,563,775</u>	<u>10,265,207</u>

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

**1. General**

**a. Establishment and General Information**

PT Sinar Mas Multiartha Tbk (the Company) which was formerly named PT Internas Arta Leasing Company or PT Internas Arta Finance Company, was established by virtue of Notarial Deed No. 60 dated October 21, 1982 of Benny Kristianto, S.H., public notary in Jakarta, which was approved by the Minister of Justice of the Republic of Indonesia in his Decision Letter No. C2-6537.HT.01.01.Th.83 dated September 30, 1983, under the name of PT Internas Arta Leasing Company. The Articles of Association of the Company were registered in the Court of Justice of West Jakarta on May 17, 1984 under registration No. 489/1984.

On May 1, 1989, the stockholders held an Extraordinary Stockholders' Meeting and agreed to change the Company's name from PT Internas Arta Leasing Company to PT Internas Arta Finance Company, and to increase the authorized and paid-up capital stock from Rp 1,000 to Rp 5,000. These decisions were documented in Notarial Deed No. 15 dated May 1, 1989 of Benny Kristianto, S.H., public notary in Jakarta, and were approved by the Minister of Justice of the Republic of Indonesia in his Decision Letter No. C2-6968.HT.01.04.Th.89 dated August 2, 1989. This Notarial Deed was registered in the Court of Justice of West Jakarta on August 16, 1989 under registration No. 1109/1989.

On February 25, 1995, the stockholders held an Extraordinary Stockholders' Meeting and agreed to change the Company's name to PT Sinar Mas Multiartha and to change the par value per share from Rp 1,000 (in Rupiah full amount) to Rp 500 (in Rupiah full amount). These decisions were documented in Notarial Deed No. 218 dated February 25, 1995 of Veronica Lily Dharma, S.H., public notary in Jakarta, and were approved by the Minister of Justice of the Republic of Indonesia in his Decision Letter No. C2-5573.HT.01.04.Th.95 dated May 5, 1995.

On February 18, 2003, in the Extraordinary Stockholders' Meeting held by the stockholders, it was agreed to increase the Company's authorized capital stock from Rp 1,125,000 to Rp 2,849,487 and approved the reverse stock split from Rp 500 (in Rupiah full amount) per share to Rp 5,000 (in Rupiah full amount) per share, and at the same time added series of shares from 1 series to 2 series, consisting of Series A shares with a par value of Rp 5,000 (in Rupiah full amount) per share and Series B shares with a par value of Rp 100 (in Rupiah full amount) per share. These decisions were documented in Notarial Deed No. 40 dated February 18, 2003 of Aulia Taufani, S.H., substitute notary of Sutjipto, S.H., notary public in Jakarta, and was approved by the Minister of Justice and Human Rights of the Republic of Indonesia in his Decision Letter No. C-04209.HT.01.04.TH.2003 dated February 27, 2003.

The Company's Articles of Association have been amended several times, most recently by Notarial Deed No. 72 dated July 9, 2008 of Sutjipto, S.H., public notary in Jakarta, based on the Extraordinary Stockholders' Meeting held on the same date, in relation to revisions in the Company's Articles of Association to be in accordance with the provisions of the Republic of Indonesia Law No. 40/2007 and Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK) regulation, including the change in the members of the Company's Board of Commissioners and Directors and approval of Limited Public Offering IV. These amendments have been approved by the Minister of Law and Human Rights of the Republic of Indonesia in his Decision Letter No. AHU-27024.AH.01.02.TH 2009 dated June 18, 2009.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

**Changes in the Main Business Activities**

The Company started its commercial operations in 1983, engaging in finance leasing, factoring and consumer financing. The Company obtained an approval to operate as a multifinance company from the Minister of Finance of the Republic of Indonesia in his Decision Letter No. 300/KMK.013/1990 dated March 3, 1990.

On May 30, 1996, the stockholders of the Company held an Extraordinary Stockholders' Meeting and agreed on significant matters including change in the main business activities of the Company from financing activities and treasury management to trading, manufacturing, transportation, real estate and services; and changing the entire Articles of Association to comply with Corporate Law No. 1 of 1995, concerning Limited Liability Companies, including changing the name of the Company to PT Sinar Mas Multiartha Tbk.

The minutes of this meeting were documented in Notarial Deed Nos. 143 and 144 dated May 30, 1996 and Deed of Amendment No. 69 dated August 23, 1996 of Sutjipto, S.H., public notary in Jakarta. These Notarial Deeds were approved by the Minister of Justice of the Republic of Indonesia in his Decision Letter No. C2-8689.HT.01.04.Th.96 dated August 30, 1996.

JBC International Finance Limited, a company established in Mauritius, is the immediate holding company of the Company. The Company is part of the Sinar Mas Group of Companies.

The Company is domiciled in Jakarta. The Company's head office is located at Plaza BII, Tower III, Jl. M.H. Thamrin No. 51, Jakarta, Indonesia.

**b. Public Offering of the Company's Shares**

On June 14, 1995, the Company received the Notice of Effectivity from the Chairman of the Capital Market Supervisory Agency (Bapepam) (currently the Capital Market and Financial Institutions Supervisory Agency or Bapepam-LK) in his Decision Letter No. S-759/PM/1995 for the offering of 60,000,000 shares with a par value of Rp 500 (in Rupiah full amount) per share to the public at an offering price of Rp 1,800 (in Rupiah full amount) per share. On July 5, 1995, the Company's shares were listed in the Indonesia Stock Exchange.

On November 8, 1996, the stockholders held an Extraordinary Stockholders' Meeting to ratify the plan of the Company on the issuance of additional 663,000,000 shares with a par value of Rp 500 (in Rupiah full amount) per share through Limited Public Offering I at an exercise price of Rp 750 (in Rupiah full amount) per share, with 99,450,000 Series I warrants attached to such shares, free of charge. The Series I warrants issued by the Company could be exercised starting May 28, 1997 to November 28, 2001. The minutes of this Extraordinary Stockholders' Meeting were documented in Notarial Deed No. 40 dated November 8, 1996 of Sutjipto, S.H., public notary in Jakarta.

The Limited Public Offering I took effect upon receipt from the Chairman of Bapepam (currently Bapepam-LK) of the Notice of Effectivity in his Decision Letter No. S-1811/PM/1996 dated November 8, 1996. The proceeds from this Limited Public Offering I amounting to Rp 497,250 were received by the Company in January 1997. This Limited Public Offering I increased the Company's paid-up capital stock from Rp 331,500 to Rp 663,000 and additional paid-in capital from Rp 1,500 to Rp 167,250.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

On June 24, 2003, the stockholders held an Extraordinary Stockholders' Meeting to ratify the plan of the Company on the issuance of pre-emptive rights to buy 2,137,115,520 Series B shares with a par value of Rp 100 (in Rupiah full amount) per share at an exercise price of Rp 100 (in Rupiah full amount) per share, with 4 Series II warrants attached to every 15 Series B shares, free of charge. The Series II warrants issued by the Company totaling to 569,897,472 warrants can be exercised into shares during the period from January 23, 2004 to July 23, 2008. The minutes of this Extraordinary Stockholders' Meeting were documented in Notarial Deed No. 153 dated June 24, 2003 of Aulia Taufani, S.H., substitute notary of Sutjipto, public notary in Jakarta.

The Limited Public Offering II took effect upon receipt from the Chairman of Bapepam (currently Bapepam-LK) of the Notice of Effectivity in his Decision Letter No. S-1485/PM/2003 dated June 23, 2003. The proceeds from this Limited Public Offering II amounting to Rp 213,711 were received by the Company in July 2003. This Limited Public Offering II increased the Company's paid-up capital stock from Rp 712,372 to Rp 926,083.

The funds from the Limited Public Offering II were used by the Company for additional investments in subsidiaries and to settle its obligations or loans received in order to increase its working capital ratio.

On June 28, 2005, the stockholders held an Extraordinary Stockholders' Meeting to ratify the plan of the Company on the issuance of pre-emptive rights to buy 991,621,601 Series B shares with a par value of Rp 100 (in Rupiah full amount) per share at an exercise price of Rp 125 (in Rupiah full amount) per share, with 991,621,601 Series III warrants attached to such shares, free of charge. The Series III warrants issued by the Company can be exercised into shares during the period from January 12, 2006 to July 13, 2010. The minutes of this Extraordinary Stockholders' Meeting were documented in Notarial Deed No. 274 dated June 28, 2005 of Aulia Taufani, S.H., substitute notary of Sutjipto, S.H., public notary in Jakarta.

The Limited Public Offering III took effect upon receipt from the Chairman of Bapepam (currently Bapepam-LK) of the Notice of Effectivity in his Decision Letter No. S-1691/PM/2005 dated June 27, 2005. The Limited Public Offering III resulted to issuance of additional 991,325,341 Series B shares with 991,325,341 Series III warrants attached. The proceeds received from this Limited Public Offering III amounted to Rp 123,916.

The proceeds received from the Limited Public Offering III were used by the Company for additional investments in subsidiaries and to increase its working capital.

On June 17, 2008, the stockholders held an Extraordinary Stockholders' Meeting to ratify the plan of the Company on the issuance of pre-emptive rights to buy 966,427,608 Series B shares with a par value of Rp 100 (in Rupiah full amount) per share at an exercise price of Rp 100 (in Rupiah full amount) per share, with 1,449,641,412 Series IV warrants attached to such shares, free of charge. The Series IV warrants issued by the Company can be converted into shares during the period from January 6, 2009 to July 9, 2013. The minutes of this Extraordinary Stockholders' Meeting were documented in Notarial Deed No. 141 dated June 17, 2008 of Sutjipto, S.H., public notary in Jakarta.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

The Limited Public Offering IV took effect upon receipt from the Chairman of Bapepam and LK of the Notice of Effectivity in his Decision Letter No. S-3859/BL/2008 dated June 16, 2008. The Limited Public Offering IV resulted to issuance of additional 964,528,953 Series B shares with 1,446,793,426 Series IV warrants attached. The proceeds received from this Limited Public Offering IV amounted to Rp 96,453.

The funds from the Limited Public Offering IV were used by the Company for additional investments in subsidiaries and to settle its obligations or loans received in order to increase its working capital ratio.

**c. Consolidated Subsidiaries**

As of December 31, 2012 and 2011, the subsidiaries which were consolidated, including the respective percentages of ownership held by the Company, are as follows:

	Domicile	Nature of Business	Year of Operation/ Establishment	Percentage of Ownership		Total Assets (Before Elimination)	
				2012	2011	2012	2011
<b>Direct acquisitions</b>							
PT Asuransi Jiwa Sinarmas MSIG (AJSM)	Jakarta	Life insurance	1984	50,00%	50,00%	24.063.179	21.612.308
PT Bank Sinarmas Tbk (BS)	Jakarta	Banking	1989	59,98%	59,98%	15.151.892	16.658.656
PT Asuransi Sinar Mas (ASM)	Jakarta	Loss insurance	1986	99,99%	99,99%	4.761.738	4.812.122
PT Sinarmas Sekuritas (SMS)	Jakarta	Securities	1992	99,99%	99,99%	1.169.586	1.049.514
PT Sinar Mas Multifinance (SMF)	Jakarta	Multifinance	1996	99,99%	99,99%	2.824.709	1.543.251
PT Shinta Utama (SU)	Jakarta	General trading	1991	99,30%	99,30%	215.934	190.513
PT AB Sinar Mas Multifinance (ABSM)	Jakarta	Multifinance	1995	99,99%	99,99%	235.652	225.281
PT Jakarta Teknologi Utama (JTJU) (formerly PT Jakarta Teknologi Utama Motor)	Jakarta	Workshop	1999	99,95%	99,93%	101.284	77.927
PT Sinar Utama Gunita (STG)	Jakarta	Shares registrar	1992	99,80%	99,80%	21.930	20.186
Sinar Mas Insurance (SMI)	Democratic Republic of Timor Leste						
	Timor Leste	Loss insurance	2011	10,00%	10,00%	4.849	4.047
PT Simas Money Changer (SMC)	Jakarta	Money changer	2003	99,90%	99,90%	3.752	3.630
Global Asian Investment Limited (GAI)	Hong Kong	Investment	2012	100,00%	-	4.643	-
PT Balai Lelang Sinarmas (BLS)*	Jakarta	Auction house	2008	99,90%	99,90%	1.435	1.338
PT Wapindo Jasaartha (WJA)*	Jakarta	Trading & services	2000	99,90%	99,90%	1.431	1.334
PT Arthamas Konsulindo (AMK)*	Jakarta	Insurance agency	2000	99,99%	99,99%	919	868
PT Arthamas Solutindo (AMS)*	Jakarta	Information services	2000	99,99%	99,99%	760	759
PT Komunindo Arga Digital (KAD)*	Jakarta	Trading & services	2000	95,00%	95,00%	80	80
PT Sinar Artha Solutindo (SAS)*	Jakarta	Trading & services	2000	99,60%	99,60%	125	89
PT Arthamas Informatika (AMI)*	Jakarta	Trading & services	2000	99,60%	99,60%	122	84
PT Sinar Artha Inforindo (SAI)*	Jakarta	Information services	2000	99,60%	99,60%	58	37
PT Artha Bina Usaha (ABU)*	Jakarta	Trading & services	2008	92,00%	92,00%	59	42
PT Sinar Artha Konsulindo (SAK)*	Jakarta	Insurance agency	2000	99,75%	99,75%	4	4
PT Sinar Artha Trading (SAT)*	Jakarta	General trading	2008	92,00%	92,00%	1	2
<b>Indirect acquisitions</b>							
PT Golden Tropical (GT) (through PT Shinta Utama)	Jakarta	Commodity trading	2011	49,65%	49,65%	6.542	6.125
PT Autopro Utama Perkasa (AUP) (through PT Jakarta Teknologi Utama Motor)	Jakarta	Workshop	2006	99,88%	99,88%	16.019	8.400
Sinar Mas Insurance (SMI) (through PT Asuransi Sinar Mas and PT Shinta Utama)	Democratic Republic of Timor Leste	Loss insurance	2011	89,92%	89,92%	4.849	4.047
PT Sinarmas Futures (SF) (through PT Sinarmas Sekuritas)	Jakarta	Commodity trading	2004	99,98%	99,98%	28.804	26.164
PT Sinarmas Asset Management (SAM) (through PT Sinarmas Sekuritas)	Jakarta	Asset management	2011	99,98%	99,98%	86.087	51.763
Nanjing Sinar Mas & ZJin Venture Capital Management (NSZ) (through Global Asian Investment Limited)	Nanjing, China	Fund management	2012	60,00%	-	6.827	-

\*) Subsidiaries have not operate yet

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

**Acquisitions and Disposals**

**Global Asian Investment Limited (GAI)**

On November 12, 2012, the Company acquired 100% ownership interest in GAI, which is domiciled in Hong Kong and operates as an investment company, for an acquisition cost of HKD 1 and loan granted amounting to HKD 3,720,479. GAI has no assets and liabilities and no goodwill arose from the investment. On the same date, GAI invested in shares of Sinar Mas & ZiJin Venture Capital Management (NSZ) with acquisition cost of USD 480,000 or representing 60% ownership interest.

**PT Asuransi Sumit Oto (ASO)**

In October 2011, the Company and ASM, a subsidiary, sold 1,000 shares and 51,000 shares of ASO, respectively, to Djohan Marzuki and PT Summit Investment Indonesia, third parties, for Rp 1,000 and Rp 51,000 or representing 1% and 51%, ownership interest in ASO, respectively.

In October 2010, the Company and ASM established ASO, with direct ownership interest of 1% and 99%, respectively.

**PT Bank Sinarmas Tbk (BS)**

BS obtained an approval from the Minister of Finance of the Republic of Indonesia to engage in general banking business in his Decision Letter No. KEP-156/KMK.013/1990 dated February 16, 1990. Pursuant to Bank Indonesia's Decree No. 27/156/KEP/DIR dated March 22, 1995, BS was authorized to operate as a Foreign Exchange Bank. BS obtained an approval from the Bank Indonesia to open a branch which was based on Syariah principles in his Decision Letter Deputy Governor of Bank Indonesia No. 11/13/KEP.DpG/2009 dated October 27, 2009.

On November 29, 2010, BS obtained the Notice of Effectivity from the Chairman of the Capital Market and Financial Institutions Supervisory Agency (Bapepam - LK) in his letter No. S-10683/BL/2010 of its initial public offering of shares and being a publicly listed company.

In September 2011, SU has sold its investment in 233,333,000 shares of BS, without losing control over BS thus, percentage of ownership of SU was diluted from 6.10% to 3.52%. Accordingly, the gain on this sale of investment amounting to Rp 38,575, was recorded as "Other equity components – share in gain on change in ownership interest in subsidiaries and associates" in the equity section of the 2011 consolidated statement of financial position (Note 37).

In 2011, the non-controlling shareholder (public) converted warrants of BS into shares, thus, the ownership of the Company and SU in BS were diluted to 56.48% and 3.52%, respectively, as of December 31, 2011. The impact of the dilution in ownership interest amounting to Rp 18,188 was recognized as "Other equity components – share in gain on change in ownership interest in subsidiaries and associates" in equity section of the 2011 consolidated statement of financial position (Note 37).

On June 15, 2012, BS obtained the Notice of Effectivity from the Chairman of the Capital Market and Financial Institutions Supervisory Agency (Bapepam – LK) in his letter No. S-7461/BL/2012 for Limited Public Offering I. In relation to Limited Public Offering I, the Company and SU exercised their preemptive rights to buy shares of BS, thus, there is no change in their respective ownership interest in BS.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

In 2012, the non-controlling shareholder (public) converted warrants of BS into shares, thus, the ownership of the Company and SU in BS were diluted to 56.47% and 3.53%, respectively as of December 31, 2012. The impact of the dilution in ownership interest amounting to Rp 2,367 was recognized as "Other equity components – share in gain on change in ownership interest in subsidiaries and associates" in equity section of the 2012 consolidated statement of financial position (Note 37).

**PT Asuransi Jiwa Sinarmas MSIG (AJSM)**

AJSM obtained an approval from the Minister of Finance of the Republic of Indonesia to engage in life insurance business based on its Decision Letter No. KEP-107/KM.13/1989 dated August 5, 1989.

In June 2011, AJSM declared and distributed dividends to the Company and SU totaling to Rp 765,271.

In May 2011, AJSM received deposits for future stock subscription from Mitsui Sumitomo Insurance Co. Ltd., Japan; to purchase AJSM's shares amounting to Rp 7,000,000 or equivalent to ownership interest of 50%. At the same time, the AJSM's shares owned by SU had been sold to Company. Effective July 1, 2011, the Company ownership interest in AJSM was diluted from 99.99% to 50%. Despite the reduction in ownership interest in AJSM to only 50%, the Company continues to control AJSM through a majority of the AJSM's directors, thus, continues to consolidate the financial statements of AJSM. Since the Company continues to control AJSM, the impact of the dilution in ownership interest amounting to Rp 2,775,240 was recognized as "Other equity components – share in gain on change in ownership interest in subsidiaries and associates" in equity section of the 2011 consolidated statement of financial position (Note 37).

In April 2012, AJSM declared and distributed dividends to the Company and Mitsui Sumitomo Insurance, Co. Ltd., Japan, amounting to Rp 148,834.

**PT Sinar Mas Insurance (SMI)**

In April 2011, the Company, ASM and SU established SMI, domiciled in the Democratic Republic of Timor-Leste, by investing Rp 447.5, Rp 3,580 and Rp 447.5, or representing 10%, 80% and 10% ownership interest in SMI, respectively.

In February 2012, the Company, ASM and SU made additional investments in shares of SMI amounting to Rp 90, Rp 170 and Rp 90, respectively. The increase in investment did not change their direct ownership interest in SMI.

**PT Autopro Utama Perkasa (AUP)**

In May 2012, JTU made additional investment in shares of AUP amounting to Rp 7,500. The increase in investment did not change its direct ownership interest in AUP.

**PT Sinarmas Asset Management (SAM)**

In April 2011, SMS and SMF established SAM, by investing Rp 49,999 and Rp 1, respectively.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

**PT Sinar Mas Multifinance (SMF)**

SMF obtained an approval from the Minister of Finance of the Republic of Indonesia to engage in finance leasing, factoring and consumer financing in his Decision Letter No. 441/KMK.017/1996 dated June 21, 1996.

In June 2011 and December 2011, the Company increased its investment in SMF amounting to Rp 100,000 and Rp 120,000, respectively. The increase in investment did not change its direct ownership interest in SMF.

In September 2012, the Company increased its investment in SMF amounting to Rp 100,000. The increase in investment did not change its direct ownership interest in SMF.

**PT Jakarta Teknologi Utama Motor (JTU)**

In June 2011, the Company increased its investment in JTUM amounting to Rp 25,000, thus, increased its direct ownership interest in JTUM from 99.90% to 99.93%.

In June 2012, the Company increased its investment in JTUM amounting to Rp 25,000, thus, increased its direct ownership interest in JTUM from 99.93% to 99.95%.

**PT Golden Tropical (GT)**

In January 2011, SU and third parties established GT, by investing Rp 1,500 each.

**PT Shinta Utama (SU)**

In October 2011, the Company paid advances for investment in shares of SU amounting to Rp 81,500.

In July 2012, the Company made advances for investment in shares of SU amounting to Rp 10,000.

**PT Sinarmas Futures (SF)**

SF obtained an approval from Commodity Measurement Trading Supervisory Agency to engage in business activity as measurement broker in its Decision Letter No. 889/BAPPEBTI/SI/3/2006 dated March 27, 2006.

In October 2004, SMS and SMF established SF which engages in commodity trading. SMS's ownership interest in SF as of December 2012 and 2011 is 99.75%.

In December 2011, SMF has sold all of its investment in shares of SF to SU amounting to Rp 12,500.

**PT Asuransi Sinar Mas (ASM)**

ASM obtained an approval from the Minister of Finance of the Republic of Indonesia through the Directorate General of Domestic Monetary Affairs to engage in loss insurance under Decree No KEP-2562/MD/1986 dated April 21, 1986. ASM obtained an approval from the Minister of Finance of the Republic of Indonesia to open a branch which was based on Sharia principles in his Decision Letter No. 253/KM.6/2004 dated June 25, 2004.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

**PT Sinarmas Sekuritas (SMS)**

SMS obtained an approval from the Capital Market Supervisory Agency or Bapepam-LK to engage in stock brokerage, stock underwriting and as an investment manager in its Decision Letters No. Kep-82/PM/1992 dated February 29, 1992, No. Kep 83/PM/1992 dated February 29, 1992 and No. Kep-02/PM/MI/2000 dated May 15, 2000, respectively.

**PT AB Sinar Mas Multifinance (ABSM)**

ABSM obtained an approval from the Minister of Finance of the Republic of Indonesia to engage in finance leasing, factoring and consumer financing in his Decision Letter No. 525/KMK.017/1995 dated November 17, 1995.

**PT Sinartama Gunita (STG)**

STG obtained an approval from Capital Market Supervisory Agency or Bapepam-LK to engage in business activities as shares registrar in its Decision Letter No. Kep-82/PM/1991 dated September 30, 1991.

**d. Employees, Directors and Commissioners**

The Company's management at December 31, 2012 based on Notarial Deed No. 18 dated June 15, 2012 of Andalia Farida, S.H., public notary in Jakarta, consists of the following :

President Commissioner	:	Indra Widjaja
Commissioner	:	Howen Widjaja
Independent Commissioners	:	Sunarto Agustinus Antonius
President Director	:	Doddy Susanto
Director	:	Kurniawan Udjaja
Non Affiliated Director	:	Agus Leman Gunawan

The Company's management at December 31, 2011 based on Notarial Deed No. 7 dated June 4, 2010 of Wahyu Nurani, S.H., public notary in Jakarta, consists of the following :

President Commissioner	:	Indra Widjaja
Commissioner	:	Howen Widjaja
Independent Commissioners	:	Sunarto Agustinus Antonius
President Director	:	Doddy Susanto
Director	:	Kurniawan Udjaja

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

As of December 31, 2012 and 2011, the Company's Audit Committee based on Notarial Deed No. 141 dated June 17, 2008 of Sutjipto, S.H., public notary in Jakarta, consists of the following:

Chairman	:	Sunarto
Members	:	Rusli Prakarsa Pande Putu Raka

The form of the Company's Audit Committee complies with Regulation No. IX.I.5 concerning the "Form and Orientation of the Audit Committee Working Implementation".

Key management personnel consist of Commissioners, Directors, Head of Division Group Head, the Coordinator of the Region and Branch Managers.

As of December 31, 2012 and 2011, the Company has a total number of employees (unaudited) of 12 and 10, respectively. As of December 31, 2012 and 2011, the Group has a total number of employees (unaudited) of 20,000 and 12,841, respectively.

The consolidated financial statements of PT Sinar Mas Multiartha Tbk and its subsidiaries for the year ended December 31, 2012 were completed and authorized for issuance by the Company's Directors on April 9, 2013 who are responsible for the preparation and presentation of the consolidated financial statements.

## **2. Summary of Significant Accounting and Financial Reporting Policies**

### **a. Basis of Consolidated Financial Statements Preparation and Measurement**

The consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards "SAK", which comprise the statements and interpretations issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants and Regulation No. VIII.G.7. regarding "Presentation and Disclosures of Public Companies' Financial Statements" included in the Appendix of the Decree of the Chairman of the Capital Market and Financial Institution Supervisory Agency (Bapepam – LK) No. KEP-347/BL/2012 dated June 25, 2012. As disclosed further in relevant succeeding notes, several amended and published accounting standards were adopted effective January 1, 2012. Such consolidated financial statements are an English translation of the Group's statutory report in Indonesia, and are not intended to present the financial position, results of operations, and cashflows in accordance with accounting principles and reporting practices generally accepted in other countries and jurisdictions.

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

The measurement basis used is the historical cost, except for certain accounts which are measured on the bases described in the related accounting policies. The consolidated financial statements, except for the consolidated statements of cash flows, are prepared under the accrual basis of accounting.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

The consolidated statement of cash flows are prepared using the modified direct method with classifications of cash flows into operating, investing, and financing activities. For the purpose of the consolidated statements of cash flows, cash and cash equivalents include cash, cash in banks, demand deposits with Bank Indonesia, and other liquid deposits, with original maturity of three (3) months or less from the acquisition date and funds placed in securities companies.

The accounting policies adopted in the preparation of the consolidated financial statements for the year ended December 31, 2012 are consistent with those adopted in the preparation of the consolidated financial statements for the year ended December 31, 2011, except for the impact of the adoption of several amended PSAK effective January 1, 2012 as disclosed in this Note.

The preparation of consolidated financial statements in conformity with Indonesian Financial Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

**b. Adoption of Revised Statements of Financial Accounting Standards Effective January 1, 2012**

On January 1, 2012, the Group adopted new and revised Statements of Financial Accounting Standards (PSAKs) and Interpretations of Financial Accounting Standards (ISAKs) that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective standards and interpretations :

1. PSAK No. 24 (Revised 2010), "Employee Benefits", clarifies that all share-based awards granted to employees should be accounted using principles of PSAK No. 53, "Shared-Based Payments". The revised standard introduces a new alternative method to recognize actuarial gains (losses), that is to recognize all actuarial gains (losses) in full through other comprehensive income. The Group has elected to continue using the corridor approach in the recognition of actuarial gains (losses). The Group has made additional disclosures in Note 49.
2. PSAK No. 60, "Financial Instruments: Disclosures", which requires more extensive disclosures of an entity's financial risk management compared to PSAK No. 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures". The requirements consist of the following :
  - (a) The significance of financial instruments for an entity's financial position and performance. These disclosures incorporate many of the requirements previously in PSAK No. 50 (Revised 2006).

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

- (b) Qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The qualitative disclosures describe management's objectives, policies and processes for managing those risks. The quantitative disclosures provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel.

The Group has incorporated disclosure requirements of PSAK No. 60 in the consolidated financial statements for the year ended December 31, 2012.

3. PSAK No. 62, "Insurance Contract", regulates the recognition and measurement of insurance contracts and requires liability adequacy testing and reinsurance assets impairment testing.

The impact of the adoption of this PSAK follows:

- a. At the end of reporting period, the Group should assess whether its recognized insurance liabilities are adequate, using current estimates of future cash flows under its insurance contract. If the assessment shows that the carrying amount of its insurance liabilities is inadequate, the entire deficiency shall be recognized in profit and loss.
- b. Presentation of reinsurance assets.

In 2012, the Group adopted this PSAK retrospectively (Note 62).

The following are the new and revised statements and interpretations which are adopted effective January 1, 2012 but which are relevant but do not have material impact to the consolidated financial statements:

**PSAK**

1. PSAK No. 10 (Revised 2010), The Effects of Changes in Foreign Exchange Rates
2. PSAK No. 13 (Revised 2011), Investment Property
3. PSAK No. 16 (Revised 2011), Property, Plant, and Equipment
4. PSAK No. 28 (Revised 2010), Accounting for Loss Insurance Contracts
5. PSAK No. 30 (Revised 2011), Leases
6. PSAK No. 36 (Revised 2010), Accounting for Life Insurance Contracts
7. PSAK No. 46 (Revised 2010), Income Taxes
8. PSAK No. 50 (Revised 2010), Financial Instruments: Presentation
9. PSAK No. 55 (Revised 2011), Financial Instruments: Recognition and Measurement
10. PSAK No. 56 (Revised 2011), Earnings per Share

**ISAK**

1. ISAK No. 15, PSAK 24 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements, and Their Interaction
2. ISAK No. 20, Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
3. ISAK No. 23, Operating Leases-Incentives
4. ISAK No. 24, Evaluating the Substance of Transactions Involving the Legal Form of a Lease
5. ISAK No. 25, Landrights

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

**c. Principles of Consolidation and Accounting for Business Combination**

**Principles of Consolidation**

Effective January 1, 2011, the Group retrospectively adopted PSAK 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 noncontrolling 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.

The consolidated financial statements include the accounts of the Company and Subsidiaries mentioned in Note 1c.

Inter-company transactions, balances and unrealized gains or loss on transactions between Group companies are eliminated.

Subsidiaries are fully consolidated from the date of acquisitions, 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 another subsidiary, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists under certain circumstances when there is:

- power over more than half of the voting rights by virtue of an agreement with other investors;
- power to govern the financial and operating policies of the entity under a statute or an agreement;
- power to appoint or remove the majority of the members of the board directors or equivalent governing body and control of the entity is by that board or body; or
- power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by the board or body.

Losses of a non-wholly owned subsidiary are attributed to the NCI even if that results in a deficit balance.

In case of loss of control over a subsidiary, the Company and/or its subsidiaries:

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

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

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

**Business Combinations**

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

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 of the acquisition date.

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

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 PSAK No. 55 either in profit or loss or as other comprehensive income. If the contingent consideration is classified as equity, it should not be measured 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, from the acquisition date, allocated to each of the Company and/or its subsidiaries' cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquired 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.

**d. Transactions Among Entities under Common Control**

Entities under common control are parties (individual, company, or other form of entities) which directly or indirectly (through one or more intermediaries) control or are controlled by or are under the same control.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

Acquisition of a subsidiary from entities under common control which is a reorganization of companies under common control (pooling of interest), is accounted for in accordance with PSAK No. 38 (Revised 2004), "Accounting for Restructuring Transactions among Entities under Common Control. Transfer of assets, liabilities, shares and other instruments of ownership among entities under common control do not result in a gain or loss to the group or to the individual company within the same group. Since a restructuring transaction among entities under common control does not result in a change of the economic substance of the ownership of assets, liabilities, shares and other instruments of ownership which are exchanged, assets or liabilities transferred are recorded at book values as business combination using the pooling of interest method.

Any difference between the transfer price and book value of each restructuring transaction between entities under common control is recorded in the account "Difference in value of restructuring transactions among entities under common control," presented as a component of equity.

The balance of "Difference in value arising from restructuring transactions among entities on control" account is taken to the consolidated statements of comprehensive income as realized gain or loss as a result of (1) loss of under common control substance, and (2) transfer of the assets, liabilities, equity or other ownership instruments to another party who is not under common control. On the other hand, when there are reciprocal transactions between entities under common control, the existing balance is set - off with the new transaction, hence creating a new balance of this account

**e. Foreign Currency Translation**

**Functional and Reporting Currencies**

Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The consolidated financial statements are presented in Rupiah which is the Company's functional and presentation currency.

**Transactions and Balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income. Non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined. Translation differences on equities and similar non-monetary items measured at fair value are recognized in profit or loss.

As of December 31, 2012 and 2011, the conversion rates used by the Group were the middle rates of Bank Indonesia of Rp 9,670 (in Rupiah full amount) and Rp 9,068 (in Rupiah full amount), respectively, per US\$ 1.

The conversion rates used by BS (a subsidiary engaged in banking) to translate monetary assets and liabilities as of December 31, 2012 and 2011, are the Reuters rate at 16:00 WIB of Rp 9,637.5 (in Rupiah full amount) and Rp 9,067.5 (in Rupiah full amount), respectively, per US\$ 1.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

**Group Companies**

The results and financial position of all the Group companies that have a functional currency different from the reporting currency are translated into the reporting currency as follows:

- a. assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- b. income and expenses for each statement of income are translated at average exchange rates; and
- c. all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to equity. When a foreign operation is sold, such exchange differences are recognized in the consolidated statement of comprehensive income as part of the gain or loss on sale.

Global Asian Investment Limited (GAI), a subsidiary, and Sinar Mas Insurance (SMI), a subsidiary of ASM, use the United States Dollar for functional currency, and Nanjing Sinar Mas & ZiJin Venture Capital Management Co Ltd (NSZ), a subsidiary of GAI, uses the China Yuan for functional currency.

Management determines that the United States Dollar and China Yuan as functional currencies and recording currencies are appropriate since the transactions and main accounts of GAI and SMI are in United States Dollar and China Yuan, respectively. For consolidation purposes, accounts in NSZ financial statements are translated in United States Dollar and then accounts in GAI and subsidiary' and SMI' financial statement are translated in Rupiah.

**f. Transactions with Related Parties**

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

1. A person or a close member of that person's family is related to the Group if that person:
  - a. has control or joint control over the Group;
  - b. has significant influence over the Group; or
  - c. is a member of the key management personnel of the reporting entity or of a parent of the Group.
2. An entity is related to the Group if any of the following conditions applies:
  - a. The entity and the Group are members of the same group.
  - b. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - c. Both entities are joint ventures of the same third party.
  - d. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - e. The entity is a post-employment defined benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
  - f. The entity is controlled or jointly controlled by a person identified in (a).
  - g. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

All transactions with related parties, whether or not done under similar terms and conditions as those done with third parties, are disclosed in the consolidated financial statements.

**g. Cash and Cash Equivalents**

Cash and cash equivalents consists of cash on hand, cash in banks, demand deposits with Bank Indonesia, time deposits with original maturities of three (3) months or less from the date of placements, funds placed in securities companies and which are not used as collateral and are not restricted.

**h. Minimum Liquidity Reserve**

On October 23, 2008, Bank Indonesia (BI) issued a regulation No. 10/25/PBI/2008 regarding the amendment of Bank Indonesia Regulation No. 10/19/2008 dated October 14, 2008, regarding Statutory Reserves at Bank Indonesia for Commercial Banks. The said regulation was amended with Bank Indonesia Regulation No.12/19/PBI/2010 dated October 4, 2010 regarding of Statutory Reserves at Bank Indonesia for Commercial Banks in Rupiah and Foreign Currency which is effective on November 1, 2010, except for Loan to Deposits (LDR) Reserve which is effective on March 1, 2011

On February 9, 2011, BI issued Regulation (PBI) No. 13/10/PBI/2011 No. 12/19/2010 regarding the amendment of Bank Indonesia Regulation Statutory Reserves at Bank Indonesia for Commercial Banks in Rupiah and Foreign Currency Based on the Bank Indonesia Regulation, the statutory reserve consists of Rupiah and Foreign Currency Reserve. Statutory Reserve in Rupiah consist of Primary Reserve, Secondary Reserve, and Loan to Deposit Ratio (LDR) Reserve.

Primary Statutory Reserve is a minimum deposit that should be maintained by the bank in current account with BI based on a certain percentage of Third Party Fund (TPF) as determined by BI.

Secondary Statutory Reserve is a minimum deposit that should be maintained by the bank in the form of Bank Indonesia Certificates (SBI), Government Debenture Debt (SUN) and/or Excess Reserve, based on certain percentage of TPF in accordance with the regulation.

LDR Reserve is a minimum deposit required to be maintained by the banks in the form of current account with BI for the percentage of TPF which is calculated based on the difference of LDR held by banks and Target LDR which must be complied with by banks.

**i. Financial Instruments**

Effective January 1, 2012, the Group has applied PSAK No. 50 (Revised 2010), "Financial Instruments: Presentation", PSAK No. 55 (Revised 2011), "Financial Instruments: Recognition and Measurement", and PSAK No. 60, "Financial Instruments: Disclosures".

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position if, and only if, they become a party to the contractual provisions of the instrument. All regular way purchases and sales of financial instruments are recognized on the transaction date.

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The fair value of the consideration given or received is determined by reference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for similar instruments with similar maturities. The initial measurement of financial instruments, except for financial instruments at fair value through profit and loss (FVPL), includes transaction costs.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

Transaction costs include only those costs that are directly attributable to the acquisition of a financial asset or issue of financial liability and they are incremental costs that would not have been incurred if the instrument had not been acquired or issued. Such transaction costs are amortized over the terms of the instruments based on the effective interest rate method.

Effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability and allocating the interest income or expense over the relevant period by using an interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the instruments or, when appropriate, a shorter period to the net carrying amount of the financial instruments. When calculating the effective interest, the Group estimates future cash flows considering all contractual terms of the financial instruments excluding future credit losses and includes all fees and points paid or received that are an integral part of the effective interest rate.

Amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

The classification of the financial instruments depends on the purpose for which the instruments were acquired and whether they are quoted in an active market. At initial recognition, the Group classifies its financial instruments in following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments, available for sale (AFS) financial assets, financial liabilities at FVPL, and other financial liabilities; and, where allowed and appropriate, re-evaluates such classification at every reporting date.

***Determination of Fair Value***

The fair value of financial instruments traded in active markets at the statements of financial position date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction is used since it provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction. For all other financial instruments not listed in an active market, except investment in unquoted equity securities, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models. In the absence of a reliable basis for determining fair value, investments in unquoted equity securities are carried at cost net of impairment.

The Group classifies the measurement of fair value by using fair value hierarchy which reflects significance of inputs used to measure the fair value. The fair value hierarchy is as follows:

1. Quoted prices in active market for identical assets or liabilities (Level 1);
2. Inputs other than quoted prices which include in Level 1, and are either directly or indirectly observable for assets or liabilities (Level 2);
3. Inputs for assets and liabilities which are not derived from observable data (Level 3).

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

The level in fair value hierarchy to determine the measurement of fair value as a whole is determined based on the lowest level of input which is significant to the measurement of fair value. Assessment of significance of an input to the measurement of fair value as a whole needs necessary judgments by considering specific factors of the assets or liabilities.

***“Day 1” Profit/Loss***

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” profit/loss) in the consolidated statement of comprehensive income unless it qualifies for recognition as some other type of asset. In cases where the data is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” profit/loss amount.

***Financial Assets***

1. Financial Assets at FVPL

Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets may be designated at initial recognition at FVPL if the following criteria are met:

1. the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the financial assets or recognizing gains or losses on them on a different basis;
2. the assets are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
3. the financial instruments contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets at FVPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recognized directly in the consolidated statement of comprehensive income. Interest earned is recorded as interest income, while dividend income is recorded as part of other income according to the terms of the contract, or when the right of payment has been established.

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, this category includes short-term investments – securities (bonds, unit of mutual fund, shares and warrants which are traded in the Indonesia Stock Exchange), segregated Funds Net Assets – Unit Link and other assets – derivative assets.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

2. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets at FVPL, HTM investments or AFS financial assets.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. The amortization is included as part of interest income in the consolidated statement of comprehensive income. The losses arising from impairment are recognized in the consolidated statement of comprehensive income.

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, this category includes cash and cash equivalents, short-term investments (time deposits, placement with other banks, and securities - export bill receivables), securities purchased under agreements to resell, consumer finance receivables, net investments in finance lease, factoring receivables, loans, securities agent receivables, other accounts receivable, and other assets (security deposits and money transfers).

3. HTM Investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Group's management has the positive intention and ability to hold to maturity. When the Group sells or reclassifies other than an insignificant amount of HTM investments before maturity, the entire category would be tainted and reclassified as AFS financial assets.

After initial measurement, these investments are subsequently measured at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included as part of interest income in the consolidated statement of comprehensive income. Gains and losses are recognized in the consolidated statement of comprehensive income when the HTM investments are derecognized and impaired, as well as through the amortization process using effective interest method.

As of December 31, 2011 and January 1, 2011/December 31, 2010, this category includes short-term investments – securities (Certificate of Bank Indonesia, Credit Linked Note, Republic of Indonesia – ROI Loans, bonds, export bill receivables), and placement with Bank Indonesia.

4. AFS Financial Assets

AFS financial assets are those which are designated as such or not classified in any of the other categories. They are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized as other comprehensive income, until the investment is sold, or determined to be impaired, at which time the cumulative gain or loss is reclassified to the profit and loss and removed from comprehensive income.

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, this category includes short-term investments – securities (bonds, Republic of Indonesia – ROI Loans, shares that are traded in Indonesia Stock Exchange, and certain investments in shares

In the absence of a reliable basis for determining the fair value, the Group's investments in shares of stock enumerated in Note 17 are carried at cost, net of any impairment.

***Financial Liabilities***

1. Financial Liabilities at FVPL

Financial liabilities are classified in this category if these result from trading activities or derivative transactions that are not accounted for as accounting hedges, or when the Group elects to designate a financial liability under this category.

Changes in fair value are recognized directly in the consolidated statement of comprehensive income.

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, this category includes segregated liabilities for unit-linked policies (January 1, 2011/December 31, 2010: include derivative liabilities).

2. Other Financial Liabilities

This category pertains to financial liabilities that are not held for trading or not designated at FVPL upon the inception of the liability.

Issued financial instruments or their components, which are not classified as financial liabilities at FVPL are classified as other financial liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

Other financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount, and any directly attributable transaction costs.

As of December 31, 2012 and 2011, this category includes deposits and deposits from other banks, securities sold under agreement to repurchase, securities agent payables, accrued expenses, medium term notes, loans received, and other liabilities.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

***Derivative Financial Instruments and Hedging Activities***

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

1. Hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges); or
2. Hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

At the inception of the transaction, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

In doing the business, the Group has derivative financial instrument transactions such as spot and forward. Derivative are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Consequently, gains and losses from changes in fair value of these derivative are recognized immediately in the consolidated statement of comprehensive income.

1. Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognized in the profit or loss within "Interest and other financial charges", together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognized in the profit or loss.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item, for which the effective interest method is used, is amortized to profit or loss over the period to maturity.

2. Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as a cash flow hedge is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the profit or loss.

Amounts accumulated in equity are recycled to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging floating rate borrowings is recognized in the profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

***Offsetting of Financial Instruments***

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

***Impairment of Financial Assets***

The Group's management assesses at each consolidated statement of financial position date whether a financial asset or group of financial assets is impaired.

1. **Assets Carried at Amortized Cost**

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a 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 that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan with the terms that the Company would not otherwise consider if the borrower has no financial difficulties, indications that a borrower or issuer will enter into bankruptcy, disappearance of an active market for a security due to financial difficulties, observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio.

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

If there is an objective evidence that an impairment has been incurred on financial assets in loans and receivables or HTM investments category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of loss is charged to the consolidated statement of comprehensive income.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

For the purposes of a collective assessment impairment, financial assets are grouped based on similar characteristics such as credit risk and credit segmentation considering delinquent status. The characteristics chosen are relevant to the estimation of future cash flows from the assets that indicates the ability of the debtor or counterparty to pay all liabilities with maturities corresponding contractual terms of the assets being assessed.

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

If, in a subsequent year, the amount of the impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

When a financial asset is uncollectible, it is written off against the related allowance for impairment loss. Such financial asset is written off after all the necessary procedures have been completed and the amount of the loss has been determined.

**Sharia Unit**

Specially for sharia business activities, BS, a subsidiary, provides an allowance for impairment losses of productive assets and estimated loss from off balance sheet transactions based on the evaluation of collectibility of each individual assets and off balance sheet transaction with credit risk in accordance with Bank Indonesia Regulation.

2. Assets Carried at Cost

If there is an objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

3. AFS Financial Assets

In case of equity investments classified as AFS, assessment of any impairment would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the profit and loss is removed from equity and recognized in the profit and loss. Impairment losses on equity investments are not reversed through the profit and loss. Increases in fair value after impairment are recognized directly in equity.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

In the case of debt instruments classified as AFS, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of interest income in the consolidated statement of comprehensive income. If, in subsequent year, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of comprehensive income, the impairment loss is reversed through the profit and loss.

***Derecognition of Financial Assets and Liabilities***

**1. Financial Assets**

Financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- a. The rights to receive cash flows from the asset have expired;
- b. The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- c. The Group has transferred its rights to receive cash flows from the asset and either (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

**2. Financial Liabilities**

A financial liability is derecognized when the obligation under the contract is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability. The recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

**j. Consumer Financing Receivables**

Consumer financing receivables is financing activity for procurement of goods based on the needs of consumer with payment by installments.

Consumer financing receivables is being categorized as loans and receivable and are stated amortization cost deduct with allowance for doubtful accounts (see Note 2i). Interest income is recognized based on the effective interest rate method.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

In relation to joint consumer financing transactions and channeling of consumer financing receivables with other parties, the Group responsibility is to collect and administer the transferred consumer financing receivables. The difference between the interest charged to the customers by the Group and the interest charged by the investors is recognized as income by the Group and directly credited to the "Consumer financing income" account in the consolidated statement of comprehensive income.

In joint financing and credit channeling transactions on a with recourse basis, the Group recognizes assets or liabilities in its books. In joint financing and credit channeling transactions on a without recourse basis, the assets are presented at net amounts in the consolidated statement of financial position.

Receivables are deemed uncollectible if the debtor's are unable to pay and, and have been delinquent for more than 90 to 120 days.

The Group repossesses the collateral – vehicle if the consumers had not made payments despite issuance of two collection letters. When the collateral - vehicle has been repossessed from the consumers, the consumer financing receivables are written off.

When the receivables are uncollectible, receivables are written-off through an allowance for impairment loss. Receivables are written-off after all the necessary procedures have been undertaken and the amount of the loss has been determined. Recoveries from receivables written off in the current period or prior periods are credited to allowance for impairment losses.

The repossessed vehicle is stated at the lower of the carrying value of consumer finance receivables or net realizable values. Any difference between the carrying amount and net realizable value is recorded as the allowance for impairment loss and normally charged to operations in the year such costs are incurred. In the settlement of receivables, the consumer authorizes the Group to sell the vehicle or perform other actions in case of breach of the financing agreement. If the selling price of the vehicle is lower than the collateral value of financing receivables, the difference is charged to the consolidated statement of comprehensive income.

**k. Lease Transaction**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

1. there is a change in contractual terms, other than a renewal or extension of the agreement;
2. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
3. there is a change in the determination of whether the fulfillment is dependent on a specified asset; or
4. there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios 1, 3 or 4 and the date of renewal or extension period for scenario 2.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

1. Accounting Treatment as a Lessee

Finance Lease

Leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest in the remaining balance of the liability. Finance charges are charged directly against consolidated statement of comprehensive income.

Capitalized leased assets are depreciated over the estimated useful life of the assets except if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, in which case the lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term.

Operating Lease

Operating lease payments are recognized as an expense in the consolidated statements of comprehensive income on a straight-line basis over the lease term.

2. Accounting Treatment as a Lessor

Finance Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of the ownership to the lessee. Amount due from lessees under finance leases are recorded at the amount of the Group's net investments in finance lease.

Net investments in finance lease consist of the total lease receivables plus the guaranteed residual value (option price) to be received at the end of the lease period, less unearned lease income, security deposits, and allowance for impairment losses.

The difference between the finance lease receivables plus the guaranteed residual value and the acquisition cost of the leased assets is recorded as unearned lease income. This is recognized as finance lease income over the lease period at a periodic rate of return on the net investments in finance lease. The Group does not recognize interest income from finance lease receivables which are overdue for more than ninety (90) days. Such interest income is recognized as income when already received.

At the inception of the lease, if the leased asset has residual value at the end of the lease period, the lessee is required to make a security deposit which will be applied as payment to the purchase option price of the leased asset at the end of the lease period if the option to purchase is exercised by the lessee. Otherwise, the security deposit will be returned to the lessee at the end of the lease period.

If the leased assets are sold to the lessee before the end of the lease period, the difference between the sales price and the net investments in finance lease is recorded as gain or loss at the time of sale.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

Operating Lease

Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. 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.

**I. Factoring Receivables**

Factoring of receivables is a financing activity in the form of the purchase of short term trade receivables of Group including administration of the receivables.

Factoring receivables are categorized as loans and receivables and are stated at amortized cost less allowance for doubtful accounts (see Note 2.g).

In transfer of factoring receivable transactions, the Group transfers its factoring receivables to equivalent amount of fund received from the investors. The Group's responsibility is to collect and administer the transferred factoring receivables. The difference between the interest charged to the customers by the Group and the interest charged by the investors is recognized as income by the Group and directly credited to the "Factoring income" account in the consolidated statements of comprehensive income.

In transfer of factoring receivable transactions on a with recourse basis, the Group recognizes assets and liabilities in its books. In transfer of factoring receivable transactions on a without recourse basis, the assets are presented at net amounts in the consolidated statements of financial position.

Factoring receivables are written off through an allowance for impairment losses when management believes that the accounts should be written off because the consumers are unable to pay or difficult to be billed.

Subsequent collection of factoring receivables written off in current year or prior year, is credited to allowance for impairment losses.

**m. Segregated Funds Net Assets and Contract Liabilities – Unit Link**

Certain long-duration contracts (unit-link policies) are linked to specific portfolios of assets. Such contracts provide benefits to policyholders, which are wholly or partly determined by reference to the value of specific investments or income thereof. Such contracts also provide life insurance cover of guaranteed death benefits.

Investments held to cover the unit-linked policies are recognized and carried at fair value in the consolidated statements of financial position; the initial transaction costs, fair value adjustments and realized gains and losses are recognized in the consolidated statements of comprehensive income.

The liabilities which arise from unit-linked policies are recorded as segregated liabilities for unit-linked policies, which are designated as fair-value-through-profit-or-loss. Fair value of the units is measured in reference with the fair value of the underlying assets supporting the policies.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

**n. Loans**

Loans represent provision of cash or cash equivalent based on agreements with borrowers, where borrowers required to repay their debts with interest after specified periods.

Loans are classified as loans and receivables (refer to Note 2i)

Loans are initially measured at fair value plus transaction costs that are directly attributable and additional costs to acquire the asset, and after initial recognition are measured at amortized cost using the effective interest method less any allowance for impairment losses.

Included in loans are Islamic financing murabaha receivables. Murabaha is a contract of sale of goods with a selling price at cost plus profit (margin) as agreed and the seller must disclose the cost of the goods to the buyer.

Loan restructuring may involve a modification of the terms of the loans, conversion of loans into equity or other financial instruments and/or a combination of both.

Restructured loans are stated at the lower of carrying value of the loan at the time of restructuring or net present value of the total future cash receipts after restructuring. Losses arising from any excess of the carrying value of the loan at the time of restructuring over the net present value of the total future cash receipts after restructuring are recognised as profit/loss. Thereafter, all cash receipts under the new terms shall be accounted for as the recovery of principal and interest revenue, in accordance with the restructuring scheme.

**o. Ijarah Assets**

Ijarah Assets are recognized at cost (refer to PSAK No. 16: Fixed Assets and PSAK No. 19: Intangible Assets).

Ijarah assets, such as motorcycle, machinery, heavy equipment and software are depreciated or amortized over the lease term or the economic lives of assets, whichever is shorter, where at the end of the year, these assets are assigned to customer.

For the Ijarah muntahiyah bitamlik contracts (lease financing), if at the time of transfer of ownership of the Asset from the owner to the ijarah tenant by grant, then the carrying amount is recognized as an ijarah asset expense.

Lease income during lease term is recognized when the benefits of assets have been handed over to the lessee.

Ijarah income is presented net of related expenses such as, depreciation, maintenance and repairs expenses. Ijarah net income is presented as part of "interest revenues and profit sharing - loans" in the consolidated statements of comprehensive income.

**p. Investments in Associates**

Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% to 50% of the voting rights. These investments include goodwill identified on acquisition, net of any impairment loss.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognized in consolidated statement of comprehensive income, and its share of post acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit/(loss) of an associate" in the profit or loss. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of its interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Adjustments are made where necessary to conform the associate's accounting policies with the policies adopted by the Group.

Profits or losses resulting from upstream and downstream transactions between the Group and its associates are recognized in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates.

Dilution gains or losses arising from investments in associates are recognized in the consolidated statement of comprehensive income.

**q. Investment Properties**

Investment properties are measured at cost, except land, including transaction costs, less accumulated depreciation and any impairment loss. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of comprehensive income in the year of retirement or disposal.

Investment properties, depreciated over its estimated useful life using the straight-line method at 5% per annum.

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

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

**r. Property and Equipment**

The Group adopted PSAK No.16 (2008), Property and Equipment. The Group elected to use the cost method for property and equipment measurement.

Property and equipment, except land, buildings and buildings improvements, are carried at cost, excluding day to day servicing, less accumulated depreciation and any impairment in value. Land is not depreciated and is stated at cost less any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties and taxes and any directly attributable costs in bringing the property and equipment to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance costs, are normally charged to operations in the year such costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of the property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Initial legal costs incurred to obtain legal rights are recognized as part of the acquisition cost of the land, and these costs are not depreciated. Costs related to renewal of land rights are recognized as intangible assets and amortized during the period of the land rights.

All property and equipment, except for land and buildings, are depreciated over their estimated useful lives using the double-declining-balance method. Buildings are depreciated over their estimated useful lives using the straight-line method. The depreciation rates are as follows:

	<u>Rate</u>
Buidings:	
• Permanent	5%
• Non-permanent	10%
Property and equipment other than buildings:	
Class I : Assets with useful lives of less than 4 years	50%
Class II : Assets with useful lives of between 4 to 8 years	25%

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

When each major inspection is performed, its cost is recognized in the carrying amount of the item of property and equipment as a replacement if the recognition criteria are satisfied. Such major inspection is capitalized and amortized over the next major inspection activity.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. When assets are sold or retired, the cost and related accumulated depreciation and amortization and any impairment loss are eliminated from the accounts. Any gains or loss arising from de-recognition of property and equipment (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the item) is included in the consolidated statement of comprehensive income in the year the item is derecognized.

The asset's residual values, if any, useful lives and depreciation method are reviewed and adjusted if appropriate, at each financial year end.

Construction in Progress

Construction in progress represents property and equipment under construction which is stated at cost and is not depreciated. The accumulated costs will be reclassified to the respective property and equipment account and will be depreciated when the construction is substantially complete and the asset is ready for its intended use.

**s. Foreclosed Properties**

Foreclosed properties are stated at the lower of carrying amount and fair value less costs to sell. The difference between between the value of the foreclosed properties and the outstanding loan principal, if any, is charged to the current year consolidated statement of comprehensive income. The difference between the carrying value of the foreclosed property and the proceeds from its sale is recognized as a gain or loss in the period the property was sold.

The costs of maintenance of foreclosed properties are charged to consolidated statement of comprehensive income when incurred.

The carrying amount of the property is written-down to recognize a permanent diminution in value of the foreclosed property, which is charged to the current year consolidated statement of comprehensive income.

Management evaluates regularly the carrying value of foreclosed property. The carrying amount of the property is written-down to recognize a permanent diminution in value of the foreclosed property, which is charged to the current year consolidated statement of comprehensive income.

**t. Prepaid Expenses**

Prepaid expenses are amortized over their beneficial or contract periods using the straight-line method.

**u. Impairment of Non-Financial Assets**

The Group assesses at each annual reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the consolidated statement 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available.

If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the assets. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, are recognized in the consolidated statement of comprehensive income under expense categories that are consistent with the functions of the impaired assets.

An assessment is made at each annual reporting period as to whether there is any indication that previously recognized impairment losses recognized for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. 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 assets 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 statement 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.

**v. Deposits and Deposits from Other Banks**

Deposits and deposits from other banks are classified as financial liabilities measured at amortized cost using the effective interest method. Incremental costs directly attributable to the acquisition of deposits and deposits from other banks deducted from the amount of deposits. Refer to Note 2i for the accounting policy for financial liabilities measured at amortized cost.

Deposits are liabilities to customers in the form of demand deposits, savings deposits and time deposits.

Demand deposits represent deposits of customers which may be used as instruments of payment, and which may be withdrawn at any time by checks, or other orders of payment or transfers.

Savings deposits represent deposits of customers which may only be withdrawn when certain agreed conditions at the account opening are met. They may not be withdrawn by checks or other equivalent instruments, except by using specific withdrawal slip which can only be validated at the depository bank and/or by using Automatic Teller Machine (ATM) card.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

Time deposits represent deposits of customers which may only be withdrawn after a certain period of time in accordance with the agreement with the customers at the time of placement, or the customers will be fined or penalized if withdrawals are made before maturity.

Deposits include syariah deposits and unrestricted investments consisting of:

- Savings Wadiah is entrusted funds in the form of savings where income fund owners get a bonus.
- Unrestricted investments in current accounts, savings and time deposits represent deposits of customers' funds that provide benefits for the owner of funds from Islamic unit revenue for the use of these funds in accordance with the ratio determined and approved previously.

Deposits from other banks are liabilities to other banks in the form of demand deposits, call money less than or 90 days and time deposits with original maturities of each agreement.

**w. Insurance Contracts**

Insurance contracts are those contracts wherein the insurers have accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the incurred event) adversely affects the policyholders.

Once a contract has been classified as an insurance contract, it remains an insurance contract over the remaining term, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished.

Reinsurance Assets

Reinsurance assets are the cedant's net contractual rights under a reinsurance contract. The amount of reinsurance asset of the liability for future policy benefits, unearned premiums and estimated claims liability are estimated in a manner consistent with the approach used in determining the liability for future policy benefits, unearned premiums and claims liability estimates, based on the terms and the terms of the insurance contract.

The Group's management assesses at each consolidated statement of financial position date whether reinsurance assets are impaired. Reinsurance asset impairment occurs if, and only if, there is an objective evidence that the cedant did not receive the entire amount in accordance with the contract requirements and the impact can be measured reliably. Impairment loss is recognized in the consolidated of statement of comprehensive income.

Liabilities for future policy benefits

Liabilities for future policy benefits represent the difference between the present value of future policy benefits and the present value of the expected future premiums.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

The liabilities for future policy benefits are estimated by the Company's registered actuary based on outstanding policies in-force, including policies with unpaid premiums within the policy grace period, in accordance with actuarial principles generally accepted in Indonesia. Policy acquisition costs are not deferred and are charged to expense as incurred. Changes in liabilities for insurance policy benefits are recognized as underwriting expenses in the consolidated statement of comprehensive income for the current year.

Unearned Premiums and Estimated Claims Liability

For ASM, unearned premiums are calculated in aggregate using a certain percentage which is at least 10% of net premiums for policies which cover a period of not more than one (1) month and at least 40% of net premiums for policies which cover a period of more than one (1) month, in accordance with the decree No. 424/KMK.06/2003 dated September 30, 2003 issued by the Minister of Finance of the Republic of Indonesia, while for AJSM, unearned premium is calculated using the daily method by individual policy.

For ASM, estimated claims liability represents amounts set aside to provide for the outstanding and incurred claims arising from insurance policies in force during the accounting period. The liability includes both reported and unreported claims and calculated in accordance with the guidelines set by the Minister of Finance of the Republic of Indonesia No. 424/KMK 06/2003 dated September 30, 2003, while for AJSM, estimated claims liability represents amounts set aside to provide for the outstanding and incurred claims arising from insurance policies in force during the accounting period. Management's judgment is required to determine the amount of estimated claims liability.

Insurance Contract Liability

Insurance contract liability consist of premium received in advance, estimated claim liabilities, unearned premium and liability for future policy benefit. On reporting date, the Group assesses insurance contract liabilities whether the recognized insurance liabilities are adequate using current estimates of future cash flow under the insurance contract. If the assessment represent insurance liability less related deferred acquisition cost is not adequate if compared to current estimates of future cash flows, the deficiency is recognized in consolidated statement of comprehensive income.

**x. Loans Received**

Loans received are stated at amortized cost.

Loans received classified as financial liability measured at amortized cost using the effective interest rate method. Transaction costs are deducted from the loans received. (Note 2i).

**y. Securities Issued**

Securities issued are securities issued in the form of Medium Term Notes (MTN).

Medium term notes are classified as financial liabilities measured at amortized cost using the effective interest method. Transaction costs that are directly attributable to the acquisition value of securities issued are deducted from the amount securities issued (Note 2i).

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

**z. Financial Guarantee Contracts**

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss incurred because a specified debtor defaulted to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given from Group to bank, financial institutions and other institutions on behalf of customers to secure loans and other banking facilities.

Financial guarantees are initially recognized in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at inception is likely to equal the premium received because all guarantees are agreed on arm's length terms and the initial fair value is amortized over the life of the financial guarantees.

Subsequently, these contracts are measured at the higher of amortized amount and the present value of any expected payment (when a payment under the guarantee has become probable) and the difference is charged to other operating expense in the consolidated statement of comprehensive income.

**aa. Stock Issuance Costs**

Stock issuance costs are deducted from the additional paid-in capital portion of the related proceeds from issuance of shares and are not amortized.

**ab. Revenue and Expense Recognition**

1. Recognition of Interest Revenues, Interest Expenses, Sharia Revenue, and Revenue Sharing Distribution

*Interest Revenue and Interest Expenses*

Interest income and interest expense for all financial instruments are recognized in the consolidated statement of income on accrual basis using the effective interest rate method.

Transaction costs that occur and are directly attributable to the acquisition or issuance of financial instruments not measured at fair value through profit and loss are amortized over the life of financial instruments using the effective interest rate method and recorded as part of interest income for financial assets directly attributable transaction costs, and as part of interest expense related to transaction costs of financial liabilities.

If a financial asset or group of similar financial assets in the category are held to maturity, loans and receivables, and available for sale are impaired, the interest income earned after the impairment loss is recognized based on the interest rate used for discounting future cash flows in calculating impairment losses.

*Revenue and Expense/Profit Sharing Sharia*

Revenue consists of income from murabahah sharia, income from muntahiyah bittamlik ijarah (lease), and from the results of financing.

Murabahah and revenue from ijarah muntahiyah bittamlik are recognized over the contract period on an accrual basis. Revenues for the results of financing are recognized when received or within the period of entitlement based on profit sharing portion agreed.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

2. Recognition of Insurance Underwriting Income and Expenses

*Underwriting Income*

Premiums received from short-term insurance contracts are recognized as income within the contract period based on the insurance coverage provided. Premiums received from long-term insurance contracts are recognized as income when these are due. Premiums received prior to the issuance of insurance policies is recorded as Policyholders' deposit.

Gross reinsurance premiums are recognized as an expense when payable or on the date on which the policy is effective.

*Claims Expenses*

Claims consist of settled claims, claims in process, claims incurred but not reported and claims settlement expense. Claims are recognized as expense at the time liabilities for claims are recognized. A portion of the claims received from reinsurance are recognized and recorded as deduction from claims expenses in the same period when the claims expenses are recognized. Subrogation rights are recognized as deduction from claims expenses at the time of realization.

Claims in process (estimated claims) are computed based on estimated loss which at consolidated statements of financial position date are still in process, including claims incurred but not reported.

*Commission Expenses*

Commission due to insurance brokers, agents and other insurance companies in connection with the insurance coverage are recorded as commission expense, whereas commissions obtained from reinsurance transactions are recorded as commission income and recognized in the consolidated statements of comprehensive income when earned.

3. Recognition of Shares Administration, Underwriting and Stock Brokerage Fees and Investment Management Income

Shares administration fees, stock brokerage fees and underwriting fees are recognized as income when the services for trading of securities in the stock exchange and underwriting activities are performed.

Investment management income is recognized based on agreed conditions as stated in the "Collective Investment Contract".

4. Recognition of Other Revenue and Expenses

*Fees and Commissions Related to Financial Instruments*

Commission income and expense fees associated with the acquisition of financial instruments categorized as held to maturity, loans and receivables, and available for sale, or related to a period of time and that the amount is significant, is recorded as part of the fair value of financial assets or financial liability and amortized over the period using the effective interest rate. Meanwhile, fees and commissions that are not significant in amounts are recognized as revenue when the revenue is received or expense at the time of payment.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

*Other Fees and Commission*

Fees and commissions that are not related to the issuance or acquisition of financial instruments and have maturity terms in which amounts are significant, are treated as deferred income or expenses and amortized using the straight-line method over the term of the relevant transaction.

Other fees and commission revenues not related to credit, such as bancaassurance services, and revenues associated with import and export bank guarantee, are recognized as revenue associated with the services provided.

*Other Income and Expense*

Income from assets for lease (operating lease) is recognized using the straight-line method over the lease period (Note 2k).

Administration income incurred in relation with lease, consumer finance, and factoring transaction are recognized when earned.

Other income (expense) are recognized when earned (incurred) and in accordance with their beneficial period (accrual basis).

**ac. Employee Benefits**

***Short-term employee benefits liability***

Short-term employee benefits are in form of wages, salaries, and social security (*Jamsostek*) contribution and bonuses. Short-term employee benefits are recognized at its undiscounted amount as a liability after deducting any amount already paid in the consolidated statement of financial position and as an expense in the consolidated statement of comprehensive income.

***Long-term employee benefits liability***

Long-term employment benefits liability represents post-employment benefits, unfunded defined-benefit plans which amounts are determined based on years of service and salaries of the employees at the time of pension. The actuarial valuation method used to determine the present value of defined-benefit liability, related current service costs, and past service costs is the Projected Unit Credit. Current service costs, interest costs, vested past service costs, and effects of curtailments and settlements (if any) are charged directly to current operations. Past service costs which are not yet vested and actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the corridor or greater 10% of the present value of the defined benefit obligation are charged or credited to profit or loss over the employees expected average remaining working lives, until the benefits become vested.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

**ad. 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 the differences between the financial statements' carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and carryforward tax benefit of unused fiscal losses, to the extent that it is probable that taxable income will be available in future periods against which the deductible temporary differences and carryforward tax benefit of fiscal losses, can be utilized.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the consolidated statement of financial position date. Deferred tax is charged or credited in the consolidated statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also charged or credited directly to equity.

Deferred tax assets and liabilities are offset in the consolidated statement of financial position, except if these are for different legal entities, in the same manner the current tax assets and liabilities are presented.

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

**ae. Earnings per Share**

Earnings per share are computed by dividing net income attributable to owners of the Company by the weighted average number of shares outstanding during the year.

Diluted earnings per share are computed by dividing net income attributable to owners of the Company by the weighted average number of shares outstanding during the year as adjusted for the effects of all potentially dilutive ordinary shares.

**af. Segment Information**

Segment information is prepared using the accounting policies adopted for preparing and presenting the consolidated financial statements.

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess the Group's performances.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

An operating segment is a component of an entity:

1. That engages in business activities which it may earn revenue and incur expenses (including revenue and expenses relating to the transaction with other components of the same entity);
2. Whose operating results are reviewed regularly by the entity's chief operating decision maker to make decision about resources to be allocated to the segments and assess its performance; and
3. For which discrete financial information is available.

Information reported to the chief operating decision maker for the purpose of resources allocation and assessment of its performance is more specifically focused on the category of each product, which is similar to the business segment information reported in the prior period.

**ag. Provisions**

Provisions are recognized when the Group has present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**ah. Events after the Reporting Date**

Post year-end events that provide additional information about the consolidated statement of financial position at the reporting date (adjusting events), if any, are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

**3. Management Use of Estimates, Judgments and Assumptions**

In the application of the Group's accounting policies, which are described in Note 2 to the consolidated financial statements, management is required to make estimates, judgments, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant.

Management believes that the following represent a summary of the significant estimates, judgments, and assumptions made that affected certain reported amounts and disclosures in the consolidated financial statements:

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

## **Judgments**

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:

### **a. Functional Currency**

In the process of applying the Group's accounting policies, management has made judgment on the determination of functional currency of the foreign subsidiaries.

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which each of them operates. It is the currency, among others, that mainly influences sales prices for goods and services, and of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services, and the currency in which funds from financing activities are generated.

### **b. Classification of Financial Assets and Financial Liabilities**

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

### **c. Financial Assets Not Quoted in Active Market**

The Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

### **d. Allowance for Impairment of Financial Instruments**

Allowance for impairment losses is maintained at a level considered adequate to provide for potentially uncollectible receivables. The Group assesses specifically at each consolidated statement of financial position date whether there is an objective evidence that a financial asset is impaired (uncollectible).

The level of allowance is based on past collection experience and other factors that may affect collectability such as the probability of insolvency or significant financial difficulties of the debtors or significant delay in payments.

If there is an objective evidence of impairment, timing and collectible amounts are estimated based on historical loss data. Allowance for impairment is provided on accounts specifically identified as impaired. Written off loans and receivables are based on management's decisions that the financial assets are uncollectible or cannot be realized in whatsoever actions have been taken. Evaluation of receivables to determine the total allowance to be provided is performed periodically during the year. Therefore, the timing and amount of allowance for impairment recorded at each period might differ based on the judgments and estimates that have been used.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

The carrying value of the Group's held to maturity investments and loans and receivables as of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010 are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
HTM Investments			
Short-term investments - securities - bonds	-	1,817,085	1,309,250
Short-term investments - securities - SBI	-	96,972	-
Short-term investments - placements with Indonesia and other banks	-	1,347,412	171,273
Short-term investments - securities - credit link note	-	45,338	63,070
Short-term investments - securities - export bill receivables	-	-	322,030
Loans and Receivables			
Cash and cash equivalents	7,010,441	8,552,645	1,988,544
Securities purchased under agreements to resell	-	39,627	107,141
Short-term investments - placements with Indonesia and other banks	387,852	561,609	706,189
Short-term investments - time deposits	635,402	17,341	33,543
Short-term investments - securities - export bill receivables	426,912	824,597	-
Net investments in finance lease	166,937	126,256	163,869
Consumer finance receivables - net	719,106	624,198	376,961
Factoring receivables - net	1,243,363	424,863	187,558
Securities agent receivables - net	369,096	245,369	165,481
Other receivables - net	891,596	763,436	542,860
Loans - net	9,543,807	9,502,368	6,788,664
Investments in shares	244,232	244,231	337,182
Other assets	21,596	21,746	22,496
Total	<u>21,660,340</u>	<u>25,255,093</u>	<u>13,286,111</u>

**e. Impairment of AFS Equity Investments**

The Group follows the guidance of PSAK No. 55 (Revised 2011) to determine when an AFS equity investment is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If all of the decline in fair value below cost were considered significant or prolonged, the Group would suffer an additional loss in consolidated financial statements, being the transfer of the accumulated fair value adjustments recognized in equity on the impaired AFS financial assets to the profit or loss.

**f. Lease Commitments**

Group as Lessee

The Group has entered into various lease agreements for commercial spaces. The Group has determined that it is an operating lease since the Group does not bear substantially all the significant risks and rewards of ownership of the related assets.

Group as Lessor

The Group has entered into various commercial lease agreements. The Group has determined that it is an operating lease since the Group bears substantially all the significant risks and rewards of ownership of the related assets.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

**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 period 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 on circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur:

**a. Fair Value of Financial Assets and Financial Liabilities**

Indonesian Financial Accounting Standards require measurement of certain financial assets and liabilities at fair values, and the disclosure requires the use of estimates. Significant component of fair value measurement is determined based on verifiable objective evidence (i.e. foreign exchange rate, interest rate), while timing and amount of changes in fair value might differ due to different valuation method used.

The fair value of financial assets and liabilities are set out in Note 55.

**b. Estimated Useful Lives of Investment Properties and Property, Plant and Equipment**

The useful lives of each of the item of the Group's investment properties and property, plant and equipment are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of similar business, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of investment properties and property, plant and equipment would increase the recorded depreciation and decrease the carrying values of these assets.

There is no change in the estimated useful lives of investment properties and property, plant and equipment during the year. The carrying value of these assets are further explained in Notes 18 and 19.

**c. Assessment of Insurance Contract Liability (Life Insurance and Loss Insurance)**

Liability for future policy benefits

Liability for future policy benefits represents the present value of estimated future policy benefits to be paid to policyholders or their heirs less present value of estimated future premiums to be received from the policyholders, recognized in correlation with the recognition of premium income. Liability for future policy benefits is stated in the consolidated statement of financial position in accordance with the actuarial calculation. Increase or decrease in liability for future policy benefits is recognized in the current year consolidated statement of comprehensive income.

The liability for life insurance contracts is calculated either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. Valuation of liabilities to policyholders reflects management's best current estimate of future cash flows.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

The main assumptions used related to mortality, morbidity, expenses, lapse and surrender rates and discount rates. The Group bases mortality and morbidity on standard Indonesian industry mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Group's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences.

Estimates are also made as to future investment income arising from the asset-backed life insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

Assumptions on future expense are based on current expense levels, adjusted for expected expense inflation if appropriate.

Discount rate is based on current industry risk rates, adjusted for the Group's own risk exposure.

Estimated Claim Liabilities

Estimated claims liability represents amounts set aside to provide for the outstanding and incurred claims arising from insurance policies in force during the accounting period. Management's judgment is required to determine the amount of estimated claims liability based on guidelines from Minister of Finance of Republic of Indonesia.

The carrying value of liability for future policy benefit and estimated claim liability are disclosed in Notes 26 and 27.

**d. Long-term Employee Benefits**

The determination of the obligation and long-term employee benefits is dependent on the selection of certain assumptions used by actuary in calculating such amounts. Those assumptions are described in Note 49 and include, among others, discount rate and rate of salary increase. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the amount of long-term employee benefits liability.

The carrying value of long-term employee benefits is disclosed in Note 49.

**e. Deferred Tax Assets**

Deferred tax assets are recognized for all temporary differences between the financial statements' carrying amounts of existing assets and liabilities and their respective taxes bases to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilized. Significant management estimates are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The carrying value of deferred tax assets is disclosed in Note 51.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

**f. Impairment of Non-Financial Assets**

Impairment review is performed when certain impairment indicators are present. Determining the fair value of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. Any significant changes in the assumptions used in determining the fair value may materially affect the assessment of recoverable values and any resulting impairment loss could have a material impact on results of operations.

The carrying value of these assets in form of investment in shares at acquisition cost, investment properties, property and equipment and foreclosed properties are as disclosed in Notes 17, 18, 19 and 20.

**4. Cash and Cash Equivalents**

This account consists of:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Cash on Hand			
Rupiah	267,353	414,169	211,139
Foreign currencies (Note 54)	17,817	54,300	59,484
Total - cash on hand	<u>285,170</u>	<u>468,469</u>	<u>270,623</u>
Cash in Banks			
Related party (Note 53)			
Foreign currency (Note 54)			
Bank International Ningbo, China	-	22,742	277
Third parties			
Rupiah			
PT Bank Central Asia Tbk	48,860	32,091	15,922
PT Bank Internasional Indonesia Tbk	18,600	7,665	7,752
PT International Indonesia Tbk - Sharia Division	11,712	9,414	690
PT Bank CIMB Niaga Tbk	9,013	1,337	1,578
PT Bank Negara Indonesia (Persero) Tbk	7,050	2,003	707
PT Bank CIMB Niaga Tbk - Sharia Division	3,876	4,087	3,256
PT Bank Mandiri (Persero) Tbk	2,442	3,142	2,352
PT Bank OCBC NISP Tbk	1,724	1,504	219
Standard Chartered Bank, Indonesia	1,686	185	59
PT Bank Artha Graha International Tbk	1,672	386	11
PT Bank Syariah Mandiri	912	3,225	592
PT Bank Permata Tbk - Sharia Division	356	1,438	34
PT Bank Danamon Indonesia Tbk	170	246	10,120
Others (below Rp 1,000 each)	6,617	8,416	9,936
Total	<u>114,690</u>	<u>75,139</u>	<u>53,228</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Cash in Banks			
Third parties			
Foreign currencies (Note 54)			
Bank of China, Jakarta	259,446	-	-
PT Bank Central Asia Tbk	47,155	14,731	33,471
Sumitomo Mitsui Banking Corporation, Japan	20,715	3,346	198
United Overseas Bank, Singapore	17,547	12,947	4,730
Deutsche Bank AG, Germany	11,175	3,193	-
Bank of China, Australia	9,163	37	-
PT Bank Mandiri (Persero) Tbk	7,976	19,338	21,662
Deutsche Bank Trust Company Americas, United States	5,633	4,608	-
Bank of China, China	8,515	4,103	-
Bank International Ningbo, China	6,990	-	-
United Overseas Bank, United States	3,821	-	-
DBS Bank, Hong Kong	2,245	1,250	532
Standard Chartered Bank, United States	1,927	1,723	1,705
Wells Fargo Bank, N.A, United States	1,765	1,433	1,402
PT Bank Internasional Indonesia Tbk	1,696	2,653	4,833
Barclays Bank PLC, England	1,569	-	-
Wells Fargo Bank, N.A, England	1,515	15,522	2,464
PT Bank CIMB Niaga Tbk	870	575	1,756
OCBC, Singapore	490	7,035	3,153
UBS AG, Switzerland	46	9	1,817
Others (below Rp 1,000 each)	3,204	3,826	2,266
Total	<u>413,463</u>	<u>96,329</u>	<u>79,989</u>
Total - cash in banks	<u>528,153</u>	<u>194,210</u>	<u>133,494</u>
Demand deposits with Bank Indonesia			
Rupiah	1,107,794	1,060,348	674,610
Foreign currency (Note 54)	333,799	284,225	393,309
Total - demand deposits with Bank Indonesia	<u>1,441,593</u>	<u>1,344,573</u>	<u>1,067,919</u>
Time Deposits			
Third parties			
Rupiah			
PT Bank Danamon Indonesia Tbk	1,025,000	25,000	7,800
PT Bank Internasional Indonesia Tbk	995,698	340,950	197,174
PT Bank Mutiara Tbk	735,200	541,500	132,441
PT Bank Bukopin Tbk	462,250	965,200	50,200
PT BPD Jawa Barat dan Banten Tbk	497,600	501,500	1,000
PT Bank CIMB Niaga Tbk	170,550	505,550	25,250
PT Bank Permata Tbk	155,500	505,500	500
PT BPR Palu Lokadana Utama	100,000	80,000	-
PT Bank Sumitomo Mitsui Indonesia	100,000	-	-
PT Bank OCBC NISP Tbk	87,000	2,000	2,000
PT Bank Mega Tbk	75,000	35,000	-
PT Bank Rakyat Indonesia (Persero) Tbk	55,040	1,205,540	2,600
PT BPR Ambon	40,000	-	-
PT Bank Permata Tbk - Sharia Division	31,750	11,500	1,500
PT Bank Mandiri (Persero) Tbk	17,548	4,204	4,204
PT Bank CIMB Niaga Tbk - Sharia Division	14,650	8,200	2,400
PT Bank Syariah Mandiri	14,510	12,410	11,350
PT Bank Central Asia Tbk	14,170	24,150	2,792
PT Bank ICBC Indonesia	11,000	200,000	-
PT Bank Tabungan Pensiun Nasional	10,000	300,000	-

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Time Deposits			
Third parties			
Rupiah			
PT Bank Muamalat Indonesia Tbk	7,900	3,450	3,850
PT BNI Syariah	7,450	5,050	1,600
PT BRI Syariah	6,900	5,550	2,800
PT Bank Internasional Indonesia Tbk - Sharia Division	6,800	6,800	1,700
PT Bank Negara Indonesia (Persero) Tbk	6,750	531,500	6,000
PT Bank Windu Kentjana International Tbk	6,300	1,300	-
PT Bank ICB Bumiputera Indonesia Tbk	6,000	10,000	10,000
PT BCA Syariah	5,100	4,500	2,000
PT Bank Victoria Syariah	5,000	750	-
PT Bank Tabungan Negara - Sharia Division	4,250	2,850	1,650
PT Bank DKI - Sharia Division	3,500	1,700	550
PT Bank Mega Syariah Indonesia	2,850	1,750	250
PT Bank Danamon Indonesia Tbk - Sharia Division	1,800	1,800	800
PT Bank OCBC NISP - Sharia Division	1,300	800	500
PT Bank Nusantara Parahyangan Tbk	1,100	1,000	1,000
PT Bank Mayora	1,000	1,000	-
PT Bank Yudha Bakti	1,000	-	-
PT Bank Victoria International Tbk	100	500	20,300
PT Bank Artha Graha Internasional Tbk	25	55,795	10,000
PT BPR Modern Express	-	40,000	-
PT Bank Pan Indonesia Tbk	-	500,000	-
PT Bank Bukopin Tbk - Sharia Division	-	5,300	3,800
Others (below Rp 1,000 each)	2,924	1,824	616
Total	<u>4,690,515</u>	<u>6,451,423</u>	<u>508,627</u>
Foreign currencies (Note 54)			
PT Bank Internasional Indonesia Tbk	47,546	20,969	5,210
PT Bank Central Asia Tbk	9,374	91	108
PT Bank Mandiri (Persero) Tbk	5,977	5,125	1,665
PT Bank Syariah Mandiri	1,723	1,016	462
PT Bank Danamon Indonesia Tbk	-	63,476	-
Total	<u>64,620</u>	<u>90,677</u>	<u>7,445</u>
Total - time deposits	<u>4,755,135</u>	<u>6,542,100</u>	<u>516,072</u>
Funds Placed in Securities Companies			
Foreign currencies (Note 54)			
Solomon Smith Barney, Singapore	191	3,063	-
Credit Industriel ET Commercial, Singapore	191	-	-
Credit Suisse First Boston, Singapore	4	4	4
UBS AG, Singapore	3	226	431
Barclays Bank PLC, Singapore	1	-	-
Citigroup Consulting Group Account	-	-	1
Total - funds placed in securities companies	<u>390</u>	<u>3,293</u>	<u>436</u>
Total	<u>7,010,441</u>	<u>8,552,645</u>	<u>1,988,544</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

According to the regulation of Bank Indonesia, each bank in Indonesia is required to maintain a minimum liquidity reserve of a certain percentage of third party funds both in Rupiah and foreign currency. As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010 the balance of primary minimum liquidity reserves of BS, a subsidiary, in Rupiah, amounted to Rp 1,105,935, Rp 922,150 and Rp 672,744, respectively, while the minimum liquidity reserves in foreign currency amounted to Rp 333,708, Rp 282,698 and Rp 30,694, respectively. As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, secondary minimum liquidity reserves of BS, in Rupiah, amounted to Rp 284,274, Rp 278,620 and Rp 207,559, respectively. The minimum liquidity reserves as of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010 were determined in accordance with Bank Indonesia Regulation.

The interest rates per annum on cash in banks and time deposits are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Time deposits			
Rupiah	3.00% -11.00%	5.00% -12.00%	4.48% - 10.00%
Foreign currency	0.15% - 2.50%	0.16% - 3.00%	0.15% - 1.50%

The changes in allowance for impairment losses on cash and cash equivalents are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Balance at the beginning of the year	-	-	886
Adjustment resulting from adoption of PSAK No. 55 (Note 63)	-	-	(886)
Balance at the end of the year	-	-	-

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, no allowance for impairment losses was provided on cash and cash equivalents as management believes that cash and cash equivalents are collectible.

## 5. Short-term Investments

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Time deposits	635,402	17,341	33,543
Placements with Bank Indonesia and other banks - net	553,334	1,909,021	877,462
Securities - net	17,033,292	13,887,173	7,195,458
Net	<u>18,222,028</u>	<u>15,813,535</u>	<u>8,106,463</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

**a. Time deposits**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Third parties			
Rupiah			
Banks			
PT Bank Bukopin Tbk	300,000	-	-
PT Bank Mutiara Tbk	300,000	-	-
PT Bank Permata Tbk	22,000	-	-
PT Bank Internasional Indonesia Tbk - Sharia Division	5,000	-	-
PT Bank Mandiri (Persero) Tbk	4,187	-	-
PT Bank Internasional Indonesia Tbk	-	7,968	27,492
PT ICB Bumiputera Tbk	-	5,000	-
PT Bank BNI Syariah	-	-	1,200
Others (below Rp 1,000 each)	-	350	1,050
Total	<u>631,187</u>	<u>13,318</u>	<u>29,742</u>
PT Kliring Berjangka Indonesia	3,244	3,096	2,925
PT Kliring Penjaminan Efek Indonesia	<u>971</u>	<u>927</u>	<u>876</u>
Total	<u><u>635,402</u></u>	<u><u>17,341</u></u>	<u><u>33,543</u></u>

Time deposits are categorized as loan and receivables.

The interest rates per annum on time deposits in Rupiah are 6.22% to 8.75% in 2012, 6.75% to 8.75% in 2011 and 5.09% – 8.5% in 2010.

Short-term Investments in the form of time deposits included time deposits with maturities of more than three (3) months and guarantee deposits, in compliance with the regulation of the Minister of Finance of the Republic of Indonesia under the name of the Minister of Finance on behalf of the subsidiary and time deposits of SMS and SF, subsidiaries, placed with PT Kliring Penjaminan Efek Indonesia and PT Kliring Berjangka Indonesia, respectively.

**b. Placements with Bank Indonesia and other banks**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Bank Indonesia	165,482	1,347,412	171,273
Other banks	<u>387,852</u>	<u>561,609</u>	<u>706,189</u>
Total	<u>553,334</u>	<u>1,909,021</u>	<u>877,462</u>
Allowance for impairment losses	<u>-</u>	<u>-</u>	<u>-</u>
Net	<u><u>553,334</u></u>	<u><u>1,909,021</u></u>	<u><u>877,462</u></u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

Placements with other banks as of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, represent placements by BS, a subsidiary, with details as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Rupiah			
Time deposits	90,000	50,000	90,000
Call money	-	470,000	-
Total	<u>90,000</u>	<u>520,000</u>	<u>90,000</u>
Foreign currencies (Note 54)			
Call money	249,665	-	566,039
Time deposits	48,187	40,850	36,040
Deposits on Call	-	759	14,110
Total	<u>297,852</u>	<u>41,609</u>	<u>616,189</u>
Total	<u>387,852</u>	<u>561,609</u>	<u>706,189</u>

The interest rates per annum on placements with other banks are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Rupiah	5.25%	4.64% - 5.75%	6.00%
Foreign currency	0.12% - 1.50%	0.05% - 4.64%	0.85% - 0.90%

Short-term investment in the form of placements with other banks are classified as loan and receivable, while placements with Bank Indonesia are classified as available for sale as of December 31, 2012 and as held to maturity as of December 31, 2011 and January 1, 2011/December 31, 2010.

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, the details of Rupiah call money and time deposits are as follows:

Name of Bank	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
PT Bank Muamalat Indonesia	90,000	50,000	-
PT Bank Victoria International Tbk	-	110,000	-
PT Bank Pan Indonesia Tbk	-	90,000	-
PT Bank DBS Indonesia	-	70,000	-
PT Bank Ekonomi Raharja Tbk	-	55,000	-
PT Bank Bukopin	-	45,000	-
PT BPD Jawa Barat dan Banten	-	45,000	-
PT BPD Riau Kepri	-	40,000	-
PT Bank Index Selindo	-	15,000	-
PT Bank BRI Syariah	-	-	50,000
PT Bank Jabar Banten Syariah	-	-	25,000
PT Bank Victoria Syariah	-	-	15,000
Total	<u>90,000</u>	<u>520,000</u>	<u>90,000</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, details of call money, time deposits and deposits on call in foreign currencies are as follows:

Name of Bank	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Well Fargo Bank, National Association, New York, USA	208,170	37,630	138,754
PT Bank Capital Indonesia Tbk	48,187	-	-
Standard Chartered Bank, New York, USA	41,495	3,220	337,185
UBS AG, Singapore	-	759	14,110
PT Lembaga Pembiayaan Ekspor Indonesia	-	-	90,100
PT Bank Internasional Indonesia Tbk - Sharia Division	-	-	36,040
	297,852	41,609	616,189

The changes in allowance for impairment losses on placements with Bank Indonesia and other banks are as follows:

Name of Banks	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Balance at the beginning of the year	-	-	2,760
Adjustment resulting from adoption of PSAK No. 55 (Note 63)	-	-	(2,760)
	-	-	-
Balance at the end of the year	-	-	-

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, no allowance for impairment losses was provided on placement with other banks as management believes that all placements with Bank Indonesia and other banks are collectible.

**c. Securities**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
At fair value through profit and loss			
Related parties (Note 53)			
Rupiah			
Shares			
PT Golden Energy Mines Tbk	160,631	168,950	-
PT Dian Swastatika Sentosa Tbk	2,700	2,273	3,610
PT Pabrik Kertas Tjiwi Kimia Tbk	1,684	1,807	2,551
PT Bumi Serpong Damai Tbk	1,110	-	-
PT Indah Kiat Pulp & Paper Tbk	1,088	1,968	2,624
Others (below Rp 1,000 each)	5	5	147
Total	167,218	175,003	8,932
Warrant			
PT Sinar Mas Multiartaha Tbk	2,049	2,821	1,008
PT Bank Sinarmas Tbk	12	21	30
Total	2,061	2,842	1,038

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
At fair value through profit and loss			
Related parties (Note 53)			
Rupiah			
Units of mutual fund			
Fixed income			
Danamas Stabil	325,664	458,470	9,078
Simas Danamas Mantap Plus	32,617	26,174	24,183
Simas Danamas Instrumen Negara	-	-	28,893
Money market			
Danamas Rupiah Plus	415	397	377
Riau Liquid Fund	-	-	27,600
Danamas Rupiah	-	-	23,847
Mixed			
Danamas Fleksi	47,279	16,032	13,961
Simas Satu	2,044	-	65,584
Equity			
Simas Danamas Saham	1,353	3,287	59,429
Others			
Indonesia Growth Inc	16,582	-	-
Sinar Prima Reksa	-	3,051	20,389
Sinar Dana Tumbuh	-	-	251,169
Total - Rupiah	<u>425,954</u>	<u>507,411</u>	<u>524,510</u>
Total - Related parties	<u>595,233</u>	<u>685,256</u>	<u>534,480</u>
Third parties			
Rupiah			
Shares			
PT Bank Danamon Indonesia Tbk	602,282	45,781	-
PT Indomobil Sukses International Tbk	271,408	254,496	-
PT Tiphone Mobile Indonesia Tbk	120,682	-	-
PT Borneo Lumbung Energi & Metal Tbk	105,327	153,878	-
PT Atlas Resources Tbk	100,392	100,928	-
PT Bank Tabungan Negara (Persero) Tbk	88,963	-	-
PT Multistrada Arah Sarana Tbk	88,425	950	5,329
PT Astra International Tbk	80,859	2,474	569
PT Bank Pembangunan Daerah Jawa Timur Tbk	78,989	-	-
PT United Traktor Tbk	71,619	2,793	595
PT Bank Rakyat Indonesia (Persero) Tbk	59,075	16,875	788
PT Energi Mega Persada Tbk	58,337	9,604	6,381
PT Bank Negara Indonesia (Persero) Tbk	57,074	91,901	374,699
PT Jasa Marga (Persero) Tbk	38,027	2,426	52,899
PT Bumi Resources Tbk	37,158	265,604	340,827
PT Perusahaan Gas Negara (Persero) Tbk	34,500	55,543	38,498
PT Bakrie & Brothers Tbk	27,638	28,191	23,417
PT Salim Ivomas Pratama Tbk	27,225	104,177	-
PT Agung Podomoro Land Tbk	26,640	11,200	-
PT Aneka Tambang (Persero) Tbk	20,972	18,469	3,431
PT Telekomunikasi Indonesia Tbk	18,100	19,828	22,061
PT Gajah Tunggal Tbk	15,905	15,000	14,950
PT Adaro Energy Tbk	14,137	14,853	10,529
PT Indo Tambang Raya Megah Tbk	12,229	28,736	-
PT Indocement Tunggul Prakarsa Tbk	11,225	8,525	-

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
At fair value through profit and loss			
Third parties			
Rupiah			
Shares			
PT Bakrieland Development Tbk	9,609	215,212	8,635
PT Timah (Persero) Tbk	6,545	7,098	11,687
PT Dayaindo Resources International Tbk	5,857	6,107	22,795
PT Berau Coal Energy Tbk	5,850	6,962	3,980
PT Eksploitasi Energi Indonesia Tbk	4,455	-	1,040
PT Tambang Batubara Bukit Asam Tbk	3,413	35,924	9,180
PT Semen Gresik Tbk	2,536	-	-
PT Bakrie Sumatra Plantation Tbk	2,449	7,503	4,846
PT Vale Indonesia Tbk	2,350	-	-
PT Krakatau Steel Tbk	1,664	2,184	3,120
PT Tunas Baru Lampung Tbk	1,654	1,992	1,384
PT Unilever Tbk	1,626	-	-
PT Delta Dunia Makmur Tbk	1,597	6,995	19,643
PT Indosat Tbk	1,431	1,254	1,198
PT Bank Bukopin Tbk	1,154	1,079	-
PT Bakrie Telecom Tbk	-	89,570	20,040
PT Bank Mandiri (Persero) Tbk	-	18,984	1,138
PT Harum Energy Tbk	-	14,385	-
PT Lippo Karawaci Tbk	-	6,270	-
PT International Nickel Indonesia Tbk	-	5,113	6,947
PT Indofood Sukses Makmur Tbk	-	2,300	244
PT Central Korporindo Int'l Tbk	-	1,568	-
PT Wijaya Karya (Persero) Tbk	-	1,525	1,700
PT XL Axiata Tbk	-	1,290	-
PT Darma Henwa Tbk	-	1,117	1,017
PT Budi Acid Jaya Tbk	-	894	1,462
PT Bukit Uluwatu Villa Tbk	-	-	3,250
PT Wintermar Offshore Marine Tbk	-	-	1,920
Others (below Rp 1,000 each)	4,555	1,929	2,780
Total - Shares	<u>2,123,933</u>	<u>1,689,487</u>	<u>1,022,979</u>
Warrant			
PT Tiphone Mobile Indonesia Tbk	52,584	-	-
PT Bakrie Sumatra Plantations Tbk	1	66	67
PT Budi Acid Jaya Tbk	-	94	93
Total - Warrant	<u>52,585</u>	<u>160</u>	<u>160</u>
Bonds			
Government Bond FR0043	-	18,600	11,440
Sukuk Ijarah Matahari Putra Prima II Year 2009 Series B	-	9,462	-
Government Bond FR0027	-	7,945	7,717
Mitra Adiperkasa Ijarah I Year 2009 Series B	-	5,533	-
Sukuk Ijarah I Sumarecon	-	3,190	3,139
Government Bond IFR001	-	1,193	1,166
Sukuk Ijarah PLN III Year 2009 Series A	-	551	-
Bank Pan Indonesia	-	-	30,120
Total - Bonds	<u>-</u>	<u>46,474</u>	<u>53,582</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
At fair value through profit and loss			
Third parties			
Rupiah			
Units of mutual fund			
Fixed income			
Si Dana Batavia Terbatas Optimal	312,985	279,848	361,224
Star High Yield Fund	132,346	366,724	45,002
Batavia Dana Obligasi Ultima	15,009	-	-
I-HAJJ Syariah Fund	10,887	10,089	7,390
Si Dana Obligasi Ultima	2,337	2,171	-
PNM Amanah Syariah Fixed Income	-	4,853	7,086
Star Cemerlang Tetap	-	-	12,141
Mixed			
Star Balanced	11,368	12,249	13,038
Batavia Dana Dinamis	139	129	127
Schroder Syariah Balance Fund	-	24,628	17,100
Nusadana Kombinasi Maxima	-	1,518	1,604
Equity			
Pratama Saham	9,706	9,426	-
Si Danasaham	4,887	4,539	4,649
Dana Pratama Ekuitas	2,991	2,998	3,336
Danareksa Mawar	1,362	1,299	1,236
Fortis Pesona Amanah	-	12,610	8,837
Syailendra Equity Opportunity Fund	-	-	12,881
Protected			
Batavia Proteksi Optimal 16	1,007,667	-	-
RD Terproteksi Kharisma Terproteksi	510,374	-	-
Millenium Dana Proteksi	110,675	-	-
Batavia Proteksi Optimal 15	104,818	-	-
Star Capital Protected Fund II	103,271	-	-
Private equity fund			
Kharisma Flexi Terbatas 3	2,110,556	1,926,779	6,934
Syailendra Multi Strategy Fund I	1,353,633	1,133,724	74,964
HPAM Maestro Flexi I	1,001,068	1,225,166	326,566
Corfina Bima Berimbang PT	867,334	777,575	236,834
Si Dana Batavia VI	540,724	628,649	221,289
HPAM Maestro Flexi II	458,858	403,895	312,734
RD RDPT Sucorinvest PT1	306,420	275,557	144,708
Syailendra Multi Strategy Fund II	202,470	185,795	80,051
Investa Flexi IV Penyertaan Terbatas	190,178	173,025	162,242
Total - Units of mutual fund	<u>9,372,063</u>	<u>7,463,246</u>	<u>2,061,973</u>
Total - Rupiah	<u>11,548,581</u>	<u>9,199,367</u>	<u>3,138,694</u>
Foreign currencies (Note 54)			
Shares			
Minnesota Mining and Manufacturing Company	-	4,447	-
Bonds			
Perusahaan Listrik Negara Series 21	54,271	-	-
Istana High Grade 2	-	-	18,815
Total	<u>54,271</u>	<u>-</u>	<u>18,815</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
At fair value through profit and loss			
Third parties			
Foreign currencies (Note 54)			
Units of mutual fund			
Others			
HPAM Maestro Dollar I	12,803	57,107	64,737
Adenium Lestari Dolar Fund	6,746	24,900	4,706
HPAM Maestro Flexi Dollar II	5,164	3,703	54,551
Corfina Bima Berimbang Dollar	-	499,028	457,960
Total	<u>24,713</u>	<u>584,738</u>	<u>581,954</u>
Total - Foreign currencies	<u>78,984</u>	<u>589,185</u>	<u>600,769</u>
Total - Third parties	<u>11,627,565</u>	<u>9,788,552</u>	<u>3,739,463</u>
Total - At fair value through profit and loss	<u>12,222,798</u>	<u>10,473,808</u>	<u>4,273,943</u>
Available for sale			
Related party (Note 53)			
Rupiah			
Bonds			
Continuous Bonds Bumi Serpong Damai I 2012 Series C	<u>85,252</u>	<u>-</u>	<u>-</u>
Third parties			
Rupiah			
Shares			
PT Bank Danamon Indonesia Tbk	198,990	-	-
PT Benakat Petroleum Energy Tbk	64,313	-	-
PT Adaro Energi Tbk	61,661	19,052	-
PT United Tractor Tbk	46,472	4,084	-
PT Bumi Resources Tbk	45,772	114,780	924,080
PT Bank Tabungan Negara (Persero) Tbk	41,570	-	-
PT Tambang Batubara Bukit Asam Tbk	28,592	24,602	-
PP London Sumatra Indonesia Tbk	27,509	-	-
PT Atlas Resources Tbk	25,066	25,232	-
PT Indo Tambang Raya Megah Tbk	15,872	17,914	-
PT Krakatau Steel Tbk	15,756	8,668	-
PT Bank Pembangunan Daerah Jawa Timur Tbk	12,164	-	-
PT Indomobil Sukses International Tbk	7,307	-	-
PT Salim Ivomas Pratama Tbk	4,417	52,568	-
PT Bank Mandiri (Persero) Tbk	-	139,786	5,011
PT Bank Negara Indonesia (Persero) Tbk	-	72,145	199,448
PT Bank Rakyat Indonesia (Persero) Tbk	-	36,133	8,663
PT Indofood CBP Sukses Makmur Tbk	-	10,150	-
PT Indofood Sukses Makmur Tbk	-	6,734	7,597
PT Indocement Tunggul Prakarsa Tbk	-	-	10,846
PT Semen Gresik Tbk	-	-	12,157
PT Holcim Indonesia Tbk	-	-	4,205
PT Borneo Lumbung Energi & Metal Tbk	-	-	2,111
PT Jasa Marga (Persero) Tbk	-	-	7,126
PT Astra Internasional Tbk	-	-	4,146
PT Telekomunikasi Indonesia Tbk	-	-	3,478
PT Agung Podomoro Land Tbk	-	-	1,799
Others (below Rp 1,000 each)	-	-	5
Total - Shares	<u>595,461</u>	<u>531,848</u>	<u>1,190,672</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Available for sale			
Third parties			
Rupiah			
Bonds			
Continous Subordinated Bonds Bank			
Permata II 2012	303,530	-	-
Sukuk Subordinated Mudharabah Bank Muamalat I 2012	297,336	-	-
Modernland Reality II 2012 Series B	200,020	-	-
MTN BFI Finance I 2012 Series B	200,000	-	-
MTN Clipan Finance I 2012	200,000	-	-
MTN Verena Multi Finance I 2011	200,000	-	-
Sukuk Subordinated Notes B Syariah Mandiri 2011	190,000	-	-
Continous Bonds I Antam I 2011 Series B	142,504	-	-
Continous Subordinated Bonds Bank			
Permata I 2012	134,750	-	-
Continous Bonds I Mitra Adiperkasa I 2012 Series B	105,778	-	-
MTN III PTPN II 2012	100,000	-	-
Government Bonds FR0028	96,800	-	-
Indosat VIII 2012 Series B	82,518	-	-
Government Bonds FR0026	77,735	-	-
Government Bonds FR0038	66,250	-	-
Government Bonds FR0027	44,460	-	-
Government Bonds FR0042	42,300	-	-
Government Bonds FR0031	41,325	-	-
Government Bonds FR0043	40,875	-	-
Government Bonds FR0062	38,928	-	-
Government Bonds FR0020	32,730	-	-
Government Bonds FR0034	30,400	-	-
Government Bonds FR0036	27,300	-	-
Government Bonds FR0045	28,300	-	-
Government Bonds FR0033	20,330	-	-
Government Bonds IFR006	16,686	61,625	11,426
Government Bonds FR0040	14,650	-	-
Sukuk Ijarah Aneka GAS Industri I 2008	12,198	-	-
Government Bonds FR0059	11,050	-	-
Government Bonds IFR001	10,440	-	-
Continous Bonds I Japfa Tahap 2 2012	10,355	-	-
SAN Finance II Year 2012 Series C	10,005	-	-
Government Bonds PBS003	9,655	-	-
Sukuk Ijarah Indosat III Year 2008	8,618	-	-
MTN Syariah Ijarah Intraco Penta 2011	8,000	-	-
Continous Bonds I Adhi Level I 2012 Series B	7,762	-	-
Sukuk Ijarah Indosat II Year 2007	7,212	-	-
Sukuk Ijarah I Summarecon	6,266	-	-
Continous Bonds I Perum Pegadaian Level II			
2012 Series C	5,065	-	-
Continous Bonds I Perum Pegadaian Level II			
2012 Series D	5,053	-	-
Government Bonds PBS004	4,780	-	-
Matahari Putra Prima Syariah Ijarah II Year 2009			
Series B	4,050	-	-
Syariah Ijarah PLN I 2006	1,203	-	-
Sukuk Ijarah Indosat IV Year 2009 Series A	2,120	-	-
Ijarah PLN III tahun 2009 Series A	546	-	-
Government Bond IFR010	-	12,125	-
Syariah Ijarah PLN I Year 2006	-	2,445	-
Sukuk Ijarah PLN V Year 2010 Series B	-	6,996	-
Sukuk Ijarah Indosat II Year 2007	-	2,110	-
Government Bond IFR005	-	-	5,380
Total - Bonds	<u>2,899,883</u>	<u>85,301</u>	<u>16,806</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Available for sale			
Third parties			
Foreign currencies (Note 54)			
Bonds			
Jababeka International BV Callable	170,125	-	-
Republic of Indonesia 37 (ROI 2037)	77,523	-	-
UBS AG Stamford CT	72,763	-	-
Majapahit Holdings BV (PLN) 2017	57,174	-	-
Republic of Indonesia 2014 (ROI 2014 - 2)	53,932	-	-
LI & FUNG Ltd Callable	52,040	-	-
Republic of Indonesia 15 (ROI 15)	43,215	-	-
Trade & Dev Bank Mongolia	33,590	-	-
Republic of Indonesia 2014 (ROI 2014) - Sukuk	31,608	-	-
Barclays Bank PLC US06740L8C27	27,828	-	-
Gajah Tunggal GT 2005 Bonds BV	24,271	-	-
Majapahit Holdings BV (PLN) 2016	22,870	-	-
Republic of Indonesia 2019	21,975	-	-
OLAM International Ltd	17,791	-	-
PSA International Pte Ltd	15,884	-	-
Societe General Callable	15,309	-	-
Majapahit Holdings BV (PLN) 2037	13,224	-	-
Merlion Capital Funding	12,692	-	-
Republic of Indonesia 17 (ROI 17)	11,513	-	-
ABN AMRO Bank NV Callable	9,341	-	-
Helium Capital Funding	7,653	-	-
Perusahaan Listrik Negara 2042	6,564	-	-
Arpeni Pratama Ocean Line I Callable	2,176	-	-
Republic of Indonesia 14 (ROI 2014 -1)	2,052	-	-
Republic of Indonesia 2020 (ROI 2020)	-	20,402	19,687
Total - Bonds	<u>803,113</u>	<u>20,402</u>	<u>19,687</u>
Total - Available for sale	<u>4,383,709</u>	<u>637,551</u>	<u>1,227,165</u>
Held to maturity			
Third parties			
Rupiah			
Certificate of Bank Indonesia	-	100,000	-
Unamortized interest	-	(3,028)	-
Net	<u>-</u>	<u>96,972</u>	<u>-</u>
Bonds			
MTN I Verena Multi Finance Year 2011	-	200,000	-
Subnotes Bank Syariah Mandiri Level II Year 2011	-	190,000	-
Obligasi Berkelanjutan I Antam Level I Year 2011 Series B	-	130,000	-
Government Bonds FR0028	-	78,897	78,746
Government Bonds ORI 4	-	75,004	75,021
Government Bonds FR0026	-	71,567	72,043
Government Bonds FR0031	-	69,319	69,272
Government Bonds FR0038	-	62,110	62,322
Government Bonds FR0040	-	56,488	56,400
Government Bonds FR0043	-	55,603	55,390
Government Bonds FR0027	-	53,576	53,035
Government Bonds FR0046	-	52,174	51,858
Government Bonds FR0033	-	49,880	49,838
Government Bonds FR0034	-	40,873	40,832
Government Bonds FR0036	-	38,529	38,436
Government Bonds FR0020	-	32,206	33,213

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Held to maturity			
Third parties			
Rupiah			
Bonds			
Government Bonds FR0042	-	27,581	27,522
Excelcom II	-	25,520	24,138
Government Bonds FR0023	-	20,257	20,509
Government Bonds FR0017	-	20,027	20,685
Indomobil III C	-	20,000	20,000
Government Bonds FR0047	-	17,543	17,492
Government Bonds ZC0003	-	17,474	15,000
Government Bonds FR0045	-	17,277	17,258
Government Bonds IFR001	-	14,319	14,180
Government Bonds FR0030	-	12,943	12,810
Government Bonds FR0018	-	10,175	10,489
Government Bonds FR0048	-	8,614	8,487
Government Bonds ZC0005	-	8,188	7,250
Government Bonds FR0044	-	7,084	7,012
Sukuk Ijarah Indosat IV 2009 Series A	-	2,000	2,000
MTN Syariah Ijarah Intraco Penta 2011	-	8,242	-
Surat Berharga Syariah Negara IFR001 2008	-	7,625	7,506
Sukuk Ijarah I Summarecon 2008	-	5,126	5,173
Sukuk Ijarah Indosat III 2008	-	4,795	4,661
Sukuk Ijarah Matahari Putra Prima IIA 2009	-	2,019	2,081
Syariah Ijarah Perusahaan Listrik Negara I 2006	-	1,042	1,073
Sukuk Ijarah Matahari Putra Prima IIB 2009	-	1,023	1,097
Government Bonds ORI 3	-	-	10,004
Total	-	1,515,100	992,833
Total - Rupiah	-	1,612,072	992,833
Foreign currencies (Note 54)			
Bonds			
Republic of Indonesia 37 (ROI 2037)	-	50,681	50,306
Majapahit Holdings BV (PLN) 2017	-	45,983	45,678
Republic of Indonesia 2014-2 (ROI 2014-2)	-	45,956	45,908
Republic of Indonesia 2015 (ROI 2015)	-	33,950	33,133
Republic of Indonesia 2014 (ROI 2014) - SUKUK	-	27,378	27,289
Majapahit Holdings BV (PLN) 2016	-	19,006	18,993
Merlion Capital Funding	-	15,054	14,879
PSA International Pte Ltd	-	13,906	13,799
Republic of Indonesia 2019 (ROI 2019)	-	12,382	12,643
Arpeni Pratama Ocean Line I Callable	-	10,579	8,876
Republic of Indonesia 17 (ROI 17)	-	9,336	9,319
Majapahit Holdings BV (PLN) 2037	-	8,895	8,817
Helium Capital Funding	-	7,069	6,992
Republic of Indonesia 2014 -1 (ROI 2014 -1)	-	1,810	1,798
UBS - 5YR Fixed Rate Note	-	-	17,987
Total	-	301,985	316,417
Credit Linked Note	-	45,338	63,070
Export bill receivables	-	-	322,030
Total - Foreign currencies	-	347,323	701,517
Total - Held to maturity	-	1,959,395	1,694,350

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Loan and receivables			
Third parties			
Foreign currencies (Note 54)			
Export bill receivables	426,912	824,957	-
Allowance for impairment losses	(127)	(8,538)	-
Total	<u>17,033,292</u>	<u>13,887,173</u>	<u>7,195,458</u>

The details of held-to-maturity securities as of December 31, 2011 and January 1, 2011/December 31, 2010 based on its maturity are as follows:

	December 31, 2011						Total
	1 month or less	More than 1-3 months	More than 3-12 months	More than 1-2 years	More than 2-5 years	More than 5 years	
Bonds	20,027	75,004	147,619	110,774	498,372	965,289	1,817,085
Credit linked note	-	-	45,338	-	-	-	45,338
Certificate of Bank Indonesia	-	-	96,972	-	-	-	96,972
Total	<u>20,027</u>	<u>75,004</u>	<u>289,929</u>	<u>110,774</u>	<u>498,372</u>	<u>965,289</u>	<u>1,959,395</u>

  

	January 1, 2011/December 31, 2010						Total
	1 month or less	More than 1-3 months	More than 3-12 months	More than 1-2 years	More than 2-5 years	More than 5 years	
Bonds	-	-	27,992	244,950	354,325	681,983	1,309,250
Credit linked note	-	-	18,020	45,050	-	-	63,070
Export bill receivables	84,337	237,693	-	-	-	-	322,030
Total	<u>84,337</u>	<u>237,693</u>	<u>46,012</u>	<u>290,000</u>	<u>354,325</u>	<u>681,983</u>	<u>1,694,350</u>

In August 2012, AJSM, a subsidiary, sold significant portion of its held to maturity securities – bonds for short term profit taking purposes. Thus, the Group reclassified all of its remaining held to maturity securities as available for sale.

The balance of unrealized losses on available for sale securities (including the securities which were reclassified from held to maturity category) as of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, is presented as a part of “Other Equity Component – Share in Unrealized Gain on Changes in Fair Value of Available for Sale Securities of Subsidiaries” (Note 37).

As of December 31, 2011 and January 1, 2011/December 31, 2010, the balance of bonds are included in the guarantee fund of AJSM and ASM, subsidiaries, in compliance with the regulation of Minister of Finance of Republic Indonesia No. 424/KMK.06/2003 with the latest amendment through regulation of Minister of Finance No. 158/PNK.010/2008 dated October 28, 2008 and regulation of Government of Republic of Indonesia No. 39 year 2008 article 7.

The changes in allowance for impairment losses on securities are as follows:

	2012	2011	2010
Balance at the beginning of the year	8,538	-	1,107
Addition (reversal)	(8,411)	8,538	-
Adjustment resulting from adoption of PSAK No. 55 (Note 63)	-	-	(1,107)
Balance at the end of the year	<u>127</u>	<u>8,538</u>	<u>-</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

Management believes that the allowance for impairment losses on securities as of December 31, 2012 and 2011 is adequate to cover possible losses which might arise from these securities. As of January 1, 2011/December 31, 2010, no impairment losses on securities was provided as management believes that the carrying amounts of all securities are realizable.

**Bonds**

The corporate bonds' rating from PT Pemeringkat Efek Indonesia (PT Pefindo), Fitch Rating, and Standard & Poor's as reported by Indonesia Stock Exchange and the maturity date of the bonds with nominal value of over Rp 5,000 each, as of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, are as follows:

	December 31, 2012	
	Rating	Maturity date
Sukuk Ijarah Indosat III Year 2008	Id AA+ (sy)	April 9, 2013
Sukuk Ijarah I Summarecon 2008	Id A (sy)	June 25, 2013
Sukuk Ijarah Aneka GAS Industri I 2008	A-	July 8, 2013
MTN III PTPN II 2012	BBB	April 5, 2014
Sukuk Ijarah Indosat II Year 2007	Id AA+ (sy)	May 29, 2014
Gajah Tunggal GT 2005 Bonds BV	B3	July 21, 2014
MTN Syariah Ijarah Intraco Penta 2011	Id A	July 25, 2014
MTN Verena Multi Finance I 2011	A	December 15, 2014
SAN Finance II Year 2012 Series C	Id AA-	January 20, 2015
MTN BFI Finance I 2012 Series B	A	January 25, 2015
MTN CLIPAN Finance I 2012	A+	March 30, 2015
Trade & Dev Bank Mongolia	B1	September 20, 2015
Majapahit Holdings BV (PLN) 2016	AA-	October 17, 2016
Continous Bonds I Japfa Tahap 2 2012	Id A	February 1, 2017
Continous Bonds I Perum Pegadaian Level II 2012 Series C	Id AA+ (sy)	February 14, 2017
Majapahit Holdings BV (PLN) 2017	AA-	June 28, 2017
Jababeka International BV Callable	B+	July 26, 2017
Continous Bonds I Mitra Adiperkasa I 2012 Series B	AA-	December 12, 2017
Obligasi II Modernland Reality 2012 Series B	A-	December 27, 2017
Continous Bonds I Perum Pegadaian Level II 2012 Series D	Id AA+ (sy)	February 14, 2019
Continous Subordinated Bonds Bank Permata I 2012	AA-	June 15, 2019
Continous Bonds I Adhi Level I 2012 Series B	A	July 3, 2019
Continous Bonds Bumi Serpong Damai I 2012 Series C	A+	July 4, 2019
Continous Subordinated Bonds Bank Permata II 2012	AA-	December 19, 2019
PSA International Pte Ltd	AA+	February 11, 2021
Perusahaan Listrik Negara Series 21	Baa3	November 22, 2021
Continous Bonds I Antam I 2011 Series B	AA	December 14, 2021
Sukuk Subordinated Notes B Syariah Mandiri 2011	AA	December 19, 2021
Helium Capital Funding	AAA	May 22, 2022
Indosat VIII 2012 Series B	AA+	June 27, 2022
Sukuk Subordinated Mudharabah Bank Muamalat I 2012	A	June 29, 2022
UBS AG Stamford CT	BBB	August 17, 2022
Merlion Capital Funding	AAA	September 9, 2022
ABN AMRO Bank NV Callable	BBB	October 25, 2022
Barclays Bank PLC US06740L8C27	BBB	November 21, 2022
Majapahit Holdings BV (PLN) 2037	AA-	June 29, 2037
Perusahaan Listrik Negara 2042	BBB	October 24, 2042
LI & FUNG Ltd Callable	BBB	November 25, 2049
Societe General Callable	BBB	December 11, 2049

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

	December 31, 2011	
	Rating	Maturity date
Excelcom II	IdAA+	April 26, 2012
Indomobil III C	IdA	April 30, 2012
Arpeni Pratama Ocean Line I Callable	D	May 3, 2013
Sukuk Ijarah I Sumarecon	IdA(sy)	June 25, 2013
Sukuk Ijarah Matahari Putra Prima II Year 2009 Series B	IdA+(sy)	April 14, 2014
Sukuk Ijarah Indosat II Year 2007	IdAA+(sy)	May 29, 2014
Sukuk Ijarah Indosat IV 2009 Series A	IdAA+(sy)	December 8, 2014
Mitra Adiperkasa Ijarah	IdA+(sy)	December 16, 2014
MTN I Verena Multi Finance Year 2011	IdA	December 16, 2014
Syariah Ijarah PLN I Year 2006	IdAA+(sy)	June 21, 2016
Majapahit Holdings BV (PLN) 2016	AA-	October 17, 2016
Majapahit Holdings BV (PLN) 2017	AA-	June 28, 2017
PT Bank Pan Indonesia Tbk	IdAA	November 9, 2017
Continous Bonds I Antam tahap I Year 2011 Series B	IdAA	December 14, 2018
PSA International Pte Ltd	AA+	February 11, 2021
Subnotes BSM Tahap II Year 2011	AA	December 19, 2021
Helium Capital Funding	AAA	February 22, 2022
Sukuk Ijarah PLN V Year 2010 Series B	IdAA+(sy)	July 8, 2022
Merlion Capital Funding	AAA	September 9, 2022
Majapahit Holdings BV (PLN) 2037	AA-	June 29, 2037

	January 1, 2011/December 31, 2010	
	Rating	Maturity date
UBS - 5YR Fixed Rate Note	A	September 20, 2011
Excelcom II	IdAA-	April 26, 2012
Indomobil III C	IdA-	April 30, 2012
Arpeni Pratama Ocean Line I Callable	A-	May 3, 2013
Sukuk Ijarah I Summarecon Agung Year 2008	A	June 25, 2013
Istana High Grade 2	AAA	December 5, 2014
Sukuk Ijarah Indosat IV 2009 Series A	IdAA+(sy)	December 8, 2014
Majapahit Holdings BV (PLN) 2016	AA-	October 17, 2016
Majapahit Holdings BV (PLN) 2017	AA-	June 28, 2017
PT Bank Pan Indonesia Tbk	IdAA	November 9, 2017
PSA International Pte Ltd	AA+	February 11, 2021
Helium Capital Funding	AAA	February 22, 2022
Merlion Capital Funding	AAA	September 9, 2022
Majapahit Holdings BV (PLN) 2037	AA-	June 29, 2037

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, the average interest rates on bonds denominated in Rupiah range from 7.50% to 14.27%, 9.00% to 17.00% and 9.00% to 17.00% per annum.

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, the average interest rates on bonds denominated in foreign currency range from 4.70% to 11.63%, 3.88% to 11.63% and 3.88% to 11.63% per annum.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

Units of Mutual Fund

Securities in units of mutual fund of a related party which are held for trading are arranged by SMS, a subsidiary, as the investment manager (Note 53).

The Group invested in various types of units of mutual fund such as fixed income mutual funds, money market mutual funds, mixed mutual funds, shares mutual funds, protected mutual fund and private equity mutual fund.

**6. Securities Purchased Under Agreements to Resell**

Type	December 31, 2011		Carrying value
	Term	Maturity date	
Rupiah			
Shares			
PT Tiga Pilar Sejahtera Food Tbk	91 days	January 23, 2012	<u>39,627</u>
Type	January 1, 2011/December 31, 2010		Carrying value
	Term	Maturity date	
Rupiah			
AAA Securities			
Bonds			
FR 040	40 days	January 10, 2011	45,773
Bank Lampung II Year 2007	31 days	January 20, 2011	19,444
Bank Lampung II Year 2007	32 days	January 17, 2011	<u>9,721</u>
			74,938
PT Tiga Pilar Sekuritas			
Shares			
PT Tiga Pilar Sejahtera Food Tbk	90 days	January 24, 2011	<u>32,203</u>
Total			<u>107,141</u>

As of December 31, 2012, there is no outstanding balance of securities purchased under agreements to resell.

No allowance for impairment losses was provided on securities purchased under agreement to resell as management believes that all such securities purchased under agreement to resell are collectible.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

**7. Consumer Financing Receivables**

- a. This account consists of:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Third parties - Rupiah			
Consumer finance - gross	3,697,416	3,011,018	2,130,081
Amount financed by other parties	<u>(2,685,868)</u>	<u>(2,146,521)</u>	<u>(1,598,239)</u>
Net	<u>1,011,548</u>	<u>864,497</u>	<u>531,842</u>
Unearned consumer income - gross	(535,361)	(448,361)	(342,502)
Amount financed by other parties	<u>244,633</u>	<u>210,848</u>	<u>188,159</u>
Net	<u>(290,728)</u>	<u>(237,513)</u>	<u>(154,343)</u>
Total	720,820	626,984	377,499
Allowance for impairment losses	<u>(1,714)</u>	<u>(2,786)</u>	<u>(538)</u>
Net	<u><u>719,106</u></u>	<u><u>624,198</u></u>	<u><u>376,961</u></u>
Interest rate per annum Rupiah	15.0% - 36.3%	15.0% - 39.0%	15.0% - 64.0%

- b. The details of consumer financing receivables based on object financed:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Object Financed			
Car	847,174	744,166	461,044
Motorcycle	161,828	117,935	68,310
Land and building	2,286	2,147	2,380
Others	<u>260</u>	<u>249</u>	<u>108</u>
Total	<u><u>1,011,548</u></u>	<u><u>864,497</u></u>	<u><u>531,842</u></u>

- c. SMF and ABSM, subsidiaries, grant consumer financing for vehicles with terms ranging from one (1) to four (4) years.
- d. Management believes that there are no significant concentrations of credit risk in consumer financing receivables from third parties.

The consumer financing receivables are secured with the related certificates of ownership (BPKB) of the vehicles financed by SMF and ABSM.

- e. As of December 31, 2012, 2011 and January 1, 2012/December 31, 2011, there are consumer financing receivables which are pledged as collateral in relation to loans received (Note 32).

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

- f. The details of consolidated consumer financing receivables based on its remaining period until maturity are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Past due and impaired	11,509	11,143	5,665
Not past due			
Less than or equal to 1 year	614,235	515,178	317,532
More than 1 year until 2 years	285,501	254,063	155,008
More than 2 years	100,303	84,113	53,637
Total	<u>1,000,039</u>	<u>853,354</u>	<u>526,177</u>
Total	<u>1,011,548</u>	<u>864,497</u>	<u>531,842</u>

- g. The changes in allowance for impairment losses are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Balance at the beginning of the year	2,786	538	493
Provisions during the year	31,597	37,919	5,669
Write-off during the year	<u>(32,669)</u>	<u>(35,671)</u>	<u>(5,624)</u>
Balance at the end of the year	<u>1,714</u>	<u>2,786</u>	<u>538</u>

Management believes that the allowance for impairment losses is adequate to cover the possible losses which might arise from uncollectible consumer financing receivables.

**8. Net Investments in Finance Lease**

- a. This account consists of:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Rupiah			
Related parties (Note 53)	4,326	122,118	172,799
Third parties	<u>225,794</u>	<u>45,806</u>	<u>50,981</u>
Total	230,120	167,924	223,780
Guaranteed residual value	18,869	25,389	25,487
Unearned lease income	(59,364)	(35,115)	(56,197)
Security deposits	<u>(18,869)</u>	<u>(25,389)</u>	<u>(25,487)</u>
Total	170,756	132,809	167,583
Allowance for impairment losses	<u>(3,819)</u>	<u>(6,553)</u>	<u>(3,714)</u>
Net	<u>166,937</u>	<u>126,256</u>	<u>163,869</u>
Interest rate per annum	11.76% - 25.00%	8.00% - 25.00%	13.00% - 22.00%

- b. SMF and ABSM, subsidiaries, grant lease financing for heavy equipment, industrial machinery and transportation equipment.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

- c. The details of consolidated finance lease receivables based on its remaining period until maturity are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Past due and impaired	14,352	22,597	14,410
Not past due			
Less than or equal to 1 year	83,505	82,564	88,110
More than 1 year but less than 2 years	39,851	51,195	72,872
More than 2 years	92,412	11,568	48,388
Total	<u>215,768</u>	<u>145,327</u>	<u>209,370</u>
Total	<u>230,120</u>	<u>167,924</u>	<u>223,780</u>

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, there are finance lease receivables which are pledged as collateral in relation to loans received (Note 32).

- d. The changes in allowance for impairment losses are as follows:

	December 31, 2011	December 31, 2011	January 1, 2011/ December 31, 2010
Balance at the beginning of the year	6,553	3,714	5,639
Adjustment resulting from adoption of PSAK No. 55 (Note 63)	-	-	(2,479)
Provisions (reversal) during the year	(2,734)	2,982	5,727
Write-off during the year	-	(143)	(5,173)
Balance at the end of the year	<u>3,819</u>	<u>6,553</u>	<u>3,714</u>

Management believes that the allowance for impairment losses is adequate to cover the losses which might arise from uncollectible finance lease receivables.

- e. During 2012 and 2011, ABSM, a subsidiary, engaged in transfer of finance lease receivables transactions on a without recourse basis to a third party, with SMS, a subsidiary, as the investment manager. The collection of receivables transferred is being done by ABSM.

## 9. Factoring Receivables

- a. This account consists of:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Related parties (Note 53)			
Rupiah	69,816	69,816	19,701
Foreign currency (Note 54)	73	41,805	45,957
Total	<u>69,889</u>	<u>111,621</u>	<u>65,658</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Third parties			
Rupiah	1,132,480	317,834	133,175
Foreign currency (Note 54)	50,574	9,068	-
Total	<u>1,183,054</u>	<u>326,902</u>	<u>133,175</u>
Total	1,252,943	438,523	198,833
Deferred factoring income	(6,410)	(6,023)	(6,095)
Allowance for impairment losses	<u>(3,170)</u>	<u>(7,637)</u>	<u>(5,180)</u>
Net	<u>1,243,363</u>	<u>424,863</u>	<u>187,558</u>
Interest rate per annum			
Rupiah	6.0% - 21.0%	11.5% - 21.0%	15.0% - 21.0%
Foreign currency	9.0%	8.0% - 9.5%	8.0% - 12.0%

b. As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, there are factoring receivables which are pledged as collateral in relation to loans received (Note 32).

c. The details of factoring receivables based on maturity are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Past due	48,988	37,463	20,815
Not past due	<u>1,203,955</u>	<u>401,060</u>	<u>178,018</u>
Total	<u>1,252,943</u>	<u>438,523</u>	<u>198,833</u>

d. The changes in allowance for impairment losses are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Balance at the beginning of the year	7,637	5,180	5,967
Adjustment resulting from adoption of PSAK No. 55 (Revised 2006) (Note 63)	-	-	317
Provisions during the year	1,251	2,552	1,926
Write-off during the year	<u>(5,718)</u>	<u>(95)</u>	<u>(3,030)</u>
Balance at the end of the year	<u>3,170</u>	<u>7,637</u>	<u>5,180</u>

Management believes that the allowance for impairment losses is adequate to cover the losses which might arise from uncollectible factoring receivables.

e. During 2012 and 2011, SMF and ABSM, subsidiaries, engaged in transfer of factoring receivables transactions on a without recourse basis to a third party, with SMS, a subsidiary, as the investment manager. The collection of receivables transferred is being done by SMF and ABSM.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

**10. Segregated Funds Net Assets - Unit Link**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Assets			
Investments			
Bonds			
Related party			
Rupiah			
Bumi Serpong Damai II/2006	-	-	3,000
Third parties			
Rupiah			
Fortis	16,156	15,413	14,299
Government Bonds RI FR27	4,618	4,531	4,443
Government Bonds RI FR23	-	5,914	5,879
Merrill Lynch	-	17,973	16,850
Total - Third parties	<u>20,774</u>	<u>43,831</u>	<u>41,471</u>
Total - Bonds	<u>20,774</u>	<u>43,831</u>	<u>44,471</u>
Shares			
Third parties			
Rupiah			
PT United Tractors Tbk	7,397	9,894	7,973
PT Bank Mandiri (Persero) Tbk	8,594	7,162	6,207
PT Astra Internasional Tbk	4,636	4,514	3,327
PT Bank Central Asia Tbk	3,167	2,784	2,227
PT Bank Pan Indonesia Tbk	2,445	3,027	4,424
PT Telekomunikasi Indonesia Tbk	2,367	1,844	2,079
PT Bank Rakyat Indonesia (Persero) Tbk	2,328	2,261	1,759
PT Perusahaan Gas Negara (Persero) Tbk	2,519	1,738	2,423
PT Tambang Batubara Bukit Asam Tbk	1,216	1,397	1,847
PT Holcim Indonesia Tbk	1,666	1,250	1,293
PT International Nickel Indonesia Tbk	633	862	1,314
Others (below Rp 1,000 each)	1,447	1,175	1,199
Total - shares	<u>38,415</u>	<u>37,908</u>	<u>36,072</u>
Units of mutual funds			
Related parties			
Rupiah			
Danamas Stabil	46,307	41,155	29,810
Foreign currency			
Danamas Dollar	156	142	23,510
Total	<u>46,463</u>	<u>41,297</u>	<u>53,320</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
<b>Assets</b>			
Investments			
Units of mutual funds			
Third parties			
Rupiah			
RD Gani Penyertaan Terbatas	1,574,261	1,415,699	1,380,509
PT Henan Putihrai Asset Management Maestro Flexi I	1,045,482	1,271,343	2,390,544
Si Dana Batavia Terbatas VI	602,367	804,956	870,257
Syailendra Multi Strategy Fund I	542,121	454,049	111,875
Schroder Dana Terpadu II	138,593	386,527	332,339
Syailendra Balanced Opportunity Fund	137,765	-	-
RD Kharisma Flexi Terbatas III	113,539	103,653	-
Panin Dana Bersama Plus	99,024	-	-
PNB Paribas Ekuitas	76,268	-	-
Schroder Syariah Balanced Fund	50,508	45,358	43,534
Schroder Dana Prestasi Plus	36,316	79,244	80,037
Syailendra Equity Opportunity Fund	27,676	-	-
Panin Dana Maxima	22,918	-	-
Corfina Bima Berimbang Penyertaan Terbatas	12,593	11,290	32,089
Schroder Dana Mantap Plus II	5,566	5,164	4,525
Fortis Ekuitas	-	78,353	78,433
Others (below Rp 1,000 each)	-	913	970
<b>Total</b>	<b>4,484,997</b>	<b>4,656,549</b>	<b>5,325,112</b>
Foreign currency			
Corfina Bima Berimbang Dollar Penyertaan Terbatas	328,840	426,221	386,308
PT Henan Putihrai Asset Management Maestro Dollar I	52,850	48,652	164,703
<b>Total</b>	<b>381,690</b>	<b>474,873</b>	<b>551,011</b>
<b>Total - Third parties</b>	<b>4,866,687</b>	<b>5,131,422</b>	<b>5,876,123</b>
<b>Total - units of mutual fund</b>	<b>4,913,150</b>	<b>5,172,719</b>	<b>5,929,443</b>
<b>Total - investments</b>	<b>4,972,339</b>	<b>5,254,458</b>	<b>6,009,986</b>
Cash and cash equivalents	167,411	94,016	1,422,530
Investment receivables	1,129	2,090	2,271
<b>Total Assets</b>	<b>5,140,879</b>	<b>5,350,564</b>	<b>7,434,787</b>
<b>Liabilities</b>			
Accrued expenses	(364)	(694)	-
Claims payable	(1,288)	(10,054)	(57,618)
Insurance contract liabilities	(16,329)	-	-
Other liabilities	(1,179,572)	(791,397)	(322,459)
<b>Total liabilities</b>	<b>(1,197,553)</b>	<b>(802,145)</b>	<b>(380,077)</b>
<b>Net</b>	<b>3,943,326</b>	<b>4,548,419</b>	<b>7,054,710</b>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

**11. Premiums and Reinsurance Receivables**

- a. This account consists of:

	December 31, 2012	December 31, 2011	January 1, 2011, December 31, 2010
Related parties (Note 53)			
Premiums receivable	101,574	99,868	43,187
Reinsurance receivables	12,113	3,689	905
Subtotal	<u>113,687</u>	<u>103,557</u>	<u>44,092</u>
Third parties			
Premiums receivable	221,047	269,323	307,104
Reinsurance receivables	55,075	36,923	8,107
Subtotal	<u>276,122</u>	<u>306,246</u>	<u>315,211</u>
Total	389,809	409,803	359,303
Allowance for impairment losses	<u>(1,678)</u>	<u>(691)</u>	<u>(4,926)</u>
Net	<u><u>388,131</u></u>	<u><u>409,112</u></u>	<u><u>354,377</u></u>

- b. The details of premiums and reinsurance receivables classified based on currency are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Rupiah			
Premiums receivable	246,590	301,040	316,588
Reinsurance receivables	42,897	26,317	5,518
Subtotal	<u>289,487</u>	<u>327,357</u>	<u>322,106</u>
Foreign currencies (Note 54)			
Premiums receivable	76,031	68,151	33,703
Reinsurance receivables	24,291	14,295	3,494
Subtotal	<u>100,322</u>	<u>82,446</u>	<u>37,197</u>
Total	389,809	409,803	359,303
Allowance for impairment losses	<u>(1,678)</u>	<u>(691)</u>	<u>(4,926)</u>
Total	<u><u>388,131</u></u>	<u><u>409,112</u></u>	<u><u>354,377</u></u>

- c. The details of reinsurance receivables classified based on domicile of the reinsurer are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Local	52,387	22,071	5,090
Foreign	<u>14,801</u>	<u>18,541</u>	<u>3,922</u>
Total	<u><u>67,188</u></u>	<u><u>40,612</u></u>	<u><u>9,012</u></u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

- d. The details of premiums receivable based on its remaining period until maturity are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Due within 1 - 60 days			
Related parties	98,122	95,458	38,715
Third parties	200,592	250,843	280,256
Due over 60 days			
Related parties	3,658	4,410	4,472
Third parties	20,249	18,480	26,848
Total	<u>322,621</u>	<u>369,191</u>	<u>350,291</u>

- e. The changes in allowance for impairment losses are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Balance at the beginning of the year	691	4,926	-
Provisions (reversal) during the year	987	(4,235)	4,926
Balance at the end of the year	<u>1,678</u>	<u>691</u>	<u>4,926</u>

Management believes that the allowance for impairment losses as of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010 is adequate to cover the possible losses which might arise from uncollectible premiums and reinsurance receivables.

## 12. Loans

This account represents loans given by BS, a subsidiary.

- a. By Type of Loans

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Related parties (Note 53)			
Rupiah			
Fixed loans	191,190	196,452	231,557
Overdraft	2,712	-	-
Installment loans	2,234	1,758	1,682
Loans to employees	1,817	637	580
Consumer loans	185	6,225	6,939
Sharia receivables - Murabahah	150	11	67
Subtotal - Rupiah	<u>198,288</u>	<u>205,083</u>	<u>240,825</u>
Foreign currency (Note 54)			
Fixed Loans	1,228,781	1,555,076	554,115
Total - Related parties	<u>1,427,069</u>	<u>1,760,159</u>	<u>794,940</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Third Parties			
Rupiah			
Consumer loans	3,060,709	2,903,566	2,323,631
Installment loans	1,924,306	1,874,779	1,445,532
Fixed loans	1,732,440	1,631,249	1,251,931
Factoring loans	713,430	670,991	592,291
Sharia receivables - Murabahah	711,932	640,133	146,895
Overdraft	154,646	154,248	146,137
Investment loans	104,727	106,015	59,297
Sharia receivables - Mudharabah	44,381	1,600	-
Loans to employees	24,041	6,615	8,165
Sharia receivables - Qardh	1	17	-
Subtotal	<u>8,470,613</u>	<u>7,989,213</u>	<u>5,973,879</u>
Foreign currencies (Note 54)			
Installment loans	319,630	307,133	166,573
Fixed loans	165,558	183,669	76,403
Sharia receivables - Mudharabah	3,214	-	-
Subtotal	<u>488,402</u>	<u>490,802</u>	<u>242,976</u>
Subtotal	<u>8,959,015</u>	<u>8,480,015</u>	<u>6,216,855</u>
Total	10,386,084	10,240,174	7,011,795
Allowance for impairment losses	(92,248)	(104,732)	(77,638)
Net	<u>10,293,836</u>	<u>10,135,442</u>	<u>6,934,157</u>

b. By Economic Sectors

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Rupiah			
Household	2,792,192	2,033,299	1,331,430
Wholesale and retail	1,801,421	1,439,899	993,079
Financial intermediary	715,349	850,369	913,554
Real estate, leasing services and servicing companies	553,992	548,401	387,859
Mining and excavation	325,322	372,482	252,374
Construction	163,892	341,928	217,835
Manufacturing	486,797	273,161	250,966
Transportation, warehousing and communication	281,263	257,970	269,240
Services in social, art, culture, recreation and other individual services	253,794	199,545	280,409
Electricity, gas and water	37,328	137,995	20,134
Accommodation and food and beverage	141,996	137,278	112,024
Agriculture, hunting and forestry	50,293	52,743	40,800
Education services	32,166	11,973	-
Fishery	11,005	2,776	3,917
Health and social services	2,605	78	91
Individual services that serve household	-	41	153
Others	1,019,486	1,534,358	1,140,839
Subtotal	<u>8,668,901</u>	<u>8,194,296</u>	<u>6,214,704</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Foreign currency (Note 54)			
Manufacturing	1,267,003	1,557,312	560,337
Financial intermediary	55,079	144,208	34,019
Mining and excavation	181,912	105,416	32,963
Construction	98,697	100,649	106,663
Wholesale and retail	77,485	99,978	38,181
Education services	30,903	30,317	-
Agriculture, hunting and forestry	6,104	7,998	2,098
Transportation, warehousing and communication	-	-	22,830
Subtotal	<u>1,717,183</u>	<u>2,045,878</u>	<u>797,091</u>
Total	10,386,084	10,240,174	7,011,795
Allowance for impairment losses	<u>(92,248)</u>	<u>(104,732)</u>	<u>(77,638)</u>
Net	<u><u>10,293,836</u></u>	<u><u>10,135,442</u></u>	<u><u>6,934,157</u></u>

c. By Maturity

The classifications of loans based on its credit period, as stated in the loan agreements, and based on its remaining period until maturity are as follows:

Based on credit periods:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Rupiah			
1 year or less	592,790	2,233,913	1,440,837
More than 1 year until 2 years	3,452,151	1,537,489	1,342,919
More than 2 years until 5 years	3,801,203	3,746,066	2,257,599
More than 5 years	822,757	676,828	1,173,349
Subtotal	<u>8,668,901</u>	<u>8,194,296</u>	<u>6,214,704</u>
Foreign currencies (Note 54)			
1 year or less	131,151	1,728,949	607,588
More than 1 year until 2 years	1,377,451	69,774	24,931
More than 2 year until 5 years	113,098	149,081	57,909
More than 5 years	95,483	98,074	106,663
Subtotal	<u>1,717,183</u>	<u>2,045,878</u>	<u>797,091</u>
Total	10,386,084	10,240,174	7,011,795
Allowance for impairment losses	<u>(92,248)</u>	<u>(104,732)</u>	<u>(77,638)</u>
Net	<u><u>10,293,836</u></u>	<u><u>10,135,442</u></u>	<u><u>6,934,157</u></u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

Based on remaining period until maturity:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Rupiah			
1 year or less	3,631,094	3,453,649	2,590,571
More than 1 year until 2 years	1,944,221	1,596,598	767,708
More than 2 years until 5 years	2,834,685	2,613,243	2,160,473
More than 5 years	258,901	530,806	695,952
Subtotal	<u>8,668,901</u>	<u>8,194,296</u>	<u>6,214,704</u>
Foreign currency (Note 54)			
1 year or less	1,500,011	1,763,282	586,405
More than 1 year until 2 years	64,998	59,343	47,696
More than 2 years until 5 years	152,174	125,179	53,992
More than 5 years	-	98,074	108,998
Subtotal	<u>1,717,183</u>	<u>2,045,878</u>	<u>797,091</u>
Total	10,386,084	10,240,174	7,011,795
Allowance for impairment losses	<u>(92,248)</u>	<u>(104,732)</u>	<u>(77,638)</u>
Net	<u>10,293,836</u>	<u>10,135,442</u>	<u>6,934,157</u>

d. Average interest rates per annum on loans are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Rupiah	6.00% - 35.07%	6.00% - 33.06%	5.95% - 26.97%
Foreign currencies	2.45% - 11.00%	2.45% - 11.00%	4.25% - 9.50%

e. The changes in allowance for impairment losses on loans are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Balance at the beginning of the year	104,732	77,638	90,889
Adjustment resulting from adoption of PSAK No. 55 (Revised 2006) (Note 63)	-	-	4,316
Provisions (reversal) during the year	(23,988)	24,737	53,241
Accrual of interest on impaired loans	-	-	(5,150)
Write-off during the year	(2,444)	(626)	(63,015)
Recovery of loans written off	12,380	6,860	-
Exchange rate differences	1,568	(3,877)	(2,643)
Balance at the end of the year	<u>92,248</u>	<u>104,732</u>	<u>77,638</u>

Management believes that the allowance for impairment losses on loans is adequate to cover the possible losses which might arise from uncollectible loans.

f. As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, the outstanding balance of BS' channeling amounted to Rp 3,676,254, Rp 3,428,783 and Rp 2,332,310, respectively, of which Rp 2,417,937, Rp 1,875,735, and Rp 1,200,157, respectively, were transferred through SMF.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

- g. Loans granted to related parties, in form of employee loans, represent loans for purchases of cars, houses and other necessities with interest rates of 0% for loans with term below 1 year and 6% for loans with terms ranging between 1 to 10 years.
- h. As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, the total gross non-performing loans amounted to Rp 332,088, Rp 90,946 and Rp 88,348, respectively. All of the non-performing loans are in the process of recovery by BS.
- i. Management believes that the value of the collaterals on loans is adequate to cover the possible losses which might arise from uncollectible loans.

**13. Ijarah Assets**

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, this account represents the object of the Ijarah lease transactions with an option to transfer the Muntahiyah Bittamlik object property leased by grant.

	January 1, 2012	Changes during the year 2012		December 31, 2012
		Additions	Transfer to the lessee at the end of contract	
<b>Cost</b>				
Vehicles	104,139	1,037	(85,949)	19,227
Heavy equipment	38,300	3,000	(23,300)	18,000
Machineries	4,360	2,996	(804)	6,552
Software	861	-	(861)	-
Multiservice assets	3,415	12,210	(1,060)	14,565
Electronic	-	11	-	11
Freehold title	-	16,830	-	16,830
Bicycle	-	3	-	3
Houses	-	3	-	3
<b>Total</b>	<b>151,075</b>	<b>36,090</b>	<b>(111,974)</b>	<b>75,191</b>
<b>Accumulated depreciation</b>				
Vehicles	60,148	40,171	(85,949)	14,370
Heavy equipment	6,831	26,123	(23,300)	9,654
Machineries	767	1,954	(804)	1,917
Software	258	603	(861)	-
Multiservice assets	359	1,943	(1,060)	1,242
Electronic	-	6	-	6
Freehold title	-	1,487	-	1,487
Bicycle	-	1	-	1
Houses	-	1	-	1
<b>Total</b>	<b>68,363</b>	<b>72,289</b>	<b>(111,974)</b>	<b>28,678</b>
<b>Net Book Value</b>	<b>82,712</b>			<b>46,513</b>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

	January 1, 2011	Changes during the year 2011		December 31, 2011
		Additions	Transfer to the lessee at the end of contract	
<b>Cost</b>				
Vehicles	246,336	142	(142,339)	104,139
Heavy equipment	23,600	14,700	-	38,300
Machineries	1,785	2,982	(407)	4,360
Software	3,649	772	(3,560)	861
Multiservice assets	-	3,835	(420)	3,415
<b>Total</b>	<b>275,370</b>	<b>22,431</b>	<b>(146,726)</b>	<b>151,075</b>
<b>Accumulated depreciation</b>				
Vehicles	55,379	147,108	(142,339)	60,148
Heavy equipment	686	6,145	-	6,831
Machineries	138	1,036	(407)	767
Software	9	3,809	(3,560)	258
Multiservice assets	-	779	(420)	359
<b>Total</b>	<b>56,212</b>	<b>158,877</b>	<b>(146,726)</b>	<b>68,363</b>
<b>Net Book Value</b>	<b>219,158</b>			<b>82,712</b>
	January 1, 2010	Changes during the year 2010		December 31, 2010
		Additions	Transfer to the lessee at the end of contract	
<b>Cost</b>				
Vehicles	-	265,741	(19,405)	246,336
Heavy equipment	-	23,600	-	23,600
Machineries	-	1,785	-	1,785
Software	-	3,649	-	3,649
<b>Total</b>	<b>-</b>	<b>294,775</b>	<b>(19,405)</b>	<b>275,370</b>
<b>Accumulated depreciation</b>				
Vehicles	-	74,784	(19,405)	55,379
Heavy equipment	-	686	-	686
Machineries	-	138	-	138
Software	-	9	-	9
<b>Total</b>	<b>-</b>	<b>75,617</b>	<b>(19,405)</b>	<b>56,212</b>
<b>Net Book Value</b>	<b>-</b>			<b>219,158</b>

**14. Securities Agent Receivables**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Receivables from PT KPEI	256,037	119,255	64,160
Receivables from customers	105,032	91,020	96,143
Commissions receivable	-	7,120	5,168
Receivables from other securities companies	8,027	27,974	10
<b>Total</b>	<b>369,096</b>	<b>245,369</b>	<b>165,481</b>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

Receivables from PT Kliring Penjaminan Efek Indonesia (KPEI), receivables from customers and other securities companies pertain to receivables in relation to purchases and sales of shares and other securities (net) which have not yet been received as of consolidated statement of financial position date.

All securities agent receivables are not past due.

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, the consolidated balance of securities agent receivables from related parties amounted to Rp 7,045, nil and Rp 16,854, respectively (Note 53).

Management did not provide allowance for impairment losses on securities agent receivables because management believes that all such receivables are collectible.

**15. Other Accounts Receivable**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Policy loans	646,461	597,469	415,277
Interest receivables	119,929	96,125	61,322
Investment receivables	42,839	4,187	732
Mortgage receivables	21,997	23,433	20,063
Claims receivable	5,014	11,210	10,640
Loans to employees and marketing agents	4,566	4,298	3,800
Loans to associated companies	8,000	8,000	360
Others	43,071	18,371	30,909
Total	891,877	763,093	543,103
Allowance for impairment losses	(281)	(347)	(747)
Net	<u>891,596</u>	<u>762,746</u>	<u>542,356</u>

Policy loans represent policy cash value provided in the form of loans to the policyholders.

The details of policy loans are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Rupiah	614,959	553,281	374,352
Foreign currency	31,502	44,188	40,925
Total	<u>646,461</u>	<u>597,469</u>	<u>415,277</u>
Interest rate per annum			
Rupiah	11.00% - 14.00%	8.00% - 14.00%	14.00% - 16.00%
Foreign currency	6.00% - 7.00%	3.00% - 7.00%	6.00% - 14.00%

Interest receivables consist of interest from time deposits and short-term investments.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

Mortgage receivables represent loans cash value provided by ASM and AJSM, subsidiaries, to their employees and third parties for purchase of land or building. Mortgage loans granted to employees bear special interest rate while those granted to third parties bear prevailing market interest rate. Payments are made through monthly installment. These receivables are collateralized with land or building's certificate of ownership.

Claims receivable represent receivables from policyholders in relation to payment of claims by subsidiaries in excess of the insurance limit of policyholders.

As of December 31, 2012 and 2011, loans to associated companies represent unsecured non-interest bearing loans and no maturity given to PT Bintang Rajawali Perkasa by SU amounting to Rp 8,000, and has been settled in January 2013, while as of January 1, 2011/December 31, 2010, loan to associated company represent unsecured loans to PT JobStreet Indonesia amounting to US\$ 40,000 which has been settled in 2011.

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, the consolidated balance of other accounts receivable from related parties amounted to Rp 25,934, Rp 20,650 and Rp 6,234, respectively (Note 53).

The changes in allowance for impairment losses on other receivables are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Balance at the beginning of the year	347	747	91
Provisions (reversal) during the year	(66)	(400)	656
Balance at the end of the year	<u>281</u>	<u>347</u>	<u>747</u>

Management believes that the allowance for impairment losses on other receivables as of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010 is adequate to cover the possible losses which might arise from uncollectible other receivables.

**16. Reinsurance Assets**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Estimated claim liability	265,034	256,076	167,074
Unearned premium	796,531	782,062	712,872
Premium in advance	6,522	396,337	391,391
Total	<u>1,068,087</u>	<u>1,434,475</u>	<u>1,271,337</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

**17. Investment in Shares of Stock**

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, investment in shares with percentage of ownership of below 20% and investment in share with buyback option by previous shareholder as of January 1, 2011/December 31, 2010 are categorized as available for sale (AFS) financial assets and in the absence of basis of fair value are stated at acquisition cost.

	December 31, 2012	As restated - Note 62 December 31, 2011	January 1, 2011/ December 31, 2010
The Company's investment in shares of stock			
Equity method	264,455	229,751	204,575
AFS - acquisition cost	<u>177,578</u>	<u>177,578</u>	<u>177,578</u>
Total	<u>442,033</u>	<u>407,329</u>	<u>382,153</u>
Subsidiaries' investments in shares of stock			
Equity method	177,272	184,675	17,088
AFS - acquisition cost	<u>66,654</u>	<u>66,653</u>	<u>159,604</u>
Total	<u>243,926</u>	<u>251,328</u>	<u>176,692</u>
Total	<u><u>685,959</u></u>	<u><u>658,657</u></u>	<u><u>558,845</u></u>

**a. The Company's Investments in Shares of Stock**

	Percentage of ownership %	January 1, 2012	Changes during 2012					December 31, 2012
			Reclassification	Additional investment	Equity in net income (loss)	Gain (loss) on change in ownership interest in subsidiaries	Deduction from investment	
<b>Equity Method</b>								
<b>Associates</b>								
PT Asuransi Jiwa Mega Life	50.00	202,185	-	-	34,087	-	-	236,272
PT Panji Ratu Jakarta	21.02	17,453	-	-	275	-	-	17,728
PT Super Wahana Tehno	35.19	9,862	-	-	593	-	-	10,455
PT JobStreet Indonesia	40.00	251	-	-	(251)	-	-	-
Total		<u>229,751</u>	<u>-</u>	<u>-</u>	<u>34,704</u>	<u>-</u>	<u>-</u>	<u>264,455</u>
<b>AFS - acquisition cost</b>								
PT Oto Multiartha	16.14	176,309	-	-	-	-	-	176,309
PT Summit Oto Finance	0.16	1,269	-	-	-	-	-	1,269
Total		<u>177,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,578</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

Equity Method	Percentage of ownership %	January 1, 2011	Changes during 2011				December 31, 2011
			Reclassification	Additional investment	Equity in net income (loss)	Gain on change in ownership interest in subsidiaries	
<b>Associates</b>							
PT Asuransi Jiwa Mega Life	50.00	177,025	-	-	25,160	-	202,185
PT Panji Ratu Jakarta	21.02	17,372	-	-	81	-	17,453
PT Super Wahana Tehno	35.19	9,481	-	-	381	-	9,862
PT JobStreet Indonesia	40.00	697	-	-	(446)	-	251
Total		204,575	-	-	25,176	-	229,751
<b>AFS - acquisition cost</b>							
PT Oto Multiartha	16.14	176,309	-	-	-	-	176,309
PT Summit Oto Finance	0.16	1,269	-	-	-	-	1,269
Total		177,578	-	-	-	-	177,578

Equity Method	Percentage of ownership %	January 1, 2010	Changes during 2010				January 1, 2011
			Reclassification	Additional investment	Equity in net income (loss)	Gain on change in ownership interest in subsidiaries	
<b>Associates</b>							
PT Asuransi Jiwa Mega Life	50.00	150,634	-	-	26,391	-	177,025
PT Panji Ratu Jakarta	21.02	-	18,028	-	(34)	(622)	17,372
PT Super Wahana Tehno	35.19	9,604	-	-	(123)	-	9,481
PT JobStreet Indonesia	40.00	-	-	-	697	-	697
PT Certis CISCO	49.00	7,181	-	19,600	1,457	-	(28,238)
Total		167,419	18,028	19,600	28,388	(622)	204,575
<b>Cost Method</b>							
PT Oto Multiartha	16.14	176,309	-	-	-	-	176,309
PT Summit Oto Finance	0.16	1,269	-	-	-	-	1,269
Total		177,578	-	-	-	-	177,578

**Equity Method**

PT Asuransi Jiwa Mega Life (AJML)

AJML, domiciled in Jakarta, engaged in life insurance.

PT Panji Ratu Jakarta (PRJ)

PRJ, domiciled in Jakarta, engaged in development, trading and service.

PT Super Wahana Tehno (SWT)

SWT, domiciled in Jakarta, engaged in trading and manufacturing packed drinking water.

Jobstreet Indonesia (JI)

JI, domiciled in Jakarta, engaged in employee recruitment services by internet and human resources management.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

The condensed financial information of the associates are as follows :

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Total Assets	2,084,963	3,170,381	4,353,106
Total Liabilities	1,499,889	2,655,640	3,889,814
Total Equity	585,074	514,741	463,292
Net Income	63,509	52,628	54,045

**b. Subsidiaries' Investments in shares of stock**

	December 31, 2012	As restated - Note 62 December 31, 2011	January 1, 2011/ December 31, 2010
<b>Equity method</b>			
PT Bintang Rajawali Perkasa	92,995	100,683	-
PT Asuransi Sumit Oto	53,892	51,376	-
PT LIG Insurance Indonesia	30,385	32,616	17,088
Subtotal	<u>177,272</u>	<u>184,675</u>	<u>17,088</u>
<b>Available for sale - at acquisition cost</b>			
Aries Capital Partner II	43,548	43,548	-
PT Bursa Komoditi dan Derivatif Indonesia	8,000	8,000	8,000
PT Kustodian Sentral Efek Indonesia	6,600	6,600	600
Konsorsium Asuransi Risiko Khusus - PT Tugu Reasuransi Indonesia	3,000	3,000	3,000
PT Rizki Lancar Sentosa	2,500	2,500	-
PT Asuransi MAIPARK Indonesia	1,805	1,804	1,803
Fair Oil & Energy Insurance Syndicate	455	455	455
PT Pemeringkat Efek Indonesia	350	350	350
PT Damai Indah Padang Golf	140	140	140
PT Bursa Efek Indonesia	135	135	135
PT Sedana Golf	101	101	101
PT Menara Proteksi Indonesia	20	20	20
PT Bintang Rajawali Perkasa	-	-	145,000
Subtotal	<u>66,654</u>	<u>66,653</u>	<u>159,604</u>
Total	<u>243,926</u>	<u>251,328</u>	<u>176,692</u>

**Equity Method**

**PT LIG Insurance Indonesia**

ASM, a subsidiary, established PT LIG Insurance Indonesia (LIG) as a joint venture with LG Korea. ASM has 30% ownership interest in LIG.

In January 2011, ASM increased its investment in shares of LIG by Rp 15,000. This additional investment did not change ASM's ownership interest in LIG.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

PT Bintang Rajawali Perkasa

In May 2010, SU, a subsidiary, purchased shares of stock of PT Bintang Rajawali Perkasa (BRP) from the previous shareholder, amounting to Rp 145,000 or 68.5% ownership interest in BRP. Despite the 68.5% ownership interest in BRP, the investment in BRP is accounted for using the cost method and its financial statements are not consolidated with the financial statements of SU, since the previous shareholder has the right on dividend income or other income relating to the aforementioned shares and shall still be responsible for any liability during the 12 months period or until the agreement is executed. The previous shareholder has given the option for buyback of the shares at least within 24 months. In August 2011, the option cancelled and In September 2011, SU has sold 28.5% of its investment in BRP to PT Graha Indo Selaras, third party, for Rp 47,000, therefore, investment in shares of BRP is accounted for using the equity method.

PT Asuransi Sumit Oto

On October 10, 2011, the Company and ASM, a subsidiary, sold 1,000 shares and 51,000 shares, respectively, of ASO to Djohan Marzuki and PT Summit Investment Indonesia, third parties, amounting to Rp 1,000 and Rp 51,000 or representing 1% and 51% ownership of interest in ASO. Therefore, the ASO' financial statement are not consolidated with ASM' financial statement and accounted for using the equity method.

**Available for sale – acquisition cost**

In 2012 and 2011, ASM increased its investments in shares of PT Asuransi MAIPARK Indonesia (AMI) by Rp 1, or equivalent to 3.96% ownership interest.

In May 2011, AJSM purchased shares of PT Rizky Lancar Sentosa from PT Jasnita Investindo, previous shareholder, amounting to Rp 2,500.

In April 2011, AJSM purchased 5,556 shares of Aries Capital Partner II, British Virgin Islands, amounting to Rp 43,548, or equivalent to 7.94% ownership interest.

In January 2011, SMS purchased 60 shares of PT Kustodian Sentral Efek Indonesia from PT Eurocapital Peregrine Securities amounting to Rp 6,000.

In 2010, SF purchased shares of stock of PT Bursa Komoditi dan Derivatif Indonesia, which engages in commodity trading, amounting to Rp 2,000.

In 2010, ASM purchased shares of stock of Konsorsium Asuransi Risiko Khusus - PT Tugu Reasuransi Indonesia, amounting to Rp 1,000, or 16.31% ownership interest.

In June 2010, ASM purchased shares of stock of Fair Oil & Energy Insurance Syndicate, Bahrain, amounting to Rp 455 or equivalent to 3.6% ownership interest.

**18. Investment Properties**

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, these represent investments in land and building of ASM and AJSM, subsidiaries.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

Following are the balances of and changes in investment properties and the related accumulated depreciation:

	January 1, 2012	Changes during 2012			December 31, 2012
		Additions	Deductions	Reclassification	
<b>At Cost</b>					
Land	-	4,400	-	-	4,400
Building	11,691	33	-	-	11,724
<b>Total</b>	<u>11,691</u>	<u>4,433</u>	<u>-</u>	<u>-</u>	<u>16,124</u>
<b>Accumulated Depreciation</b>					
Building	5,246	581	-	-	5,827
<b>Net Book Value</b>	<u>6,445</u>				<u>10,297</u>
	January 1, 2011	Changes during 2011			December 31, 2011
		Additions	Deductions	Reclassification	
<b>At Cost</b>					
Land	13,129	-	-	(13,129)	-
Building	21,368	-	-	(9,677)	11,691
<b>Total</b>	<u>34,497</u>	<u>-</u>	<u>-</u>	<u>(22,806)</u>	<u>11,691</u>
<b>Accumulated Depreciation</b>					
Building	4,766	585	-	(105)	5,246
<b>Net Book Value</b>	<u>29,731</u>				<u>6,445</u>
	January 1, 2010	Changes during 2010			January 1, 20 December 31, 2010
		Additions	Deductions	Reclassification	
<b>At Cost</b>					
Land	79,551	11,810	(78,232)	-	13,129
Building	12,370	9,676	(678)	-	21,368
<b>Total</b>	<u>91,921</u>	<u>21,486</u>	<u>(78,910)</u>	<u>-</u>	<u>34,497</u>
<b>Accumulated Depreciation</b>					
Building	4,110	690	(34)	-	4,766
<b>Net Book Value</b>	<u>87,811</u>				<u>29,731</u>

Depreciation charged to operations for the years ended December 31, 2012 and 2011 amounted to Rp 581 and Rp 585, respectively.

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, the fair value of investment property of ASM, subsidiary, amounted to Rp 20,964, Rp 20,925 and Rp 20,409 based on independent appraisal report of Ihot, Dolar & Rekan dated December 26, 2012, January 24, 2012 and February 11, 2011, respectively.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, investment properties are insured with ASM, a subsidiary and other insurance companies for Rp 1.302 and US\$ 1,237,112. Management believes that the insurance coverages are adequate to cover any possible losses that might arise from the assets insured.

Reclassification of investment properties to property and equipment in 2011 represents reclassification made by SU and ABSM, subsidiaries (Note 19).

Management believes that there is no impairment in value of the aforementioned assets as of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010.

**19. Property and Equipment**

	January 1, 2012	Changes during 2012			December 31, 2012
		Additions	Deductions	Reclassifications	
<b>At cost</b>					
Direct acquisitions					
Land	253,992	57,015	(747)	11,777	322,037
Buildings	616,074	212,434	(4,998)	(41,083)	782,427
Office equipment	504,699	193,114	(7,188)	-	690,625
Motor vehicles	205,923	41,448	(9,218)	-	238,153
Furniture and fixtures	29,894	7,147	(926)	-	36,115
Machineries and equipment	33,972	7,721	-	-	41,693
Construction in progress	34,421	246,744	-	29,306	310,471
<b>Total</b>	<b>1,678,975</b>	<b>765,623</b>	<b>(23,077)</b>	<b>-</b>	<b>2,421,521</b>
<b>Accumulated depreciation</b>					
Direct acquisitions					
Buildings	103,782	32,408	(2,520)	-	133,670
Office equipment	202,089	90,605	(7,085)	-	285,609
Motor vehicles	81,879	32,542	(6,541)	-	107,880
Furniture and fixtures	16,913	5,848	(899)	-	21,862
Machineries and equipment	20,591	7,404	-	-	27,995
<b>Total</b>	<b>425,254</b>	<b>168,807</b>	<b>(17,045)</b>	<b>-</b>	<b>577,016</b>
<b>Net Book Value</b>	<b>1,253,721</b>				<b>1,844,505</b>
	January 1, 2011	Changes during 2011			December 31, 2011
		Additions	Deductions	Reclassifications	
<b>At cost</b>					
Direct acquisitions					
Land	161,419	77,673	-	14,900	253,992
Buildings	454,329	143,022	(247)	19,190	616,294
Office equipment	341,496	172,228	(9,708)	463	504,479
Motor vehicles	133,060	80,168	(7,305)	-	205,923
Furniture and fixtures	27,263	3,695	(1,064)	-	29,894
Machineries and equipment	22,694	11,621	(343)	-	33,972
Construction in progress	28,198	17,970	-	(11,747)	34,421
<b>Total</b>	<b>1,168,459</b>	<b>506,377</b>	<b>(18,667)</b>	<b>22,806</b>	<b>1,678,975</b>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

	January 1, 2011	Changes during 2011			December 31, 2011
		Additions	Deductions	Reclassifications	
<b>Accumulated depreciation</b>					
Direct acquisitions					
Buildings	80,015	23,871	(209)	105	103,782
Office equipment	151,033	59,986	(8,930)	-	202,089
Motor vehicles	63,465	23,581	(5,167)	-	81,879
Furniture and fixtures	13,857	4,080	(1,024)	-	16,913
Machineries and equipment	17,135	3,793	(337)	-	20,591
<b>Total</b>	<b>325,505</b>	<b>115,311</b>	<b>(15,667)</b>	<b>105</b>	<b>425,254</b>
<b>Net Book Value</b>	<b>842,954</b>				<b>1,253,721</b>
	January 1, 2010	Changes during 2010			January 1, 2010
		Additions	Deductions	Reclassifications	
<b>At cost</b>					
Direct acquisitions					
Land	154,398	7,498	(477)	-	161,419
Buildings	390,908	63,968	(747)	200	454,329
Office equipment	288,185	56,362	(3,051)	-	341,496
Motor vehicles	94,785	42,949	(4,674)	-	133,060
Furniture and fixtures	22,173	5,391	(301)	-	27,263
Machineries and equipment	20,372	2,322	-	-	22,694
Construction in progress	11,975	16,423	-	(200)	28,198
<b>Total</b>	<b>982,796</b>	<b>194,913</b>	<b>(9,250)</b>	<b>-</b>	<b>1,168,459</b>
<b>Accumulated depreciation</b>					
Direct acquisitions					
Buildings	59,140	21,105	(230)	-	80,015
Office equipment	114,547	39,460	(2,974)	-	151,033
Motor vehicles	49,034	17,836	(3,405)	-	63,465
Furniture and fixtures	10,765	3,380	(288)	-	13,857
Machineries and equipment	13,782	3,353	-	-	17,135
<b>Total</b>	<b>247,268</b>	<b>85,134</b>	<b>(6,897)</b>	<b>-</b>	<b>325,505</b>
<b>Net Book Value</b>	<b>735,528</b>				<b>842,954</b>

Depreciation charged to operations for the years ended December 31, 2012 and 2011 amounted to Rp 168,807 and Rp 115,311, respectively.

Depreciation which were included in other expenses - direct cost of service center for the years ended December 31, 2012 and 2011 amounted to Rp 1,807 and Rp 1,186, respectively (Note 50).

As of December 31, 2012, construction in progress represent building construction in Jakarta, Surabaya, Belitung, Pekalongan, Semarang, Kudus, Jember and Magelang with contract value of Rp 64,100 and USD 80,000,000 and estimated date of completion is in 2013-2014, with contractual commitment of Rp 22,035 and USD 53,146,300.

As of December 31, 2012, the fair value of the Group' land and building amounted to Rp 1,674,123.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

Reclassification of property and equipment in 2011 includes reclassification of investment property - land and building to property and equipment, with acquisition cost amounting to Rp 22,806 and accumulated depreciation amounting to Rp 105 (Note 18).

Deductions in property and equipment pertain to the sale of certain property and equipment with details as follows:

	December 31, 2012	December 31, 2011
Selling price	7,714	4,350
Net book value	<u>6,032</u>	<u>3,000</u>
Gain on sale of property and equipment (Note 45)	<u><u>1,682</u></u>	<u><u>1,350</u></u>

Property and equipment are insured with ASM, a subsidiary, and other insurance companies amounting to Rp 1,642,446 and US\$ 2,900,000 as of December 31, 2012; Rp 1,226,697 and US\$ 4,380,840 as of December 31, 2011; and Rp 755,084 and US\$ 4,695,747 as of January 1, 2011/December 31, 2010. Management believes that the insurance coverages are adequate to cover any possible losses that might arise from the assets insured.

Management believes that there is no impairment in value of the aforementioned assets as of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010.

## 20. Foreclosed Properties

Foreclosed properties were obtained by SMF and BS, subsidiaries, from settlement of their receivables from and loans to customers.

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Land, houses, and apartments	76,944	74,569	68,469
Vehicles	18,369	15,422	5,929
Heavy equipment	<u>371</u>	<u>371</u>	<u>1,524</u>
Total	95,684	90,362	75,922
Allowance for impairment losses	<u>(1,664)</u>	<u>(442)</u>	<u>(4,683)</u>
Net	<u><u>94,020</u></u>	<u><u>89,920</u></u>	<u><u>71,239</u></u>

These foreclosed properties are not insured.

At this point in time, SMF and BS are still in the process of selling the foreclosed properties, i.e. by cooperating with property agents to sell the land, houses and apartment units.

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, management believes that the allowance for impairment losses is adequate to cover the possible losses which might arise from the decline in values of the foreclosed properties.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

**21. Other Assets**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Interbusiness unit receivables	1,123,864	802,145	380,077
Advanced payment for purchase of property and equipment	253,907	180,779	54,431
Prepaid expenses	161,862	91,595	60,204
Advanced payment for buildings renovation	72,600	87,748	12,778
Inventories	37,623	13,410	5,349
Deferred acquisition cost	25,964	19,370	-
Security deposits	21,596	21,746	10,239
Prepaid taxes	9,608	6,890	8,601
Derivative assets	2,285	7,548	-
Advances for investment	500	500	2,000
Others	31,855	14,351	6,205
<b>Total</b>	<b>1,741,664</b>	<b>1,246,082</b>	<b>539,884</b>

Interbusiness unit receivables represent investment management fee to be received by the Company from policyholders of Stable Link products.

Advanced payment for purchase of property and equipment and advanced payment for buildings renovation represent purchasing and or payment to suppliers and contractors which have not been settled as of the date of consolidated financial position.

Prepaid expenses include prepayments of office rental, shares administration charges, stamp duties and insurance premiums.

Deferred acquisition cost represent cost paid for selling, underwriting, and initiate new insurance contract, both direct cost and indirect cost that are deferred and amortized consistently with unearned premium method.

Prepaid taxes represent corporate income tax overpaid and Value Added Tax.

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, the balances of other assets from related parties amounted to Rp 24,395 and Rp 11,108 and Rp 9,622, respectively (Note 53).

**22. Deposits and Deposits from Other Banks**

These represent deposits and deposits from other banks placed in BS, a subsidiary.

	December 31, 2012	As restated - Note 62 December 31, 2011	As restated - Note 62 January 1, 2011/ December 31, 2010
Demand deposits	3,096,848	2,467,967	1,821,828
Savings deposits	4,148,957	2,367,613	1,371,475
Time deposits	5,171,579	9,473,658	6,446,422
Deposits from other banks	152,335	323,675	366,853
<b>Total</b>	<b>12,569,719</b>	<b>14,632,913</b>	<b>10,006,578</b>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

a. Demand deposits consist of:

	December 31, 2012	As restated - Note 62 December 31, 2011	As restated - Note 62 January 1, 2011/ December 31, 2010
Related parties (Note 53)			
Rupiah	436,032	353,476	377,844
Foreign currencies (Note 54)	352,181	170,818	523,505
Subtotal	<u>788,213</u>	<u>524,294</u>	<u>901,349</u>
Third parties			
Rupiah	1,302,126	1,406,871	422,312
Foreign currencies (Note 54)	1,006,509	536,802	498,167
Subtotal	<u>2,308,635</u>	<u>1,943,673</u>	<u>920,479</u>
Total	<u><u>3,096,848</u></u>	<u><u>2,467,967</u></u>	<u><u>1,821,828</u></u>

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, demand deposits managed by Sharia unit amounted to Rp 37,715, Rp 19,001 and Rp 4,978, respectively.

Average interest rates per annum on demand deposits are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Rupiah	1.00% - 6.00%	1.00% - 6.00%	1.50% - 5.00%
Foreign currencies	0.10% - 2.50%	0.06% - 2.00%	0.15% - 2.25%

b. Savings deposits consist of:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Rupiah			
Related parties (Note 53)	13,812	8,547	7,668
Third parties	4,135,145	2,359,066	1,363,807
Total	<u><u>4,148,957</u></u>	<u><u>2,367,613</u></u>	<u><u>1,371,475</u></u>

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, savings managed by Sharia unit amounted to Rp 14,284 and Rp 8,482 million and Rp 2,124, respectively.

Average interest rates per annum on savings deposits are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Rupiah	0.25% - 5.25%	0.25% - 6.00%	0.25% - 6.50%

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

c. Time deposits consist of:

	December 31, 2012	As restated - Note 62 December 31, 2011	As restated - Note 62 January 1, 2011/ December 31, 2010
Related parties (Note 53)			
Rupiah	1,114,008	3,105,685	2,093,428
Foreign currencies (Note 54)	1,357,643	1,823,298	1,261,350
Subtotal	<u>2,471,651</u>	<u>4,928,983</u>	<u>3,354,778</u>
Third parties			
Rupiah	2,400,139	4,258,282	2,826,041
Foreign currencies (Note 54)	299,789	286,393	265,603
Subtotal	<u>2,699,928</u>	<u>4,544,675</u>	<u>3,091,644</u>
Total	<u>5,171,579</u>	<u>9,473,658</u>	<u>6,446,422</u>

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, time deposits is managed by Sharia unit, amounting to Rp 505,935 and Rp 757,625 and Rp 188,560, respectively.

Total time deposits which were blocked and used as collateral for credits, letters of credit, and bank guarantees as of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, amounted to Rp 1,717,151 and Rp 1,971,755 and Rp 956,189, respectively (Note 13).

Interest rates per annum on time deposits are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Rupiah	2.00% - 10.00%	3.50% - 10.00%	6.25% - 9.75%

d. Deposits from other banks consist of:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Demand deposits	95,335	275,134	98,433
Time deposits	57,000	48,541	213,420
Call Money	-	-	55,000
Total	<u>152,335</u>	<u>323,675</u>	<u>366,853</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

1. Demand deposits consist of:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Related parties (Note 53)			
Foreign currencies (Note 54)	31,343	172,027	14,250
Third parties			
Rupiah	63,992	103,107	84,183
Total	<u>95,335</u>	<u>275,134</u>	<u>98,433</u>

Interest rates per annum are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Rupiah	1.00% - 5.00%	1.00% - 6.50%	1.50% - 5.00%
Foreign currencies	0.25%	0.15% - 0.25%	0.15%

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, demand deposits are managed by Sharia unit, amounting to Rp 448 and Rp 1,420 and nil, respectively.

2. As of January 1, 2011/December 31, 2010, Call Money is placed by third party in Rupiah with interest rate of 6.00% per annum.
3. Time deposits represent time deposits which are placed by third parties in Rupiah.

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, time deposits are managed by Sharia unit, amounting to Rp 49,500 and Rp 160 and 63,000, respectively.

Interest rates for deposits from other banks per annum are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Time deposits	5.50% - 7.25%	6.50% - 7.25%	6.50% - 7.25%

**23. Securities Sold Under Agreements to Repurchase**

As of December 31, 2011 and January 1, 2011/December 31, 2010, investments in securities sold under agreement to repurchase represent investments of SMS in Reksadana Sinar Prima Reksa, subsidiary, consisting of:

Type of Investment	December 31, 2011		
	Term	Maturity Date	Net carrying value
Rupiah			
Shares			
PT Tiga Pilar Sejahtera Food Tbk	91 days	January 23, 2012	<u>39,125</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

Type of Investment	January 1, 2011/December 31, 2010		
	Term	Maturity Date	Net carrying value
Rupiah			
Shares			
PT Tiga Pilar Sejahtera Food Tbk	90 days	January 24, 2011	<u>32,069</u>

As of December 31, 2012, there are no securities sold under agreement to repurchase.

**24. Insurance Payable**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Related parties (Note 53)			
Reinsurance payable	2,661	19,108	7,181
Insurance claims payable	1,460	8,064	3,216
Commissions payable	8,310	3,354	1,868
Premiums payable	696	929	181
Total	<u>13,127</u>	<u>31,455</u>	<u>12,446</u>
Third parties			
Reinsurance payable	180,677	126,426	54,769
Insurance claims payable	98,810	99,531	98,605
Commissions payable	36,846	18,001	22,844
Premiums payable	29,365	26,014	8,073
Total	<u>345,698</u>	<u>269,972</u>	<u>184,291</u>
Total	<u>358,825</u>	<u>301,427</u>	<u>196,737</u>

The details of insurance payable based on currency:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Rupiah			
Reinsurance payable	110,924	96,269	10,481
Insurance claims payable	85,157	87,609	97,584
Commissions payable	37,163	19,330	21,604
Premiums payable	19,357	20,755	3,482
Total	<u>252,601</u>	<u>223,963</u>	<u>133,151</u>
Foreign currency (Note 54)			
Reinsurance payable	72,414	49,265	51,469
Insurance claims payable	15,113	15,275	2,889
Commissions payable	7,993	6,736	4,456
Premiums payable	10,704	6,188	4,772
Total	<u>106,224</u>	<u>77,464</u>	<u>63,586</u>
Total	<u>358,825</u>	<u>301,427</u>	<u>196,737</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

The details of insurance payable based on type of insurance:

	December 31, 2012			
	Reinsurance	Claim	Commission	Premium
Fire	81,291	290	8,513	7,326
Health	46,781	30,167	5,518	-
Motor Vehicles	29,958	11,292	5,150	14,328
Marine Hull	9,312	57	2,338	2,889
Engineering	8,884	-	435	2,087
Marine Cargo	4,455	78	1,139	2,186
Death	974	598	-	-
Accident	12	-	6	-
Miscellaneous	1,671	57,788	22,057	1,245
<b>Total</b>	<b>183,338</b>	<b>100,270</b>	<b>45,156</b>	<b>30,061</b>

	December 31, 2011			
	Reinsurance	Claim	Commission	Premium
Fire	65,253	2,353	8,245	8,784
Health	40,922	14,789	7,980	-
Marine Hull	9,746	190	2,229	472
Motor Vehicles	4,947	27,829	3,046	15,931
Engineering	3,005	79	63	432
Death	974	1,889	-	-
Marine Cargo	425	3,020	344	1,161
Accident	-	-	1	-
Miscellaneous	20,262	52,736	4,157	163
<b>Total</b>	<b>145,534</b>	<b>102,885</b>	<b>26,065</b>	<b>26,943</b>

	January 1, 2011/December 31, 2010			
	Reinsurance	Claim	Commission	Premium
Fire	31,171	440	3,728	4,979
Motor Vehicles	18,738	9,469	3,058	1,156
Marine Hull	5,530	-	1,619	498
Engineering	1,230	-	254	642
Death	720	25	15	-
Health	10	6,755	13,399	-
Accident	6	-	-	-
Marine Cargo	-	8	627	320
Miscellaneous	4,545	83,776	3,360	659
<b>Total</b>	<b>61,950</b>	<b>100,473</b>	<b>26,060</b>	<b>8,254</b>

Reinsurance payables represent insurance premiums due to the reinsurance companies based on the reinsurance contract (treaty) for certain amount of insurance policies.

Commissions payable represent commissions due to brokers and insurance agencies while insurance claims payable represent liabilities to policyholders in relation to claims which have been approved but the payments of which are still in process.

Premiums payable represent co-insurance premium payable to co-insurance member arising from life insurance transaction.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

**25. Premiums Received in Advance**

This account represents premiums received in advance by ASM, a subsidiary, in relation to insurance policies issued with coverage period of more than one (1) year.

Premiums received in advance by type of insurance are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Motor Vehicles	526,406	630,133	714,536
Fire	69,150	464,661	434,361
Miscellaneous	17,470	17,215	12,174
Engineering	6,756	2,514	696
Marine Cargo	5	136	99
Marine Hull	-	145	180
Health	-	32	32
Total	<u>619,787</u>	<u>1,114,836</u>	<u>1,162,078</u>

**26. Liability for Future Policy Benefits**

a. Liability for future policy benefits represents the amount set aside to provide the benefits promised to policyholders under the terms of life insurance policies in force, which are stated in the policies and determined in accordance with the actuarial calculation.

b. The details of liability for future policy benefits based on type of coverage are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Individual:			
Combined endowment	9,504,445	7,295,590	2,111,871
Whole life	243,498	226,998	216,970
Endowment	8,688	8,624	8,471
Non-Traditional	4,524	5,070	4,988
Death	432	414	710
Subtotal	<u>9,761,587</u>	<u>7,536,696</u>	<u>2,343,010</u>
Group:			
Death	247,124	159,659	138,227
Endowment	-	38	43
Non-Traditional	6	4	-
Subtotal	<u>247,130</u>	<u>159,701</u>	<u>138,270</u>
Total	<u>10,008,717</u>	<u>7,696,397</u>	<u>2,481,280</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

- c. As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, AJSM, a subsidiary, liability for future policy benefits is recorded by AJSM based on actuarial calculation. The assumptions used in the computation are as follows:

For the insurance policies issued since 1994:

Type of Insurance	Mortality Table	Actuarial Interest	Method of Reserve Computation
<b>a. Individual:</b>			
Death	Reinsurance	8%	Zilmer
	TMI 93 + Reinsurar	2%, 8%	Net level premium
Endowment	CSO 58	5%	Net level premium
	MOD TMI 93	8%	Net level premium
	Reinsurance	9%	Net level premium
Combined endowment	CSO 58	4%, 5%, 8%	Net level premium
	TMI 93	2,5%, 3%, 4%, 5%, 8%	Net level premium
		8%	Zilmer
	Reinsurance + TMI	2%, 4%, 8%	Net level premium
	CSO 1980	4%, 8%, 9%	Zilmer
Whole life		7%	Net level premium
	Reinsurance	5%, 7%, 8%	Net level premium
		5%, 9%	Zilmer
	MOD CSO 58	8%	Net level premium
	CSO 58	6%	Zilmer
	TMI 93	4%, 5%, 7%, 8%	Net level premium
	Reinsurance	8%, 5%	Zilmer
Combined Whole life		8%	Net level premium
	CSO 58	5%, 6%	Net level premium
	TMI 93	4%, 5%, 7%, 8%	Net level premium
	Reinsurance	5%, 9%	Zilmer
	8%	Net level premium	
<b>b. Group:</b>			
Death	Reinsurance	4%, 8%	Net level premium

For the insurance policies issued before 1994:

Type of Insurance	Mortality Table	Actuarial Interest	Method of Reserve Computation
<b>Individual:</b>			
Endowment	CSO 58	8%	Zilmer
Combined Endowment	CSO 58	4%, 7%	Zilmer
Whole life	CSO 58	6%	Zilmer

The above liability for future policy benefits are prospective with linear interpolation.

- d. The changes in liability for future policy benefits are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Balance at the beginning of the year	7,696,397	2,481,280	3,372,899
Increase (decrease) in liability for future benefits (Note 46)	2,262,842	5,215,117	(891,619)
Increase in liability for future benefits - sharia	49,478	-	-
Balance at the end of year	10,008,717	7,696,397	2,481,280

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

**27. Unearned Premiums and Estimated Liability Claims**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Unearned premiums	1,457,906	1,375,875	1,190,031
Estimated liability claims	512,001	477,025	364,284
Total	<u>1,969,907</u>	<u>1,852,900</u>	<u>1,554,315</u>

**a. Unearned Premiums**

Unearned premiums by type of insurance are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Fire	600,497	610,923	565,841
Health	340,487	228,666	182,471
Motor vehicles	318,069	352,006	278,619
Miscellaneous	114,524	105,740	94,355
Marine cargo	51,647	48,553	50,184
Marine hull	24,430	23,217	13,466
Engineering	5,372	4,336	2,971
Accident	2,411	2,027	1,739
Death	469	407	385
Total	<u>1,457,906</u>	<u>1,375,875</u>	<u>1,190,031</u>

The changes in unearned premiums are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Balance at the beginning of the year	1,375,875	1,190,031	357,697
Increase in unearned premiums (Note 42)	63,734	115,723	116,724
Increase in reinsurance assets	14,469	69,190	712,872
Increase in unearned premiums tabarru' fund	3,828	931	2,738
Balance at the end of year	<u>1,457,906</u>	<u>1,375,875</u>	<u>1,190,031</u>

**b. Estimated Liability Claims**

The details of estimated claims liability by type of insurance are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Fire	223,511	184,328	151,443
Motor vehicles	104,651	89,695	67,608
Marine hull	63,521	72,490	10,940
Miscellaneous	61,229	46,195	31,892
Health	34,278	45,049	54,352
Death	8,752	8,696	5,012
Marine cargo	8,324	13,748	11,093
Engineering	7,735	16,824	31,944
Total	<u>512,001</u>	<u>477,025</u>	<u>364,284</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

The changes in estimated claims liability are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Balance at the beginning of the year	477,025	364,284	136,909
Increase in estimated claims liability (Note 46)	43,541	22,306	59,344
Increase in reinsurance assets	8,958	89,002	167,074
Increase in estimated claims liability tabarru' fund	(17,523)	1,433	957
Balance at the end of year	<u>512,001</u>	<u>477,025</u>	<u>364,284</u>

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, the balance of unearned premiums and estimated claims liability to related parties amounted to Rp 788,726 and Rp 729,631 and Rp 779,959, respectively (Note 53).

**28. Securities Agent Payables**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Payable to PT KPEI	100,420	70,063	325,144
Payable to customers	37,829	22,816	90,506
Commission payable	2,973	861	1,940
Total	<u>141,222</u>	<u>93,740</u>	<u>417,590</u>

Payable to customers and PT Kliring Penjaminan Efek Indonesia (KPEI) are liabilities of SMS, a subsidiary, in relation with purchase and sale transactions of customers' shares.

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, the balance of securities agent payables to related parties amounted to Rp 2,257, nil and Rp 10,870, respectively (Note 53).

**29. Taxes Payable**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Income Taxes			
Article 29	36,572	20,588	18,025
Article 4 (2)	13,786	15,178	13,612
Article 21	10,572	7,381	4,073
Article 25	5,257	4,105	3,910
Articles 23 and 26	1,256	2,857	1,027
Value Added Tax	4,537	4,575	767
Total	<u>71,980</u>	<u>54,684</u>	<u>41,414</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

The filing of tax returns is based on the Group's own calculation of tax liabilities (self-assessment). Based on the third amendment of the General Taxation Provisions and Procedures No. 28 Year 2007, the time limit for the tax authorities to assess or amend taxes was reduced from 10 to 5 years, subject to certain exceptions, since the tax became payable and for year 2007 and prior years, the time limit will end at the latest on fiscal year 2013.

**30. Accrued Expenses**

	December 31, 2011	December 31, 2011	January 1, 2011/ December 31, 2010
Interest	37,650	39,049	26,341
Others	38,270	30,571	17,527
Total	<u>75,920</u>	<u>69,620</u>	<u>43,868</u>

Others represent accruals of certain operating expenses.

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, the balance of accrued interest to related parties amounted to Rp 6,912, Rp 8,825 and Rp 6,682, respectively (Note 53).

**31. Medium Term Notes**

	December 31, 2012
Nominal value	1,000,000
Unamortized issuance cost	<u>(3,116)</u>
Total	<u>996,884</u>

SMF, a subsidiary, issued Medium Term Notes Sinar Mas Multifinance Year 2012 with nominal value of Rp 1,000,000 and made in 2 withdrawals as follows:

- a. Amounting to Rp 600,000 on November 13, 2012
- b. Amounting to Rp 400,000 on November 29, 2012

MTN' period is three (3) years or less if option is exercised by SMF. MTN' interest rate is 11% per annum which will be paid on each 3 months. The MTN will be mature on November 13, 2015 and November 29, 2015, respectively.

These MTN's are unsecured and not listed in any stock exchange.

SMS and BS, subsidiaries, acted as Arranger and Monitoring and Payment Agent, respectively of MTN Sinar Mas Multifinance year 2012.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

**32. Loans Received**

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, this account represents loans of SMF and ABSM, subsidiaries, which were obtained from:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Third Parties			
PT Bank Negara Indonesia (Persero) Tbk	332,606	339,801	172,226
PT Bank Pan Indonesia Tbk	389,500	249,687	251,698
PT Bank Victoria International Tbk	109,259	122,320	18,684
PT Bank Capital Indonesia Tbk	100,000	100,000	-
PT Bank ICBC Indonesia	68,254	69,117	19,887
PT Bank CIMB Niaga Tbk	-	49,979	49,770
Total	<u>999,619</u>	<u>930,904</u>	<u>512,265</u>

**PT Bank Negara Indonesia (Persero) Tbk (BNI)**

On June 24, 2008, SMF obtained a working capital loan facility from BNI with maximum facility of Rp 250,000 and loan facility arising from non-revolving loan installment. The availability of the facility is for 12 months. On November 30, 2010, the loan facility was increased to Rp 350,000. The facility has been extended several times, the latest extension until to April 26, 2013. Interest rates range from 10.00% to 13.75% per annum. As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, the outstanding loan amounting to Rp 333,816, Rp 340,999 and Rp 172,226 with unamortized provision amounting to Rp 1,210, Rp 1,198 and nil, respectively.

The facility is fiduciary secured by motor vehicles consumer financing receivables equivalent to a maximum of 105% of the total loan facility (Note 7), assignment (with retro cessie) in the form of transfer of consumer financing receivables on motor vehicles equivalent to 100% of receivables if the installments are already overdue.

**PT Bank Pan Indonesia Tbk (Panin)**

On March 13, 2008, SMF obtained a non-revolving working capital loan facility from Panin with a maximum facility of Rp 50,000 (Facility I). The availability of the facility is for 3 months. Interest rate assignment from the loan is 10.5% per annum for the first year and Certificate of Bank Indonesia interest rate plus 3% per annum for the second year and third year. The facility has been paid on February 17, 2011 and has not been extended. As of December 31, 2010, the outstanding loan amounted to Rp 2,083.

On March 30, 2010, SMF obtained revolving working capital loan facility from Panin with a maximum facility of Rp 50,000 (Facility II). The availability of the facility is for 12 months. On June 28, 2010, the loan facility II was increased to Rp 250,000. The facility has been extended several times, the latest extension until March 30, 2013. At the last extension, the facility was increased to Rp 400,000. The interest rates range from 8.75% to 9.00% per annum. As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, the outstanding loan amounted to Rp 390,000, Rp 250,000 and Rp 250,000 with unamortized provision amounted to Rp 500, Rp 313 and Rp 385, respectively.

The facility is fiduciary secured by consumer financing receivables (Note 7).

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

**PT Bank Victoria International Tbk (Victoria)**

In 2008, ABSM obtained a working capital loan facility from Victoria with maximum facility of Rp 35,000. Interest rate on this loan is 11% per annum. The facility has been extended several times, the latest extension is until June 11, 2013. As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, the outstanding loan amounted to Rp 9,301, Rp 22,441 and Rp 18,684 with unamortized provision amounting to Rp 42, Rp 121 and nil, respectively.

The facility is fiduciary secured by net investment in finance lease (Note 8).

On March 24, 2011, SMF obtained a revolving working capital credit facility from Victoria with maximum facility of Rp 100,000. The availability of the facility is for 12 months, and this facility has been extended several times, the latest extension on is until March 29, 2013. Interest rates ranging from 10.00% to 10.25% per annum. As of December 31, 2012 and 2011, the outstanding loan amounted to Rp 100,000.

The facility is fiduciary secured by consumer financing receivables (Note 7).

**PT Bank Capital Indonesia Tbk (Capital)**

On December 16, 2010, SMF obtained a revolving working capital loan facility from Capital with maximum facility of Rp 100,000. The availability of the facility is for 12 months, with interest rates 10.50% per annum. This facility has been extended until December 16, 2013. As of December 31, 2012 and 2011, the outstanding loan amounted to Rp 100,000.

The facility is fiduciary secured by factoring receivables (Note 9).

**PT Bank ICBC Indonesia (ICBC)**

In 2010, ABSM obtained a fixed loan facility - on demand from ICBC with maximum facility of Rp 20,000. The facility has been extended several times, the latest will be available until June 11, 2013. Interest rate of 11% per annum. As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, the outstanding loan amounted to Rp 19,000, Rp 19,800 and Rp 19,980 with unamortized provision amounting to Rp 42, Rp 100 and 93, respectively.

In 2011, ABSM obtained an additional a fixed loan facility – on demand from ICBC with maximum facility of Rp 50,000, and will be available until June 11, 2013. The interest rate is 11% per annum. As of December 31, 2012 and 2011, the outstanding loan amounted to Rp 49,400 and Rp 49,500 with unamortized provision amounting to Rp 104 and Rp 83, respectively.

The facility is fiduciary secured by factoring receivables (Note 9).

**PT Bank CIMB Niaga Tbk (CIMB Niaga)**

On August 11, 2009, SMF obtained a revolving loan facility from CIMB Niaga with a maximum facility of Rp 50,000. The availability of the facility is for 1 year with interest rate of 13% per annum. The facility has been extended several times, the latest is until November 11, 2012. The interest rates range from 10.25% to 13.00% per annum. This facility has been paid by SMF on November 2012. As of December 31, 2011 and January 1, 2011/December 31, 2010, the outstanding loan amounted to Rp 50,000 with unamortized provision amounting to Rp 21 and Rp 230, respectively.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

The facility is fiduciary secured by consumer financing receivables (Note 7).

The loans obtained by the subsidiaries from BNI, Panin, Victoria, Capital, ICBC and CIMB Niaga include requirements that restrict the subsidiaries, among others, to conduct merger, acquisition, reorganization, change of business or change their legal status or liquidate the subsidiaries, file a petition for bankruptcy or delaying payment of their debts, withdraw or reduce the paid up capital and to guarantee or mortgage shares.

**33. Other Liabilities**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Immediately payable liabilities	201,367	70,787	42,456
Premiums received still in identification process	87,168	124,323	134,951
Policyholders' deposits	55,042	94,217	10,247
Payable to policyholders	13,274	11,868	71,682
Tabarru fund	12,979	557	-
Unearned revenues	10,981	15,897	8,842
Margin deposits	3,278	2,801	29,706
Tithe payable	504	376	149
Traveller's checks	431	881	1,616
Estimated losses on commitments and contingencies	-	-	3,537
Negative goodwill-net	-	-	129,802
Others	54,136	96,127	214,393
<b>Total</b>	<b>439,160</b>	<b>417,834</b>	<b>647,381</b>

Tabarru' fund is the fund establish from contribution, investment income, and accumulated tabarru' funds underwriting surplus reserve which is allocated to tabarru fund.

As of January 1, 2011/December 31, 2010, others include liability of SU, a subsidiary, to third party amounting to Rp 145,000, in connection with the purchase of shares of PT Bintang Rajawali Perkasa by SU and has been repaid in October 2011.

As of January 1, 2011/December 31, 2010, the balance of negative goodwill includes negative goodwill arising from purchase of shares of AJSM at nominal price by the Company and SU, a subsidiary. The carrying amount of negative goodwill amounting to Rp 129,806 was adjusted to beginning balance of retained earning as of January 1, 2011 (Note 63) and carrying amount of positive goodwill amounted Rp 4 was recorded as other assets.

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, the balance of other liabilities to related parties amounted to Rp 2,131, Rp 946 and Rp 818, respectively (Note 53).

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

**34. Non Controlling Interests in Net Assets and Comprehensive Income (Losses) of the Subsidiaries**

**a. Noncontrolling interest in net assets of the subsidiaries**

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
AJSM	4,830,096	4,499,174	-
BS	792,668	518,010	200,315
SU	1,511	1,466	-
GAI	3,476	-	-
JTUM	50	48	46
AUP	1	1	1
Total	<u>5,627,802</u>	<u>5,018,699</u>	<u>200,362</u>

**b. Noncontrolling interest in net income (losses) of the subsidiaries**

	December 31, 2012	December 31, 2011
AJSM	410,164	271,708
BS	91,177	33,674
GAI	401	-
SU	45	(34)
JTUM	2	1
Total	<u>501,789</u>	<u>305,349</u>

**c. Noncontrolling interest in comprehensive income (losses) of the subsidiaries**

	December 31, 2012	December 31, 2011
AJSM	409,641	(2,501,350)
BS	158,058	16,120
GAI	401	-
SU	45	(34)
JTUM	2	2
Total	<u>568,147</u>	<u>(2,485,262)</u>

**35. Capital Stock**

The share ownership in the Company based on the records of STG, share registrar, a subsidiary, is as follows:

By Series of Shares:

Shares	December 31, 2012				December 31, 2011				January 1, 2011/December 31, 2010			
	%	Number of Shares	Nominal Value per Share (in full Rupiah)	Total Paid up Capital Stock Rp '000,000	%	Number of Shares	Nominal Value per Share (in full Rupiah)	Total Paid up Capital Stock Rp '000,000	%	Number of Shares	Nominal Value per Share (in full Rupiah)	Total Paid up Capital Stock Rp '000,000
Series A	2.28	142,474,368	5,000	712,372	2.29	142,474,368	5,000	712,372	2.29	142,474,368	5,000	712,372
Series B	97.72	6,093,458,908	100	609,346	97.71	6,090,063,689	100	609,006	97.71	6,081,318,298	100	608,132
Total	100.00	6,235,933,276		1,321,718	100.00	6,232,538,057		1,321,378	100.00	6,223,792,666		1,320,504

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

By Ownership of Interest:

Name of Stockholder	December 31, 2012		December 31, 2011		January 1, 2011/ December 31, 2010	
	%	Number of Shares	%	Number of Shares	%	Number of Shares
JBC International Finance (MAU) Limited	31.90	1,989,425,928	52.46	3,269,507,578	55.85	3,475,886,578
Indra Widjaja	-	-	0.00	208,500	0.02	1,315,364
Public (below 5% each)	68.10	4,246,507,348	47.54	2,962,821,979	44.13	2,746,590,724
Total	100.00	6,235,933,276	100.00	6,232,538,057	100.00	6,223,792,666

All capital stock issued by the Company (Series A and Series B shares) are common stock.

The changes in capital stock of the Company are as follows:

	Number of Shares	Paid-up Capital Stock
Balance as of January 1, 2010	6,180,258,195	1,316,150
Additional issuance of capital stock from the conversion of Series III warrants (Note 41)	1,600,804	160
Additional issuance of capital stock from the conversion of Series IV warrants (Note 41)	41,933,667	4,194
Balance as of January 1, 2011/December 31, 2010	6,223,792,666	1,320,504
Additional issuance of capital stock from the conversion of Series IV warrants (Note 41)	8,745,391	874
Balance as of December 31, 2011	6,232,538,057	1,321,378
Additional issuance of capital stock from the conversion of Series IV warrants (Note 41)	3,395,219	340
Balance as of December 31, 2012	6,235,933,276	1,321,718

**Capital Management**

The primary objective of the Group' capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Group is no required to meet any capital requirement.

The Group manages its capital structure and makes adjustment in light of changes in economic conditions. The Group monitors their capital using gearing ratio (debt to equity ratio), by dividing net debt to capital. The Group's policy is to maintain the gearing ratio within the range of gearing ratios of the other companies with similar industry in Indonesia. Net debt is calculated as total borrowings (including short-term and long-term) less cash and cash equivalents. Total capital is calculated as equity attributable to the Company's stockholders as shown in the consolidated statement of financial position.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

Ratio of net debt to equity as of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010 are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Deposits and deposits from other banks	12,569,719	14,632,913	10,006,578
Loans received	999,619	930,904	512,265
Medium Term Notes	996,884	-	-
Cash and cash equivalents	<u>(7,010,441)</u>	<u>(8,552,645)</u>	<u>(1,988,544)</u>
Total - net	<u>7,555,781</u>	<u>7,011,172</u>	<u>8,530,299</u>
Total Equity	<u>10,627,877</u>	<u>9,536,284</u>	<u>5,060,646</u>
The ratio of net loans and debt to equity	<u>71.09%</u>	<u>73.52%</u>	<u>168.56%</u>

**36. Additional Paid-in Capital - Net**

This account consists of additional paid-in capital and equity stock issuance cost, the details are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Additional paid-in capital	812,892	811,534	808,037
Equity stock issuance cost	<u>(3,137)</u>	<u>(3,137)</u>	<u>(3,137)</u>
Total	<u>809,755</u>	<u>808,397</u>	<u>804,900</u>

Additional paid-in capital consist of:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Initial public offering	78,000	78,000	78,000
Limited public offering I	165,750	165,750	165,750
Limited public offering III	24,783	24,783	24,783
Conversion of Series I warrants	49,372	49,372	49,372
Conversion of Series III warrants	396,353	396,353	396,353
Conversion of Series IV warrants	175,134	173,776	170,279
Conversion to capital stock	<u>(76,500)</u>	<u>(76,500)</u>	<u>(76,500)</u>
Total	<u>812,892</u>	<u>811,534</u>	<u>808,037</u>

Equity stock issuance cost incurred on Limited Public Offering II, III and IV, amounted to Rp 904, Rp 1,060, and Rp 1,173, respectively.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

The changes in additional paid-in capital account from January 1, 2010 up to December 31, 2012 are as follows:

	<u>Total</u>
Balance as of January 1, 2010	787,598
Additional paid-in capital from the conversion of Series III warrants (Note 41)	529
Additional paid-in capital from the conversion of Series IV warrants (Note 41)	<u>16,773</u>
Balance as of December 31, 2010	804,900
Additional paid-in capital from the conversion of Series IV warrants (Note 41)	<u>3,497</u>
Balance as of December 31, 2011	808,397
Additional paid-in capital from the conversion of Series IV warrants (Note 41)	<u>1,358</u>
Balance as of December 31, 2012	<u><u>809,755</u></u>

**37. Other Equity Components**

This account represents changes in value of investments of the Company due to changes in equity of the subsidiaries and associated companies which resulted from the change in the Company's ownership interest in AJSM. BS, PT Panji Ratu Jakarta and PT Super Wahana Tehno, unrealized loss on decrease in value of securities of ASM, AJSM and BS and changes in fair values of derivative instruments of PT Oto Multiartha.

	<u>December 31, 2012</u>	<u>December 31, 2011</u>	<u>January 1, 2011/ December 31, 2010</u>
Unrealized gain (loss) on changes in fair value of available for sale securities of subsidiaries (Note 5)	7,218	(29,237)	93,723
Share in translation adjustment of a subsidiary	353	41	-
Effects of transactions of subsidiary and associated company with other investors	2,866,497	2,868,812	36,809
Changes in fair values of derivative instruments and others	<u>(9,099)</u>	<u>(9,099)</u>	<u>(9,099)</u>
Total	<u><u>2,864,969</u></u>	<u><u>2,830,517</u></u>	<u><u>121,433</u></u>

**38. Difference in Value Arising from Restructuring Transactions Among Entities Under Common Control**

In December 2006, the Company increased its investment in AJSM amounting to Rp 15,000. The increase in investment resulted to an increase in ownership interest of the Company in AJSM from 50.00% to 73.08%, since the other stockholders, namely: PT Sinarindo Gerbangmas (SG) and PT Sinar Mas Tunggal (SMT) (both are companies owned by Sinar Mas Group) did not increase their investments. Difference between the transfer price and book value of restructuring transactions among entities under common control amounting to Rp 46,028 was recorded in the account "Difference in Value Arising from Restructuring Transactions Among Entities Under Common Control" as part of equity in the consolidated financial statements.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

In December 2007, the Company increased its investment in AJSM amounting to Rp 20,000. The increase in investment resulted to an increase in ownership interest of the Company in AJS from 73.08% to 83.33%, since SG and SMT did not increase their investments. Difference between the transfer price and book value of restructuring transactions among entities under common control amounting to Rp 47,475 was recorded in the account "Difference in Value Arising from Restucturing Transactions Among Entities Under Common Control" as part of equity in the consolidated financial statements.

In 2012, 2011, 2010, 2009 and 2008, the Company increased its investment in JTUM amounting to Rp 25,000, Rp 25,000, Rp 15,000, Rp 20,000 and Rp 8,000, respectively. The increase in investment resulted to an increase in ownership interest of the Company in JTUM to 99.93% in 2011, 99.90% in 2010, 99.86% in 2009, 99.67% in 2008, since the other stockholders, PT Kalibesar Raya Utama, a company owned by Sinar Mas Group, did not increase its investment. Difference between the transfer price and book value of restructuring transactions among entities under common control amounting to Rp (1), Rp (1), Rp (7) and Rp (10), respectively, were recorded in "Difference in Value Arising from Restucturing Transactions Among Entities Under Common Control" as part of equity in the consolidated financial statements.

The balance of this account as of December 31, 2011 and 2010, amounted to Rp 93,484 and Rp 93,485, respectively.

### **39. Cash Dividends**

Based on the Annual General Stockholders' Meeting dated June 15, 2012, the shareholder approved the distribution of cash dividend for 2011 amounting to Rp 6,236 or Rp 1 (in Rupiah full amount) per Series A and Series B Share.

Based on the Annual General Stockholders' Meeting dated June 24, 2011, the shareholder approved the distribution of cash dividend for 2010 amounting to Rp 6,224 or Rp 1 (in Rupiah full amount) per Series A and Series B share.

### **40. General Reserve**

Based on the Annual General Stockholders' Meeting dated June 15, 2012, the Company provided general reserve based on the total issued and paid up capital amounting to Rp 264,276.

Based on the Annual General Stockholders' Meeting dated June 24, 2011, the Company provided general reserve based on the total issued and paid up capital amounting to Rp 264,101.

Based on the Annual General Stockholders' Meeting dated June 4, 2010, the Company provided general reserve based on the total issued and paid up capital amounting to Rp 263,230.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, the balance of general reserve amounted to Rp 791,607, Rp 527,331 and Rp 263,230, respectively. This general reserve was provided in relation with the Law of Republic of Indonesia No. 40/2007 dated August 16, 2007 regarding Limited Liability Company, which requires Companies to set up general reserve equivalent to at least 20% of the total issued and paid up capital. There is no timeline over which this amount should be appropriated.

**41. Warrants**

In July 2008, the Company issued 1,446,793,426 Series IV warrants (detachable warrants), free of charge. These warrants can be exercised during the period from January 6, 2009 up to July 9, 2013. Every holder of a Series IV warrant has a right to buy one Series B share at an exercise price of Rp 500 per share.

During 2012 and 2011, 3,395,219 and 8,745,391 warrants Series IV has been converted Series B to shares. As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, unconverted Series IV warrants are 1,008,955,055, 1,012,350,274 and 1,021,095,665 warrants, respectively.

**42. Insurance Underwriting Income**

	December 31, 2012	December 31, 2011
Gross premiums	14,459,239	16,281,679
Reinsurance premiums	(2,032,692)	(1,997,650)
Increase in unearned premiums (Note 27)	(63,734)	(115,723)
Others	26,291	10,449
Total	<u>12,389,104</u>	<u>14,178,755</u>

**43. Interest Income**

	December 31, 2012	December 31, 2011
Loans	1,295,619	1,077,258
Securities	358,716	255,677
Time deposits	297,030	248,495
Placements with other banks	9,463	13,676
Securities purchased under agreements to resell	1,184	5,879
Mortgage receivables	2,088	2,349
Others	2,797	1,316
Total	<u>1,966,897</u>	<u>1,604,650</u>

**44. Sales**

This account represent sales of foreign currencies by SMC, a subsidiary, and sales by the Company.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

**45. Other Income**

	December 31, 2012	As Restated - Note 62 December 31, 2011
Dividend income	27,284	37,769
Service center income	23,779	20,388
Interest income - current account	17,417	37,362
Printing insurance policy income	9,111	10,192
Income from penalties	8,665	10,333
Share in net income of associates - net	-	10,775
Others	38,642	29,703
Total	<u>124,898</u>	<u>156,522</u>

Service center income were earned by JTUM, a subsidiary.

Dividend income in 2012 and 2011, were earned from short term investments.

Others include service income from Unit Link policyholders Link, gain on sale of property and equipment (Note 19), and other income.

**46. Insurance Underwriting Expenses**

	December 31, 2012	As Restated - Note 62 December 31, 2011
Gross claims	10,854,521	11,419,483
Reinsurance claims	(141,657)	(45,286)
Increase in liability for future policy benefits (Note 26)	2,262,842	5,215,117
Decrease in segregated fund contract liabilities - unit link	(605,093)	(2,506,291)
Commission - net	387,141	403,697
Increase in insurance contract liabilities	141,780	40,586
Increase in estimated claims liabilities (Note 27)	43,541	22,306
Other underwriting expense	41,366	48,893
Total	<u>12,984,441</u>	<u>14,598,505</u>

**47. Interest Expense**

	December 31, 2012	December 31, 2011
Time deposits	408,959	618,198
Savings deposits	147,387	85,746
Loans received	115,681	89,101
Current account	60,022	39,345
Premiums on Government guarantee	29,216	26,347
Deposits and deposits from other banks	2,741	972
Securities sold under repurchase agreement	482	1,428
Others	69	35,406
Total	<u>764,557</u>	<u>896,543</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

**48. General and Administrative Expenses**

	December 31, 2012	December 31, 2011
General	165,883	118,183
Marketing and advertising	163,699	96,561
Electricity, water, and telephone	141,267	96,310
Rental	77,705	49,743
Office supplies	49,617	33,605
Administration	42,931	31,650
Professional fees	32,436	21,470
Defined-benefit post employment expense (Note 49)	22,350	14,363
	<u>695,888</u>	<u>461,885</u>
Total	<u>695,888</u>	<u>461,885</u>

**49. Long Term Employee Benefits Liability**

The Group determines long term employee benefits liability based on Law No. 13 Year 2003, dated March 25, 2003. No funding of the benefits has been made to date by the Group.

As of December 31, 2012, 2011, 2010, 2009 and 2008, the last actuarial valuation report on the the long term employee benefit liability of the Group was from an independent actuary.

A reconciliation of the amount of long-term employee benefits liability presented in the consolidated statements of financial position is as follows:

	2012	2011	2010	2009	2008
Present value of unfunded long-term employee benefit liability	144,618	95,968	69,839	39,742	23,758
Unrecognized actuarial gains (losses)	(47,047)	(19,151)	(5,362)	(731)	3,327
Unrecognized past service costs	(733)	(29)	(30)	(32)	(34)
Long-term employee benefits liability	<u>96,838</u>	<u>76,788</u>	<u>64,447</u>	<u>38,979</u>	<u>27,051</u>

Following are details of long-term employee benefits expense:

	December 31, 2012	December 31, 2011
Current service costs	17,849	9,855
Interest costs	5,485	3,439
Amortization actuarial gain	3,927	1,067
Past service costs	18,002	2
Actuarial adjustments	(22,913)	-
Defined-benefit post-employment reserve at end of the year	<u>22,350</u>	<u>14,363</u>

Movements of long term employee benefit liability are as follows:

	December 31, 2012	December 31, 2011
Long term employee benefit liability at beginning of the year	76,788	64,447
Long term employee benefit expense during the year (Note 48)	22,350	14,363
Payments during the year	(2,300)	(2,022)
Long term employee benefit liability at end of the year	<u>96,838</u>	<u>76,788</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

Principal actuarial assumptions used in the valuation of the defined post-employment benefits are as follows:

	December 31, 2012	December 31, 2011
Future salary increase	4.50% - 15.00%	5.00% - 15.00%
Discount rate	6.50% - 10.00%	7.00% - 10.00%

**50. Other Expenses**

	December 31, 2012	December 31, 2011
Repairs and maintenance	64,020	41,089
Training and education	44,999	35,296
Direct costs of service center	14,937	13,107
Tithe inshare in net loss of associates - net	4,026	-
Others	39,602	22,239
Total	<u>167,584</u>	<u>111,731</u>

Others consist of donation, fine, loss on sale of foreclosed properties and others.

**51. Income Taxes**

The tax expense of the Group consists of the following:

	December 31, 2012	As Restated - Note 62 December 31, 2011
Current tax expense		
Subsidiaries	<u>110,620</u>	<u>78,996</u>
Deferred tax benefit		
The Company	(43)	(18)
Subsidiaries	<u>(22,095)</u>	<u>(10,634)</u>
Subtotal	<u>(22,138)</u>	<u>(10,652)</u>
Total	<u>88,482</u>	<u>68,344</u>

**Current Tax**

A reconciliation between income before tax per statements of comprehensive income of the Company and accumulated fiscal losses is as follows:

	December 31, 2012	As Restated - Note 62 December 31, 2011
Income before tax per consolidated statements of comprehensive income	1,656,283	2,012,263
Deduct:		
Income of the subsidiaries	<u>(1,621,677)</u>	<u>(1,974,274)</u>
Income before tax of the Company	<u>34,606</u>	<u>37,989</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

	December 31, 2012	As Restated - Note 62 December 31, 2011
Temporary differences:		
Long term employee benefit expense	173	82
Depreciation expense	1	13
Employee loan	-	(26)
Net	<u>174</u>	<u>69</u>
Permanent differences:		
Depreciation expense	7,482	3,935
Other expenses	1,957	3,657
Interest income	(27)	(45)
Rent income	(5,775)	(1,000)
Gain from investment in units of mutual funds	(24,976)	(25,486)
Share in net income of the associates	(34,704)	(25,176)
General and administrative expenses	14	-
Net	<u>(56,029)</u>	<u>(44,115)</u>
Fiscal loss	(21,249)	(6,057)
Accumulated fiscal losses in prior years	(18,476)	(18,620)
Adjustment on fiscal losses based on Tax Assessment Letter year 2010	1,151	-
Adjustment on fiscal losses based on Tax Assessment Letter year 2009	-	2,328
Adjustment on fiscal losses year 2011	914	-
Uncompensated fiscal losses	<u>856</u>	<u>3,873</u>
Accumulated fiscal losses	<u>(36,804)</u>	<u>(18,476)</u>

The Company is in fiscal loss position, thus, no provision for current corporate income tax was made. According to tax regulation, fiscal losses can be carried forward and applied against the taxable income immediately within five (5) years after such fiscal losses were incurred.

Based on Tax Assessment Letter No: 00081/406/10/054/12 dated May 4, 2012, the Company's fiscal loss for year 2010 have been adjusted from Rp 3,914 to Rp 2,763.

**Deferred Tax**

	December 31, 2010	Credited (charged in) consolidated statement of comprehensive income	December 31, 2011	Credited (charged in) consolidated statement of comprehensive income	December 31, 2012
<b>Deferred Tax Assets - Net</b>					
Deferred tax assets (liabilities):					
Fiscal losses	1,006	-	1,006	-	1,006
Long-term employee benefit expense	59	21	80	43	123
Depreciation expense	5	3	8	-	8
Employee loans	<u>20</u>	<u>(6)</u>	<u>14</u>	<u>-</u>	<u>14</u>
Total - the Company	1,090	18	1,108	43	1,151
Subsidiaries	<u>2,470</u>	<u>12,463</u>	<u>14,933</u>	<u>37,781</u>	<u>52,714</u>
Total	<u>3,560</u>	<u>12,481</u>	<u>16,041</u>	<u>37,824</u>	<u>53,865</u>
<b>Deferred Tax Liabilities - Net</b>					
Subsidiary	<u>(41,992)</u>	<u>(1,829)</u>	<u>(43,821)</u>	<u>(15,686)</u>	<u>(59,507)</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

The management of the Company estimated that fiscal losses that can be realized in future periods amounted to Rp 4,025, hence, the related deferred tax asset recognized on the unused fiscal losses amounted to Rp 1,006. As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, the unrecognized deferred tax asset on unused fiscal losses amounted to Rp 8,483, Rp 3,613 and Rp 3,649, respectively.

Management believes that deferred tax assets on temporary differences can be realized in the future.

A reconciliation between the income before tax per consolidated statements of comprehensive income and fiscal losses is as follows:

	December 31, 2012	As Restated - Note 62 December 31, 2011
Income before tax per consolidated statements of comprehensive income	1,656,283	2,012,263
Deduct:		
Income of the subsidiaries	<u>(1,621,677)</u>	<u>(1,974,274)</u>
Income before tax of the Company	<u>34,606</u>	<u>37,989</u>
Tax expense at effective tax rates	<u>8,652</u>	<u>9,497</u>
Tax effects of permanent differences:		
Depreciation expense	1,871	984
Other expenses	489	914
Interest income	(7)	(11)
Rent income	(1,444)	(250)
Gain from investment in units of mutual funds	(6,244)	(6,371)
Share in net income of the associates	(8,676)	(6,294)
General and administrative expenses	4	-
Net	<u>(14,007)</u>	<u>(11,028)</u>
Unrecognized deferred tax asset on fiscal losses	<u>5,312</u>	<u>1,514</u>
Tax benefit of the Company	(43)	(17)
Tax expense of the subsidiaries	<u>88,525</u>	<u>68,361</u>
Total	<u><u>88,482</u></u>	<u><u>68,344</u></u>

## 52. Earnings Per Share

### Net Income

	December 31, 2012	As Restated - Note 62 December 31, 2011
Net income for computation of basic earnings per share and diluted earnings per share	<u><u>1,066,012</u></u>	<u><u>1,638,570</u></u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

**Number of Shares**

	December 31, 2012	As Restated - Note 62 December 31, 2011
Weighted average number of ordinary shares for computation of basic earnings per share	6,234,527,999	6,224,644,103
Weighted average number of potentially dilutive ordinary shares:		
Series IV warrants	<u>844,550,092</u>	<u>848,024,553</u>
Weighted average number of ordinary shares for computation of diluted earnings per share	<u><u>7,079,078,091</u></u>	<u><u>7,072,668,656</u></u>
Earning per share (in full amount)		
Basic	170.98	263.24
Diluted	150.59	231.68

**53. Nature of Relationship and Transactions with Related Parties**

**Nature of Relationship**

Other than the key management personnel, the related parties of the Company represent companies under the Sinar Mas Group of companies:

1. Stockholders (included ultimate stockholder) of the Company.
2. The companies which have the same stockholder with the Company, directly or indirectly.
3. The companies which are controlled by family members of stockholders and key management of the Company.

**Transactions with Related Parties**

In the normal course of business, the Group entered into certain transactions with related parties.

- a. Significant balances with related parties in the consolidated statements of financial position as of consolidated statement of financial position dates are as follows:

	December 31, 2012		As Restated - Note 62 December 31, 2011		As Restated - Note 62 January 1, 2011/ December 31, 2010	
	Total	Percentage to Total Assets/ Liabilities %	Total	Percentage to Total Assets/ Liabilities %	Total	Percentage to Total Assets/ Liabilities %
<b>ASSETS</b>						
Cash and cash equivalents	-	-	22,742	0.00	277	0.00
Short-term investments	680,485	0.01	685,256	0.01	534,480	0.01
Net investment in finance lease	4,326	0.00	122,118	0.01	172,799	0.01
Factoring receivables	69,889	0.00	111,621	0.01	65,658	0.00
Premium and reinsurance receivables	113,687	0.00	103,557	0.00	44,092	0.00
Loans	1,427,069	0.03	1,760,159	0.03	794,940	0.03
Securities agent receivables	7,045	0.00	-	-	16,854	0.00
Other receivables	25,934	0.00	20,650	0.00	6,234	0.00
Other assets	24,395	0.00	11,108	0.00	9,622	0.00
Total Assets	<u><u>2,352,830</u></u>	<u><u>0.04</u></u>	<u><u>2,837,211</u></u>	<u><u>0.06</u></u>	<u><u>1,644,956</u></u>	<u><u>0.05</u></u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

	December 31, 2012		As Restated - Note 62 December 31, 2011		As Restated - Note 62 January 1, 2011/ December 31, 2010	
	Total	Percentage to Total Assets/ Liabilities %	Total	Percentage to Total Assets/ Liabilities %	Total	Percentage to Total Assets/ Liabilities %
<b>LIABILITIES</b>						
Deposits and deposits from other banks	3,305,019	0.10	5,633,851	0.17	4,278,045	0.18
Securities sold under agreements to repurchase	-	-	39,125	0.00	32,069	0.00
Insurance payables	13,127	0.00	31,455	0.00	12,446	0.00
Unearned premium and estimated claims liability	788,726	2.42	729,631	2.30	779,959	3.24
Securities agent payables	2,257	0.00	-	-	10,870	0.00
Accrued expenses	6,912	0.00	8,825	0.00	6,682	0.00
Other liabilities	2,131	0.00	946	0.00	818	0.00
<b>Total Liabilities</b>	<b>4,118,172</b>	<b>2.52</b>	<b>6,443,833</b>	<b>2.47</b>	<b>5,120,889</b>	<b>3.42</b>

- b. As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, the Group invested their funds amounting to Rp 425,954, Rp 507,411 and Rp 524,510, respectively, in units of mutual funds which were managed by SMS, a subsidiary, as investment manager (Note 5).
- c. For the years ended December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, the underwriting income from related parties amounted to Rp 347,412 and Rp 410,516 or 2.80% and 2.90%, respectively, of the total underwriting income.
- d. For the years ended December 31, 2012 and 2011, the factoring income from related parties amounted to Rp 12,877 and Rp 17,707 or 16.07% and 29.83%, respectively, of the total factoring income.
- e. For the years ended December 31, 2012 and 2011, the finance lease income from related parties amounted to Rp 3,404 and Rp 23,254 or 17.92% and 93.36%, respectively, of the total finance lease income.
- f. The Group has insured the investment properties and property and equipment with ASM (Notes 18 and 19).
- g. The aggregate salaries and benefits paid by the Group to all commissioners and directors for the years ended December 31, 2012 and 2011 amounted to Rp 50,665 and Rp 37,707, respectively.
- h. As of December 31, 2012 and 2011, the total balance of commitments and contingencies transactions (L/C and bank guarantees) with related parties amounted to Rp 21,386 and Rp 45,617, respectively (Note 57).

**54. Net Monetary Assets and Liabilities Denominated in Foreign Currencies**

	December 31, 2012		As Restated - Note 62 December 31, 2011		As Restated - Note 62 January 1, 2011/ December 31, 2010	
	Equivalent in US\$	Equivalent in Rp	Equivalent in US\$	Equivalent in Rp	Equivalent in US\$	Equivalent in Rp
<b>Assets</b>						
Cash and cash equivalents	86,104,349	830,089	60,828,216	551,566	60,041,440	540,940
Short term investments	166,518,142	1,606,861	201,095,961	1,823,476	215,277,103	1,938,162
Factoring receivables	5,237,557	50,647	5,610,155	50,873	5,111,489	45,957
Segregated funds net assets - Unit link	52,080,424	503,618	56,505,648	512,393	71,178,284	639,964
Premiums and reinsurance receivables	10,374,505	100,322	9,092,004	82,446	4,137,091	37,197
Loans	178,177,224	1,717,183	225,627,612	2,045,878	88,467,370	797,091
Other receivables	5,609,604	54,225	5,698,613	51,675	6,552,016	58,943
Insurance assets	75,796,993	732,957	146,017,359	1,324,086	132,412,093	1,197,363
Other assets	232,323	2,243	266,300	2,414	191,593	1,722
<b>Total assets</b>	<b>580,131,121</b>	<b>5,598,145</b>	<b>710,741,868</b>	<b>6,444,807</b>	<b>583,368,479</b>	<b>5,257,339</b>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

	December 31, 2012		As Restated - Note 62 December 31, 2011		As Restated - Note 62 January 1, 2011/ December 31, 2010	
	Equivalent in US\$	Equivalent in Rp	Equivalent in US\$	Equivalent in Rp	Equivalent in US\$	Equivalent in Rp
<b>Liabilities</b>						
Deposits and deposits from other banks	316,208,960	3,047,465	329,676,074	2,989,338	284,447,854	2,562,875
Insurance payables	10,984,843	106,224	8,542,575	77,464	7,072,286	63,586
Liability for future policy benefits	100,445,336	971,306	97,767,275	886,554	58,851,009	529,129
Segregated funds contract liabilities - Unit link	44,040,438	425,581	48,034,909	435,581	68,126,192	612,523
Premiums received in advance	1,853,673	17,925	45,905,097	416,267	45,751,939	411,356
Unearned premiums and estimated claim liabilities	80,148,257	775,034	105,991,375	961,130	93,894,753	851,438
Accrued expenses	588,949	5,676	555,955	5,041	175,916	1,585
Other liabilities	9,983,055	96,239	3,424,169	31,049	8,228,015	74,040
Total liabilities	<u>564,253,511</u>	<u>5,445,450</u>	<u>639,897,429</u>	<u>5,802,424</u>	<u>566,547,964</u>	<u>5,106,532</u>
Net	<u>15,877,610</u>	<u>152,695</u>	<u>70,844,439</u>	<u>642,383</u>	<u>16,820,515</u>	<u>150,807</u>

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, the conversion rates used by the Group were disclosed in Note 2e to consolidated financial statements.

## 55. Fair Value of Financial Assets and Financial Liabilities

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable, willing parties in an arm's length transaction, other than in a forced sale or liquidation. Fair values are obtained from quoted prices, discounted cash flows model.

The following table sets forth the carrying amounts and estimated fair values of the Group's financial assets and liabilities:

	December 31, 2012		As Restated - Note 62 December 31, 2011		As Restated - Note 62 January 1, 2011/ December 31, 2010	
	Carrying value	Estimate Fair Value	Carrying value	Estimate Fair Value	Carrying value	Estimate Fair Value
<b>Financial Assets</b>						
<i>At fair value through profit and loss</i>						
Short term investment - securities - shares and warrants	2,345,797	2,345,797	1,871,939	1,871,939	1,033,109	1,033,109
Short term investment - securities - bonds	54,271	54,271	46,474	46,474	72,397	72,397
Short term investment - securities - units of mutual fund	9,822,730	9,822,730	8,555,395	8,555,395	3,168,437	3,168,437
Segregated funds net assets unit link	3,943,326	3,943,326	4,548,419	4,548,419	7,054,710	7,054,710
Other assets - derivative assets	2,285	2,285	7,548	7,548	-	-
<i>Held to maturity</i>						
Short term investment - securities - bonds	-	-	1,817,085	2,121,225	1,309,250	1,492,243
Short term investment - securities - credit link note	-	-	45,338	45,338	63,070	63,070
Short term investment - securities - Bank Indonesia Intervention	-	-	1,347,412	1,347,412	171,273	171,273
Short term investment - securities - Certificate of Bank Indonesia	-	-	96,972	96,972	-	-
Short term investment - securities - export bill receivables	-	-	-	-	322,030	322,030
<i>Available for sale</i>						
Short term investment - securities - shares	595,461	595,461	531,848	531,848	1,190,672	1,190,672
Short term investment - securities - bonds	3,788,248	3,788,248	105,703	105,703	36,493	36,493
<i>Loan and receivables</i>						
Cash and cash equivalents	7,010,441	7,010,441	8,552,645	8,552,645	1,988,544	1,988,544
Securities purchased under agreements to resell	-	-	39,627	39,627	107,141	107,141
Short term investment - securities - placement with Bank Indonesia and other banks	387,852	387,852	561,609	561,609	706,189	706,189
Short term investment - securities - time deposits	635,402	635,402	17,341	17,341	33,543	33,543
Short term investment - securities - export bill receivables	426,912	426,912	824,957	824,957	-	-
Consumer financing receivables - net	719,106	719,106	624,198	624,198	376,961	376,961
Net investments in finance lease - net	166,937	166,937	126,256	126,256	163,869	163,869
Factoring receivables - net	1,243,363	1,243,363	424,863	424,863	187,558	187,558
Securities agent receivables	369,096	369,096	245,369	245,369	165,481	165,481
Other accounts receivable - net	891,596	891,596	763,436	763,436	542,860	542,860
Loans - net	9,543,807	9,543,807	9,502,368	9,502,368	6,788,664	6,788,664
Investment in shares	244,232	244,232	244,231	244,231	337,182	337,182
Other assets	21,596	21,596	21,746	21,746	22,496	22,496
Total financial assets	<u>42,212,458</u>	<u>42,212,458</u>	<u>40,922,779</u>	<u>41,226,919</u>	<u>25,841,929</u>	<u>26,024,922</u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

	December 31, 2012		As Restated - Note 62 December 31, 2011		As Restated - Note 62 January 1, 2011/ December 31, 2010	
	Carrying value	Estimate Fair Value	Carrying value	Estimate Fair Value	Carrying value	Estimate Fair Value
<b>Financial Liabilities</b>						
<i>Other financial liabilities</i>						
Deposits and deposits from other banks	11,961,837	11,961,837	13,846,225	13,846,225	9,747,916	9,747,916
Securities sold under agreements to repurchase	-	-	39,125	39,125	32,069	32,069
Securities agent payables	141,222	141,222	93,740	93,740	417,590	417,590
Medium term notes	996,884	996,884	-	-	-	-
Loans received	999,619	999,619	930,904	930,904	512,265	512,265
Accrued expenses	75,920	75,920	69,620	69,620	43,868	43,868
Other liabilities	272,492	272,492	119,884	119,884	324,431	324,431
<i>At fair value through profit and loss</i>						
Segregated funds contract liabilities - Unit link	3,943,326	3,943,326	4,548,419	4,548,419	7,054,710	7,054,710
Other assets - derivative liabilities	-	-	-	-	194	194
<b>Total Financial Liabilities</b>	<b>18,391,300</b>	<b>18,391,300</b>	<b>19,647,917</b>	<b>19,647,917</b>	<b>18,133,043</b>	<b>18,133,043</b>

### Fair Value Hierarchy

The following table discloses the fair value hierarchy of financial assets and liabilities:

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
<i>Fair value through profit and loss</i>				
Shares and warrants	2,345,797	-	-	2,345,797
Bonds	54,271	-	-	54,271
Units of mutual fund	9,822,730	-	-	9,822,730
Segregated funds net assets - Unit link	1,782,462	1,931,850	1,258,027	4,972,339
Derivative assets	-	2,285	-	2,285
<i>Available for sale</i>				
Shares and warrants	595,461	-	-	595,461
Bonds	3,788,248	-	-	3,788,248
<b>Total Financial Assets</b>	<b>18,388,969</b>	<b>1,934,135</b>	<b>1,258,027</b>	<b>21,581,131</b>
<b>Financial Liabilities</b>				
<i>Fair value through profit and loss</i>				
Segregated funds contract liabilities - Unit link	3,943,326	-	-	3,943,326

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, or broker, industry group pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transaction on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Indonesia Stock Exchange (IDX) equity investments, bonds investment and units of mutual fund investment classified as available-for-sale or trading securities and segregated funds net assets - Unit link.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity's specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Instruments included in Level 2 comprise derivative assets and segregated funds net assets - Unit link in form of units of mutual fund.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Instruments included in Level 3 comprise segregated funds net assets - Unit link in form of units of mutual fund.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

Fair value of short term investments in securities (shares that are traded in Indonesia Stock Exchange, bonds and units of mutual fund) and segregated funds net assets - unit link based on fair value, net asset value published was calculated by investment manager..

Fair value of loans, consumer financing receivables, finance lease, factoring receivables, and other receivables are determined based on discounted cash flow analysis using market interest rate.

There is no reliable basis for measuring the fair value of investment in shares (Notes 2i and 17), thus, the investments in shares are stated at cost.

Deposits and deposits from other banks have a demand feature, thus, the fair value is not less than the amount payable on demand discounted from the first date that the amount could be required to be paid which is equal to the carrying amount.

The fair value of loan received is determined based on discounted cash flow analysis using market interest rates.

Fair value of cash and cash equivalents, short-term investment in time deposits, placements with other banks, Bank Indonesia Intervention, export bill receivable, securities purchased under agreements to resell, securities agent receivables, segregated funds net assets – unit link (investment receivable), other assets (security deposits and money transfer), securities sold under agreement to repurchase, securities agent payables, accrued expenses, and other liabilities approximates the carrying value due to short term nature of transactions.

## **56. Agreements and Engagements**

- a. On June 6, 2008, the Company entered into room leasing agreement with ASM, a subsidiary, relating to lease at office building of Plaza Simas which is located at Jl. Fachrudin No. 20, Central Jakarta. The lease term is for 15 years, starting from October 1, 2008 up to October 1, 2023 (Note 53).
- b. AJSM, a subsidiary, entered into cooperation agreements, wherein AJSM was appointed as insurance agent with third parties. The third parties are PT Bank Commonwealth Indonesia, PT Bank Mayapada Tbk, PT Bank Permata Tbk, PT Bank Muamalat Indonesia, PT Bank OCBC NISP Tbk, PT Bank Nusantara Parahyangan Tbk, PT Bank Windu Kentjana International Tbk, PT Bank BCA Syariah, BS, PT Bank Kesawan Tbk, PT Bank Syariah Mandiri, PT Bank UOB Buana Tbk, PT Bank Mega Tbk, PT ICB Bumiputera Indonesia Tbk, PT Bank International Indonesia Tbk, PT Bank Mutiara Tbk, PT Bank Victoria International Tbk, Bank of China Limited and some Bank Perkreditan Rakyat.
- c. SMF, a subsidiary, has entered into a Joint Financing Agreement by transferring Receivables Portfolio and Appointment as Security Agent and Chanelling Credit Transfer Agreement with BS (Note 7).
- d. Since September 2006, ABSM, a subsidiary, entered into certain lease agreements (operating lease) with BS, a subsidiary, on motor vehicles and office equipment owned by ABSM with lease periods ranging from four (4) up to eight (8) years until 2014 (Note 21).
- e. On October 22, 2007, SMF, a subsidiary, entered into operating lease agreement with BS on SMF's automatic teller machine (ATM). The operating lease agreement is valid from November 22, 2007 to January 20, 2012 and has been extended until January 22, 2016.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

**57. Commitments and Contingencies**

- a. BS, a subsidiary, has commitments on purchases and sales of foreign currency (Spot and Forward) which have not yet been realized as of December 31, 2012 and 2011. Details are as follows:

	December 31, 2012	December 31, 2011
Spot and forward contracts to purchase foreign currencies		
U.S Dollar	38,261	188,604
Euro	38,195	117,148
Singapore Dollar	964	-
Total	<u>77,420</u>	<u>305,752</u>
Spot and forward contracts to sell foreign currencies		
U.S Dollar	39,244	700,278
Australian Dollar	-	212
Euro	38,195	-
Japan Yen	36,624	-
Singapore Dollar	394	-
Total	<u>114,457</u>	<u>700,490</u>

- b. BS has commitments and contingent receivables and liabilities under export-import, guarantees and loans given to the customers as follows:

	December 31, 2012	December 31, 2011
<b>Commitments</b>		
Commitment Liabilities		
Unused loan commitments granted to customers	219,849	125,400
Irrevocable Letters of Credit	47,542	44,878
Total	<u>267,391</u>	<u>170,278</u>
<b>Contingencies</b>		
Contingent receivables		
Past due interest revenues	27,721	19,946
Contingent liabilities		
Bank guarantees issued	572,274	490,301
Net	<u>(544,553)</u>	<u>(470,355)</u>

As of December 31, 2012 and 2011, the total commitments and contingencies transactions (which consist of letters of credit and bank guarantees) with related parties amounted to Rp 21,386 and Rp 45,617, respectively (Note 53).

As of December 31, 2012 and 2011, the average term of letters of credit are 1 up to 12 months and 1 up to 8 months, respectively, while for bank guarantees are from 18 days up to 38 months and 1 month up to 39 months, respectively.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

**58. Segment Information**

Operating segments are reported in accordance with the internal reporting to the operating decision maker who is responsible for the allocation of resources to each segment are reported as well as assess the performance of each segment.

**2012**

	The Company	Insurance underwriting	Consumer financing, finance lease and factoring	Share administration fee	Stock brokerage underwriting and investment manager	Banking	Development, Trading and Service	Total before elimination	Elimination	Total after Elimination
Operating income	-	12,389,104	522,563	3,543	148,898	-	-	13,064,108	(29,007)	13,035,101
Interest income	-	527,525	-	-	12,444	1,446,218	35	1,986,222	(19,325)	1,966,897
Gain from investment in units of mutual fund	26,557	470,166	-	1,132	1,217	-	2,501	501,573	-	501,573
Gain on sale of short-term investment-net	-	1,413,193	-	-	92,107	10,662	-	1,515,962	-	1,515,962
Sales	2,032	-	-	-	-	-	102,840	104,872	-	104,872
Administration fee and commission	-	-	71,523	-	-	117,719	-	189,242	(52,729)	136,513
Gain on foreign exchange - net	42	79,233	2,965	-	210	13,640	(5)	96,095	-	96,095
Equity in net income of associates - net	1,064,486	-	-	-	-	-	8,036	1,072,522	(1,037,818)	34,704
Others	7,762	55,638	12,965	291	17,531	9,659	67,752	171,598	(46,700)	124,898
<b>Total income</b>	<b>1,100,879</b>	<b>14,934,859</b>	<b>610,016</b>	<b>4,966</b>	<b>272,407</b>	<b>1,597,898</b>	<b>181,159</b>	<b>18,702,184</b>	<b>(1,185,579)</b>	<b>17,516,605</b>
Operating expenses	-	13,037,170	-	-	24,436	-	-	13,061,606	(52,729)	13,008,877
Interest expenses	-	-	115,681	-	551	671,392	-	787,624	(23,067)	764,557
Salaries and employee benefit	1,168	233,516	173,472	2,679	37,781	227,061	28,340	704,017	-	704,017
General and administrative	21,203	245,585	89,983	591	54,183	333,860	17,510	762,915	(67,017)	695,898
Depreciation and amortization	7,730	36,845	67,815	143	5,890	46,014	3,144	167,581	-	167,581
Provision for impairment losses of financial assets and non financial assets	-	986	31,638	25	-	(17,305)	-	15,344	-	15,344
Unrealized loss on decrease in fair value of securities	-	138,948	-	-	99,830	(7,522)	-	231,256	-	231,256
Cost of goods sold	2,615	-	-	-	-	-	102,603	105,218	-	105,218
Others	2,195	30,891	31,445	78	21,265	59,920	27,728	172,522	(4,948)	167,574
<b>Total expenses</b>	<b>34,911</b>	<b>13,723,941</b>	<b>510,034</b>	<b>3,516</b>	<b>243,336</b>	<b>1,312,420</b>	<b>179,325</b>	<b>16,008,083</b>	<b>(147,761)</b>	<b>15,860,322</b>
Income before tax	1,065,968	1,210,918	99,982	1,450	28,471	285,478	1,834	2,694,101	(1,037,818)	1,656,283
Tax benefit (expense)	43	(22,462)	(24,640)	(47)	16,086	(57,574)	112	(88,482)	-	(88,482)
<b>Net income</b>	<b>1,066,011</b>	<b>1,188,456</b>	<b>75,342</b>	<b>1,403</b>	<b>44,557</b>	<b>227,904</b>	<b>1,946</b>	<b>2,605,619</b>	<b>(1,037,818)</b>	<b>1,567,801</b>
Segment assets	292,573	28,670,702	3,041,910	21,543	1,124,635	15,307,761	154,716	48,613,840	(570,504)	48,043,336
Investment in associates	10,302,640	135,847	8	301	14,787	-	164,189	10,617,772	(9,931,813)	685,959
Unallocated assets	6,245	19,000	1,769	87	30,164	13	6,197	63,475	-	63,475
<b>Total assets</b>	<b>10,601,458</b>	<b>28,825,549</b>	<b>3,043,687</b>	<b>21,931</b>	<b>1,169,586</b>	<b>15,307,774</b>	<b>325,102</b>	<b>59,295,087</b>	<b>(10,502,317)</b>	<b>48,792,770</b>
Segment liabilities	12,116	17,349,974	2,068,962	1,541	264,429	13,267,877	12,219	32,976,118	(570,512)	32,405,606
Unallocated liabilities	3,220	53,975	5,111	206	13,413	58,408	333	131,485	-	131,485
<b>Total liabilities</b>	<b>12,155</b>	<b>17,402,949</b>	<b>2,074,073</b>	<b>1,747</b>	<b>277,842</b>	<b>13,326,285</b>	<b>12,552</b>	<b>33,107,603</b>	<b>(570,512)</b>	<b>32,537,091</b>

\* Segment assets are excluded prepaid tax and deferred tax asset whereas segment liabilities are excluded taxes payable and deferred tax liabilities

**2011 (As Restated – Note 62)**

	Parent Company	Insurance Underwriting	Consumer financing, Finance lease and factoring	Share administration fee	Stock brokerage underwriting and investment management	Banking	Development, trading and services	Total before elimination	Elimination	Total after elimination
Operating income	-	14,178,755	409,541	2,732	144,339	-	-	14,735,367	(23,395)	14,711,972
Interest income	33	322,206	173	-	9,689	1,305,262	115	1,637,478	(32,828)	1,604,650
Gain (loss) from investments in units of mutual funds	25,486	1,356,013	-	1,164	(171)	-	1,714	1,384,206	-	1,384,206
Gain on sale of short-term investments - net	-	693,493	-	-	74,321	4,615	-	772,429	-	772,429
Sales	4,016	-	-	-	-	-	133,514	137,530	-	137,530
Administration fee and commissions	-	-	62,091	-	-	72,694	-	134,785	(8,651)	126,134
Gain on foreign exchange - net	8	17,585	652	-	51	9,743	(5)	28,034	-	28,034
Equity in net income of associates - net	1,656,413	-	-	-	-	-	6,799	1,663,212	(1,638,036)	25,176
Others	3,220	88,150	10,045	394	21,875	5,187	54,470	183,341	(26,819)	156,522
<b>Total operating income</b>	<b>1,689,176</b>	<b>16,656,202</b>	<b>482,502</b>	<b>4,290</b>	<b>250,104</b>	<b>1,397,501</b>	<b>196,607</b>	<b>20,676,382</b>	<b>(1,729,229)</b>	<b>18,946,653</b>
Operating expenses	-	14,607,156	-	-	27,957	-	-	14,635,113	(8,651)	14,626,462
Interest expense	-	-	89,101	-	1,499	798,535	36,382	925,517	(28,974)	896,543
Salaries and employee benefits	816	169,849	126,198	1,771	33,698	144,926	22,574	499,832	-	499,832
General and administrative	7,632	178,680	68,630	465	25,521	214,084	12,900	507,912	(46,027)	461,885
Depreciation and amortization	3,949	28,373	45,010	153	6,176	28,473	2,576	114,710	-	114,710
Provision for impairment losses of financial assets and non financial assets	-	4,168	39,024	12	-	21,319	-	64,523	-	64,523
Unrealized loss on decrease in fair value of securities	-	(21,683)	-	-	44,708	(1,333)	-	21,692	-	21,692
Other financial charges	-	-	6,559	-	-	-	-	6,559	(5,120)	1,439
Mudharabah for participants	-	-	-	-	-	31	-	31	-	31
Cost of Goods Sold	3,790	-	-	-	-	-	133,222	137,012	-	137,012
Others	3,763	30,232	23,806	122	1,761	36,387	17,112	113,183	(2,922)	110,261
<b>Total operating expenses</b>	<b>10,950</b>	<b>14,996,775</b>	<b>398,328</b>	<b>2,523</b>	<b>141,320</b>	<b>1,242,422</b>	<b>224,766</b>	<b>17,026,084</b>	<b>(91,694)</b>	<b>16,934,390</b>
Income before tax	1,669,226	1,659,427	84,174	1,767	108,784	155,079	(28,159)	3,650,298	(1,633,695)	2,016,623
Tax benefit (expenses)	18	8,267	(21,573)	(132)	(1,321)	(42,427)	3,995	(68,344)	-	(68,344)
<b>Net Income</b>	<b>1,669,244</b>	<b>1,667,694</b>	<b>62,601</b>	<b>1,635</b>	<b>92,292</b>	<b>112,652</b>	<b>(24,164)</b>	<b>3,581,954</b>	<b>(1,633,695)</b>	<b>1,948,319</b>
Segment assets	609,026	26,334,722	1,765,745	19,818	1,034,675	16,658,643	123,151	46,545,780	(756,413)	45,789,367
Investments in associates	8,797,040	135,562	4	301	14,787	-	147,427	9,095,121	(8,436,464)	658,657
Unallocated assets	5,581	8,303	2,783	67	52	18	6,127	22,931	-	22,931
<b>Total assets</b>	<b>9,411,647</b>	<b>26,478,587</b>	<b>1,768,532</b>	<b>20,186</b>	<b>1,049,514</b>	<b>16,658,661</b>	<b>276,705</b>	<b>55,663,832</b>	<b>(9,192,877)</b>	<b>46,470,955</b>
Segment liabilities	13,067	15,992,740	968,905	1,293	188,023	15,319,359	9,187	32,492,574	(675,107)	31,817,467
Unallocated liabilities	36	33,889	5,355	112	14,302	44,332	479	98,505	-	98,505
<b>Total liabilities</b>	<b>13,103</b>	<b>16,026,629</b>	<b>974,260</b>	<b>1,405</b>	<b>202,325</b>	<b>15,363,691</b>	<b>9,666</b>	<b>32,591,079</b>	<b>(675,107)</b>	<b>31,915,972</b>

\* Segment assets are excluded prepaid tax and deferred tax asset whereas segment liabilities are excluded taxes payable and deferred tax liabilities

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

**59. Financial Risk Management Objectives and Policies**

The Group activities are exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is the responsibility of the Board of Directors (BOD). The BOD has the responsibility to determine the basic principles of the Group's risk management as well as principles covering specific areas, such as foreign exchange risk, interest rate risk, price risk, credit risk, and liquidity risk.

In practice, implementation of risk management of the Group includes active supervision of management, implementation of policies and procedures, risk limits, the process of identification, measurement and monitoring of risk, implementation of information systems and risk management and internal control systems.

**Credit Risk**

Credit risk is the risk that the Group will incur a loss arising from the customers or counterparties which fail to fulfill their contractual obligations. The Group manages and controls the credit risk by dealing only with recognized and credit worthy parties, setting internal policies on verifications and authorizations of credit, and regularly monitoring the collectibility of receivables to reduce the exposure to bad debts.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

	December 31, 2012			Total
	Not past due	Past due but unimpaired	Past due and impaired	
Cash and cash equivalents	5,283,678	-	-	5,283,678
Short-term investments				
Time deposits	635,402	-	-	635,402
Placement with other banks	387,852	-	-	387,852
Securities				
At fair value through profit and loss	12,222,798	-	-	12,222,798
Available for sale	3,486,897	-	-	3,486,897
Loan and receivables	426,912	-	-	426,912
Consumer financing receivables	1,000,039	-	11,509	1,011,548
Net investment in finance lease	215,768	-	14,352	230,120
Factoring receivables	1,203,955	37,254	11,734	1,252,943
Premiums and reinsurance receivables	389,809	-	-	389,809
Loans	10,058,065	-	328,019	10,386,084
Securities agent receivables	369,096	-	-	369,096
Other receivables	890,759	-	1,118	891,877
Investment in shares	244,232	-	-	244,232
Other assets	23,881	-	-	23,881
<b>Total</b>	<b>36,839,143</b>	<b>37,254</b>	<b>366,732</b>	<b>37,243,129</b>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

The table below shows consolidated statement of financial position exposures related to credit risk:

	December 31, 2012		December 31, 2011		January 1, 2011/December 31, 2010	
	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount
<i>At fair value through profit and loss</i>						
Short-term investment - securities - shares and warrants	2,345,797	2,345,797	1,871,939	1,871,939	1,033,109	1,033,109
Short-term investment - securities - bonds	54,271	54,271	18,736	18,736	52,074	52,074
Short-term investment - securities - units of mutual fund	9,822,730	9,822,730	8,555,395	8,555,395	3,168,437	3,168,437
Other assets - derivative assets	2,285	2,285	7,548	7,548	-	-
<i>Held to maturity</i>						
Short-term investment - securities - bonds	-	-	710,259	701,856	196,244	196,244
Short-term investment - securities - credit link note	-	-	45,338	45,338	63,070	63,070
Short-term investment - securities - export bill receivables	-	-	-	-	322,030	322,030
<i>Available for sale</i>						
Short-term investment - securities - shares	595,461	595,461	531,848	531,848	1,190,672	1,190,672
Short-term investment - securities - bonds	2,891,436	2,891,309	11,551	11,416	-	-
<i>Loans and receivables</i>						
Cash and cash equivalents	5,283,678	5,283,678	6,739,603	6,739,603	650,002	650,002
Securities purchased under agreements to resell	-	-	39,627	39,627	107,141	107,141
Short-term investment - placement with other banks	387,852	387,852	561,609	561,609	706,189	706,189
Short-term investment - time deposits	635,402	635,402	17,341	17,341	33,543	33,543
Short-term investment - securities - export bill receivables	426,912	426,912	824,597	824,597	-	-
Net investment in finance lease	170,756	166,937	132,809	126,256	167,583	163,869
Consumer financing receivables	720,820	719,106	626,984	624,198	377,499	376,961
Factoring receivables	1,246,533	1,243,363	432,500	424,863	192,738	187,558
Securities agent receivables	369,096	369,096	245,369	245,369	165,481	165,481
Other accounts receivable - net	891,877	891,596	763,783	763,436	543,607	542,860
Loans - net	10,386,084	10,293,836	10,240,174	10,135,442	7,011,795	6,934,157
Investment in shares	244,232	244,232	244,231	244,231	337,182	337,182
Other assets	21,592	21,592	21,746	21,746	22,496	22,496
<b>Total Financial Assets</b>	<b>36,496,814</b>	<b>36,395,455</b>	<b>32,642,987</b>	<b>32,512,394</b>	<b>16,340,892</b>	<b>16,253,075</b>

### Market Risk

Market risk is the risk that the fair value or future contractual cash flows of a financial instrument held by the Group will be affected due to changes in market variables such as interest rates, exchange rates, including derivatives of both risks (risks of derivative instruments).

#### a. Interest rate risk

The Group's interest rate risk arises from loans, deposits and deposits from other banks and loans received. Loans, deposits and deposits from other banks and loans received at floating rates expose the Group to cash flow interest rate risk. Financial assets and financial liabilities at fixed rates expose the Group to fair value interest rate risk.

As of the end of the reporting period, the Group has the following floating rate loans, deposits and deposits from other banks and loans received.

	December 31, 2012	December 31, 2011	December 31, 2010
<b>Assets</b>			
Loans	5,965,566	6,720,650	3,955,146
<b>Liabilities</b>			
Deposits and deposits from other banks	7,288,693	5,081,811	3,284,634
Loans received	667,013	591,103	340,039

The Group's fixed rate productive assets and medium term notes are carried at amortized cost. They are therefore not subject to interest rate risk as defined in PSAK No. 60.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

The Group analyzes its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing. For each simulation, the same interest rate is used for all currencies. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. The scenarios are applied only for liabilities that represent the major interest-bearing positions.

As of December 31, 2012, if interest rates on loans, deposits and deposits from other banks and loans received had been 1% higher/lower with all other variables held constant, post-tax profit for the period would have been Rp 1,493 lower/higher, mainly as a result of higher/lower interest income and interest expense on loans and loans received with floating interest rates.

*b. Foreign currency risk*

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. Dollar. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

Management has set up a policy to require Group to manage the foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasts.

As of December 31, 2012, if the currency had weakened/strengthened by 5%, against the U.S. Dollar with all other variables held constant, post-tax profit for the years would have been Rp 7,677 higher/lower, mainly as a result of foreign exchange gains/losses on translation of financial assets and liabilities.

*c. Price risk*

The Group is exposed to equity and debt securities price risk because of investments held by the Group and classified on the consolidated statements of financial position either as available-for-sale or at fair value through profit or loss.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group has investments in shares of other entities that are traded in IDX, investment in units of mutual funds, and investment in debt securities that would have an impact on the increase/decrease on post-tax profit for the period and other equity component. This analysis is based on FVPL equity and debt securities price assumption of being 1% higher/lower with all other variables held constant, post-tax profit for the period would have been Rp 91,671 lower/higher, while if AFS' equity and debt securities had been 1% higher/lower with all other variables held constant, other equity component would have been Rp 32,878 higher/lower.

Post-tax profit for the year would increase/decrease as a result of gains (losses) on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains (losses) on equity securities classified as available-for-sale.

To manage price risk arising from investments in debt securities, the Group performs an analysis of the offered interest rate of bonds and the required rate of return which is generally expected by the market.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

**Liquidity Risk**

Liquidity risk is a risk arising when the cash flow position of the Group is not enough to cover the liabilities which become due.

In the management of liquidity risk, management monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group' operations and to mitigate the effects of fluctuation in cash flows. Management also regularly evaluates the projected and actual cash flows, including loan maturity profiles, and continuously assess conditions in the financial markets for opportunities to obtain optimal funding sources.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flow:

	December 31, 2012				Total	Transaction cost	Total
	< 1 year	> 1 year to 2 year	> 2 year to 5 year	> 5 year			
<b>Liabilities</b>							
Deposits and deposits from other banks	12,569,719	-	-	-	12,569,719	-	12,569,719
Medium term notes	-	-	1,000,000	-	1,000,000	3,116	996,884
Loans received	999,376	2,142	-	-	1,001,518	1,899	999,619
Securities agent payables	141,222	-	-	-	141,222	-	141,222
Accrued expense	75,920	-	-	-	75,920	-	75,920
Other liabilities	272,492	-	-	-	272,492	-	272,492
<b>Total liabilities</b>	<b>14,058,729</b>	<b>2,142</b>	<b>1,000,000</b>	<b>-</b>	<b>15,060,871</b>	<b>5,015</b>	<b>15,055,856</b>

	December 31, 2011				Total	Transaction cost	Total
	< 1 year	> 1 year to 2 year	> 2 year to 5 year	> 5 year			
<b>Liabilities</b>							
Deposits and deposits from other banks	14,632,913	-	-	-	14,632,913	-	14,632,913
Medium term notes	39,125	-	-	-	39,125	-	39,125
Loans received	923,439	7,159	2,142	-	932,740	1,836	930,904
Securities agent payables	93,740	-	-	-	93,740	-	93,740
Accrued expense	69,620	-	-	-	69,620	-	69,620
Other liabilities	119,884	-	-	-	119,884	-	119,884
<b>Total liabilities</b>	<b>15,878,721</b>	<b>7,159</b>	<b>2,142</b>	<b>-</b>	<b>15,888,022</b>	<b>1,836</b>	<b>15,886,186</b>

	January 1, 2011/December 31, 2010				Total	Transaction cost	Total
	< 1 year	> 1 year to 2 year	> 2 year to 5 year	Total			
<b>Liabilities</b>							
Deposits and deposits from other banks	10,006,578	-	-	-	10,006,578	-	10,006,578
Medium term notes	32,069	-	-	-	32,069	-	32,069
Loans received	505,526	6,714	733	-	512,973	708	512,265
Securities agent payables	417,590	-	-	-	417,590	-	417,590
Accrued expenses	43,868	-	-	-	43,868	-	43,868
Other liabilities	324,431	-	-	-	324,431	-	324,431
<b>Total liabilities</b>	<b>11,330,062</b>	<b>6,714</b>	<b>733</b>	<b>-</b>	<b>11,337,509</b>	<b>708</b>	<b>11,336,801</b>

**60. Subsequent Events**

- a. On February 5, 2013, the Company has converted the loan to Global Asian Investments Limited (GAI) to shares amounting to HKD 3,999,999. The conversion did not change the Company's direct ownership in GAI.
- b. On March 1, 2013, the Company sold all its investment in shares of PT Oto Multiartha and PT Summit Oto Finance, with selling price of Rp 1,223,212 and carrying value of Rp 177,578, thus gain on sale of investment in shares amounted to Rp 1,045,634.

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

- c. On March 28, 2013, SMF obtained the Notice of Effectivity from the Chief Executive of the Capital Market Supervisory of Financial Services Authority (OJK) through his letter No. S-63/D.04/2013 for offering Bonds of Sinar Mas Multifinance II Year 2013 with a fixed interest rate amounting to Rp 500,000 for a period of 5 (five) years. These bonds are scriptless and offered at 100% (one hundred percent) of the principal amount. Bond interest of 10.75% per annum and payable every 3 (three) months from the date of issuance. The bonds are secured by SMF's receivables on consumer financing receivables, net investment in finance lease and factoring receivables.

**61. Other Information**

**a. Transfer of Regulating and Monitoring Functions on Financial Services Activities to the Financial Services Authority (OJK)**

Starting December 31, 2012, the functions, duties and authorities of regulating and monitoring on financial service activities in capital market sector, insurance, pension fund, multifinance, and other financial services were transferred from the Minister of Finance and the Capital Market and Financial Institution Supervisory Agency (Bapepam-LK) to the Financial Services Authority (OJK).

**b. Other financial information**

BS

The Capital Adequacy Ratio (CAR) of BS were calculated in accordance with Bank Indonesia Regulation.

Calculation of CAR is as follows:

	December 31, 2012	December 31, 2011
I. Capital Stock Components		
A. Total Core Capital	1,692,498	1,287,028
B. Supplementary Capital	97,637	95,598
II. Total Core and Supplementary Capital	<u>1,790,135</u>	<u>1,382,626</u>
III. Risk Weighted Assets		
Credit risk after considering specific risk	8,615,340	9,056,263
Market risk	184,023	81,980
Operational risk	<u>1,097,724</u>	<u>749,015</u>
Total risk weight assets for credit, market and operational risk	<u>9,897,087</u>	<u>9,887,258</u>
IV. Capital Adequacy Ratio (CAR)		
CAR with credit risk	20.78%	15.27%
CAR with credit and market risk	20.34%	15.13%
CAR with credit and operational risk	18.43%	14.10%
CAR with credit, operational and market risk	18.09%	13.98%
V. Minimum Capital Adequacy Ratio	8%	8%

\* Excludes deferred taxes

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

**AJSM and ASM**

Calculation of solvency margin is as follows:

AJSM

	December 31, 2012	December 31, 2011
Admitted Assets	18,063,062	15,937,391
Liabilities (except subordinated loan)	10,582,699	7,884,770
Total Solvency Margin	<u>7,480,363</u>	<u>8,052,621</u>
Total Minimum Solvency Margin	<u>1,367,877</u>	<u>874,944</u>
Excess of Solvency Margin	6,112,486	7,177,677
Solvency Ratio Attained (%)	546.86%	920.36%

ASM

	December 31, 2012	December 31, 2011
Admitted Assets	3,581,622	3,285,919
Liabilities (except subordinated loan)	1,872,350	1,890,795
Total Solvency Margin	<u>1,709,272</u>	<u>1,395,124</u>
Total Minimum Solvency Margin	<u>569,446</u>	<u>425,295</u>
Excess of Solvency Margin	1,139,826	969,829
Solvency Ratio Attained (%)	300.16%	328.04%

**SMS**

Calculation of Adjusted Net Working Capital is as follows:

	December 31, 2012	December 31, 2011
Net Working Capital		
Total Current Assets	864,834	1,056,791
Total Liabilities	(164,732)	(425,729)
Total Account Liabilities	<u>(3,025)</u>	<u>-</u>
Working Capital	697,077	631,062
Adjustment		
Related Parties	-	(1,047)
Adjusted Gross Working Capital	<u>697,077</u>	<u>630,015</u>
Risk Adjustment		
Equity in shares recorded in BEI	(122,272)	(49,496)
Other in shares recorded in Bapepam	<u>-</u>	<u>(15)</u>
Adjusted Net Working Capital	574,805	580,504
Adjusted Net Working Capital Compulsory	<u>25,200</u>	<u>25,200</u>
Excess Adjusted Net Working Capital	<u><u>549,605</u></u>	<u><u>555,304</u></u>

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

**62. Restatements of Consolidated Financial Statements and Reclassification of Accounts**

PT Asuransi Jiwa Sinarmas MSIG (formerly PT Asuransi Jiwa Sinarmas) and PT Asuransi Sinar Mas and its subsidiaries, subsidiaries of the Company, adopted Statements of Financial Accounting Standard (PSAK) No. 62, Insurance Contracts, effective January 1, 2012. In relation to adoption of this PSAK No. 62, PT Asuransi Sinar Mas and its subsidiaries had restated their consolidated financial statements as of and for the year ended December 31, 2011 and their consolidated statements of financial position as of January 1, 2011/December 31, 2010. Accordingly, the Group's consolidated financial statements as of and for the year ended December 31, 2011 and the consolidated statements of financial position as of January 1, 2011/December 31, 2010 of PT Sinar Mas Multiartaha Tbk and its subsidiaries have been restated from the amounts previously reported to reflect the impact of the aforementioned restatement adjustments as follows:

	December 31, 2011 (Before Reclassification)	Reclassification	December 31, 2011 (After Reclassification and Restatement)	Restatement	31 Desember 2011 (After Reclassification and Restatement)
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS</b>					
<b>ASSETS</b>					
Cash and cash equivalents	8,523,794	28,851	8,552,645	-	8,552,645
Short-term investments	15,728,859	84,676	15,813,535	-	15,813,535
Segregated funds net assets - Unit link	5,296,407	(802,145)	4,494,262	54,157	4,548,419
Segregated funds net assets - Sharia	116,721	(116,721)	-	-	-
Premiums and reinsurance receivables	406,947	2,165	409,112	-	409,112
Other receivables - net	762,746	690	763,436	-	763,436
Insurance assets	-	-	-	1,434,475	1,434,475
Investment in shares	660,047	-	660,047	(1,390)	658,657
Property and equipment - net	1,138,182	115,539	1,253,721	-	1,253,721
Assets for lease - net	47,738	(47,738)	-	-	-
Property under build, operate and transfer agreement	67,462	(67,462)	-	-	-
Other assets	424,567	802,145	1,226,712	19,370	1,246,082
<b>LIABILITIES</b>					
Deposits and deposit from other banks	14,578,756	-	14,578,756	54,157	14,632,913
Accounts payable	303,064	(303,064)	-	-	-
Insurance payable	-	301,427	301,427	-	301,427
Premium received in advance	699,129	-	699,129	415,707	1,114,836
Securities agent payable	92,879	861	93,740	-	93,740
Segregated funds contract liabilities - sharia	60,962	(60,962)	-	-	-
Insurance contract liabilities	-	-	-	40,586	40,586
Unearned premium and estimated claim liabilities	814,762	-	814,762	1,038,138	1,852,900
Deferred tax liabilities	55,156	-	55,156	(11,335)	43,821
Other liabilities	356,096	61,738	417,834	-	417,834
<b>EQUITY</b>					
Other equity components	2,830,517	-	2,830,517	32	2,830,549
Retained earning	3,985,818	-	3,985,818	(30,673)	3,955,145
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>					
<b>INCOME</b>					
Other Income	162,169	(4,225)	157,944	(1,422)	156,522
<b>EXPENSES</b>					
Insurance underwriting expenses	14,557,919	-	14,557,919	40,586	14,598,505
Provision for impairment losses on financial assets and non-financial assets - net	68,748	(4,225)	64,523	-	64,523
Other financial charges	1,439	(1,439)	-	-	-
Other expense	110,292	1,439	111,731	-	111,731
<b>TAX EXPENSE</b>					
Deferred	683	-	683	(11,335)	(10,652)

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

	January 1, 2011/ December 31, 2010 (Before Reclassification)	Reclassification	January 1, 2011/ December 31, 2010 (After Reclassification and Before Restatement)	Restatement	January 1, 2011/ 31 Desember 2010 (After Reclassification and Restatement)
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS</b>					
<b>ASSETS</b>					
Cash and cash equivalents	1,980,945	7,599	1,988,544	-	1,988,544
Short-term investments	8,044,459	62,004	8,106,463	-	8,106,463
Segregated funds net assets - Unit link	7,032,319	(380,077)	6,652,242	402,468	7,054,710
Segregated funds net assets - Sharia	71,338	(71,338)	-	-	-
Premiums and reinsurance receivables	353,167	1,210	354,377	-	354,377
Other receivables - net	542,356	504	542,860	-	542,860
Reinsurance assets	-	-	-	1,271,337	1,271,337
Property and equipment - net	738,093	104,861	842,954	-	842,954
Assets for lease - net	33,624	(33,624)	-	-	-
Property under build, operate and transfer agreement	71,216	(71,216)	-	-	-
Other assets	159,807	380,077	539,884	-	539,884
<b>LIABILITIES</b>					
Deposits and deposit from other banks	9,604,110	-	9,604,110	402,468	10,006,578
Accounts payable	198,852	(198,852)	-	-	-
Insurance payable	-	196,737	196,737	-	196,737
Securities agent payable	415,650	1,940	417,590	-	417,590
Liability for future policy benefits	2,481,280	-	2,481,280	-	2,481,280
Segregated funds contract liabilities - sharia	33,307	(33,307)	-	-	-
Premiums received in advance	770,687	-	770,687	391,391	1,162,078
Unearned premium and estimated claim liabilities	674,369	-	674,369	879,946	1,554,315
Other liabilities	613,899	33,482	647,381	-	647,381

**63. Impacts of Initial Adoption of PSAK**

*PSAK No. 50 (Revised 2006) and PSAK No. 55 (Revised 2006)*

Effective January 1, 2010, the Company and its subsidiaries adopted PSAK No. 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures" and PSAK No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement". In adopting the above new standards, the Company and its subsidiaries have identified the following transition adjustments in accordance with the Technical Bulletin No. 4 concerning the Transition Provisions for the First Adoption of PSAK No. 50 (Revised 2006) and PSAK No. 55 (Revised 2006) as issued by the Indonesian Institute of Accountants.

The effect of the transition to PSAK No. 50 (Revised 2006) and PSAK No. 55 (Revised 2006) to the Company and its subsidiaries consolidated statement of financial position as of January 1, 2010 is set out in the following table:

	As reported January 1, 2010	Transition Adjustments	As adjusted January 1, 2010
<b>Assets</b>			
Cash and cash equivalents	1,754,227	886	1,755,113
Short-term investments			
Placement with other banks	273,277	2,760	276,037
Securities	6,086,273	1,107	6,087,380
Net investment in finance lease	107,867	2,479	110,346
Factoring receivables	70,497	(317)	70,180
Loans	5,322,975	(4,316)	5,318,659
<b>Total</b>	<b>13,615,116</b>	<b>2,599</b>	<b>13,617,715</b>
<b>Equity</b>			
Retained earnings	3,597,391	2,599	3,599,990

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

The above transition adjustments were derived from the reassessment of impairment losses for financial assets, which represents the difference between impairment loss reserve calculated based on PSAK No. 55 (Revised 2006) and allowance for impairment losses booked as of January 1, 2010, including allowance for impairment losses calculated using the Bank Indonesia Regulation concerning allowance of productive assets by BS, a subsidiary. The transition adjustments were adjusted to retained earnings on January 1, 2010.

*PSAK No. 22 (Revised 2010)*

The Group prospectively adopted PSAK 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 January 1, 2011. the balance of negative goodwill which is recognized before January 1, 2011 amounting to Rp 129,806 was adjusted to retained earnings as of the beginning of the fiscal year, January 1, 2011 (Note 33).

**64. Supplemental Disclosures for Statements of Cash Flows**

The following are the noncash activities of the Company which do not have an impact on the consolidated statements of cashflows:

	December 31, 2012	December 31, 2011
Reclassification from other assets - advance for investments to investment in shares	-	1,500
Write-off of consumer financing receivables	32,669	35,671
Write-off of factoring receivables	5,718	95
Write-off of loans	2,444	626

**65. Information on New Regulations**

*New Bapepam-LK Regulation*

Bapepam-LK issued Regulation No. IX.L.1, which is included in Appendix of the Decree of the Chairman of Bapepam-LK No. Kep-718/BL/2012 dated December 28, 2012 regarding "Quasi-Reorganization", and contains the administration of an entity's quasi reorganization. The new regulation will be applicable effective January 1, 2013. The Decree of the Chairman of Bapepam No. KEP-16/PM/2004 dated April 13, 2004 regarding "The Administration of Quasi-Reorganization" shall be cancelled upon the effectivity of the new regulation.

The application of the new Regulation does not have any effect on the Group's consolidated financial statements.

*Prospective Accounting Pronouncements*

The Indonesian Institute of Accountants has issued the following revised Statement of Financial Accounting Standards (PSAK). These standards will be applicable to financial statements with annual period beginning on or after January 1, 2013 as follows:

**PSAK**

PSAK No. 38 (Revised 2011), Business Combination Entities Under Common Control

**PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2012 and 2011 and January 1, 2011/December 31, 2010**  
**and For the Years then Ended December 31, 2012 and 2011**  
**(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)**

---

**PPSAK**

PPSAK No. 10, Withdrawal of PSAK No. 51: Accounting for Quasi-Reorganization

The Group believes that there is no significant impact of the revised PSAK on the consolidated financial statements.

\*\*\*\*\*

# **Attachment**



**PT SINAR MAS MULTIARTHA Tbk**  
**Consolidating Supplementary Information**  
**Statements of Financial Position - The Company**  
**December 31, 2012 and 2011**  
*(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)*

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
<b>Cash and Cash Equivalents</b>		
Related parties	98	17,347
Third party	304	783
Total	<u>402</u>	<u>18,130</u>
<b>Short-term Investments</b>	<u>178,949</u>	<u>437,573</u>
<b>Other Account Receivables</b>		
Related parties	20,954	2,554
Third parties	602	1,095
Total	<u>21,556</u>	<u>3,649</u>
<b>Long-term Investment *)</b>	<u>2,204,197</u>	<u>1,817,761</u>
<b>Property and Equipment</b>		
Cost	1,666	238
Accumulated depreciation	(459)	(216)
Net	<u>1,207</u>	<u>22</u>
<b>Property under Build, Operate and Transfer Agreement</b>		
Cost	86,362	79,223
Accumulated depreciation	(19,242)	(11,760)
Net	<u>67,120</u>	<u>67,463</u>
<b>Deferred Tax Assets</b>	<u>1,151</u>	<u>1,108</u>
<b>Other Assets</b>		
Related parties	6,222	81,676
Third parties	22,198	4,973
Total	<u>28,420</u>	<u>86,649</u>
<b>TOTAL ASSETS</b>	<u><u>2,503,002</u></u>	<u><u>2,432,355</u></u>

\*) Investment in shares of subsidiaries and associated are stated at acquisition cost

**PT SINAR MAS MULTIARTHA Tbk**  
**Consolidating Supplementary Information**  
**Statements of Financial Position - The Company**  
**December 31, 2012 and 2011**  
*(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)*

	<u>2012</u>	<u>2011</u>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
<b>Taxes Payable</b>	39	37
<b>Accrued Expenses</b>	393	335
<b>Long-term Employee Benefit Reserve</b>	492	238
<b>Other Liabilities</b>		
Related Parties	10,750	11,750
Third Parties	672	664
Total	<u>11,422</u>	<u>12,414</u>
<b>Total Liabilities</b>	<u>12,346</u>	<u>13,024</u>
<b>EQUITY</b>		
<b>Capital Stock</b> - Rp 5,000 (in full Rupiah) par value per Series A share and Rp 100 (in full Rupiah) par value per Series B share Authorized - 142,474,368 Series A shares and 21,371,155,200 Series B shares Issued and paid-up - 142,474,368 Series A shares and 6,093,458,908 Series B shares as of Desember 31, 2012, and 142,474,368 Series A shares and 6,090,063,689 Series B shares as of Desember 31, 2011	1,321,718	1,321,378
<b>Additional Paid-in Capital</b>	809,755	808,397
<b>General Reserve</b>	791,607	527,331
<b>Deficit</b>	<u>(432,424)</u>	<u>(237,775)</u>
<b>Total Equity</b>	<u>2,490,656</u>	<u>2,419,331</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u><u>2,503,002</u></u>	<u><u>2,432,355</u></u>

**PT SINAR MAS MULTIARTHA Tbk**  
**Consolidating Supplementary Information**  
**Statements of Comprehensive Income - The Company**  
**December 31, 2012 and 2011**  
*(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)*

	<u>2012</u>	<u>2011</u>
<b>INCOME</b>		
Dividend	74,417	765,339
Gain from investments in units of mutual funds	26,557	25,486
Sales	2,032	4,016
Rent	5,775	1,000
Gain on foreign exchange - net	42	8
Others	1,987	2,170
Total	<u>110,810</u>	<u>798,019</u>
<b>EXPENSES</b>		
General and administrative	21,282	7,550
Depreciation	7,730	3,949
Cost of goods sold	2,615	3,790
Salaries and employee benefits	1,168	816
Others	2,195	3,763
Total	<u>34,990</u>	<u>19,868</u>
<b>INCOME BEFORE TAX</b>	75,820	778,151
<b>DEFERRED TAX BENEFIT</b>	<u>(43)</u>	<u>(18)</u>
<b>NET INCOME</b>	75,863	778,169
<b>OTHER COMPREHENSIVE INCOME</b>	<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>	<u><u>75,863</u></u>	<u><u>778,169</u></u>

**PT SINAR MAS MULTIARTHA Tbk**  
**Consolidating Supplementary Information**  
**Statements of Changes in Equity - The Company**  
**December 31, 2012 and 2011**  
*(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)*

	<u>Capital Stock</u>	<u>Additional Paid-in Capital</u>	<u>General Reserve</u>	<u>Deficit</u>	<u>Total Equity</u>
Balance as of January 1, 2011	1,320,504	804,900	263,230	(745,619)	1,643,015
Additional capital stock from conversion of Series IV warrants	874	3,497	-	-	4,371
Appropriation for general reserve	-	-	264,101	(264,101)	-
Cash dividend	-	-	-	(6,224)	(6,224)
Total comprehensive income during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>778,169</u>	<u>778,169</u>
Balance as of December 31, 2011	1,321,378	808,397	527,331	(237,775)	2,419,331
Additional capital stock from conversion of Series IV warrants	340	1,358	-	-	1,698
Appropriation for general reserve	-	-	264,276	(264,276)	-
Cash dividend	-	-	-	(6,236)	(6,236)
Total comprehensive income during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,863</u>	<u>75,863</u>
Balance as of December 31, 2012	<u>1,321,718</u>	<u>809,755</u>	<u>791,607</u>	<u>(432,424)</u>	<u>2,490,656</u>

**PT SINAR MAS MULTIARTHA Tbk**  
**Consolidating Supplementary Information**  
**Statements of Cash Flows - The Company**  
**December 31, 2012 and 2011**  
*(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)*

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	55	140
Other operating revenues received	9,739	6,046
Operating expenses paid	(26,948)	(15,919)
Loss on foreign exchange - net	42	8
Operating cash flows before changes in operating assets and liabilities	<u>(17,112)</u>	<u>(9,725)</u>
Decrease (increase) in operating assets:		
Short-term Investments	268,599	(408,959)
Other receivables	(1,325)	(2,277)
Other assets	58,229	270
Increase (decrease) in operating liabilities:		
Taxes payable	2	22
Other liabilities	(992)	(115)
Net Cash Provided by (Used in) Operating Activities	<u>307,401</u>	<u>(420,784)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash dividend received	74,417	765,339
Proceeds from sale of investments	-	1,000
Additions to property and equipment	(1,433)	-
Additions to property under build, operate and transfer agreement	(7,139)	(182)
Advances for investments	(10,000)	(81,500)
Acquisitions of long-term investments	<u>(376,436)</u>	<u>(245,448)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(320,591)</u>	<u>439,209</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash dividend paid	(6,236)	(6,195)
Proceeds from additional issuances of capital stock and paid in capital from conversion of Series IV warrants	<u>1,698</u>	<u>4,371</u>
Net Cash Used in Financing Activities	<u>(4,538)</u>	<u>(1,824)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(17,728)</u>	<u>16,601</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>18,130</u>	<u>1,529</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><u>402</u></u>	<u><u>18,130</u></u>