

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

Consolidated Financial Statements -
With Consolidating Supplementary Information
For the Years Ended December 31, 2010 and 2009

And Independent Auditors' Report

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**DIRECTORS' STATEMENT
ON
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009
PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES**

We, the undersigned:

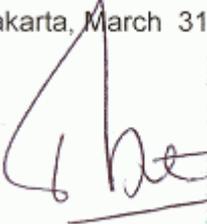
- | | | |
|--|---|---|
| 1. Name | : | Doddy Susanto |
| Office Address | : | bii plaza, Tower III, 11 th Floor
Jl. M.H. Thamrin No. 51 Jakarta 10350 |
| Residential Address/in accordance with
Personal Identity Card | : | Jl. Pulau Matahari II.AG/19, Rt. 016
Rw.009 Kembangan Utara Jakarta Barat |
| Telephone Number | : | (021) 392-5660 |
| Title | : | President Director |
| | | |
| 2. Name | : | Kurniawan Udjaja |
| Office Address | : | bii plaza, Tower III , 11 th Floor
Jl. M.H. Thamrin No.51 Jakarta 10350 |
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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 for the years ended December 31, 2010 and 2009.
2. The Company's and Its Subsidiaries consolidated financial statements have been prepared and presented in accordance with generally accepted accounting principles.
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.

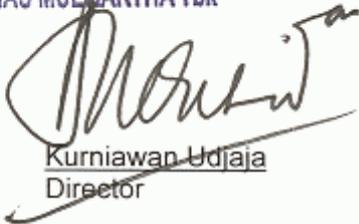
This statement has been made truthfully.

Jakarta, March 31, 2011


Doddy Susanto
President Director



PT SINAR MAS MULTIARTHA Tbk


Kurniawan Udjaja
Director

Registered Public Accountants
Business License No. 676/KMK.01/2006
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Independent Auditors' Report

No. 2143311SA

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

We have audited the consolidated balance sheets of PT Sinar Mas Multiartha Tbk and its subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain subsidiaries, which statements reflect total assets of 53.54% and 52.55% of the total consolidated assets as of December 31, 2010 and 2009, respectively, and income from operations of 84.58% and 82.29% of the total consolidated income from operations for the years ended December 31, 2010 and 2009, 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 0.70% and 0.76% of the total consolidated assets as of December 31, 2010 and 2009, respectively, and the equity in net income of these associates represents 2.06% and 6.15% of the consolidated net income for the years ended December 31, 2010 and 2009, respectively. Those financial statements 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 companies, are based solely on the reports of the other independent auditors.

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

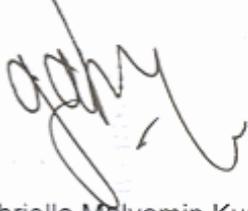
In our opinion, based on our audits and the reports of the other independent auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PT Sinar Mas Multiartha Tbk and its subsidiaries as of December 31, 2010 and 2009, and the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

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating supplementary information (i.e. the Parent Company financial statements) were presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, changes in equity and cash flows of the Parent Company as a separate entity, and are not required part of the basic consolidated financial statements prepared in accordance with accounting principles generally accepted in Indonesia. The consolidating supplementary information are the responsibility of the Company's management. Such information have been subjected to auditing procedures applied in our audits of the basic consolidated financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

As explained in Note 2b to consolidated the financial statements, the Company and its subsidiaries have adopted PSAK 50 (Revised 2006), Financial Instruments: Presentation and Disclosures and PSAK 55 (Revised 2006), Financial Instruments: Recognition and Measurement, prospectively. However, upon the first time adoption of PSAK 55 (Revised 2006), the impact of determining the impairment of financial assets based on the transitional provision was adjusted to opening balance of retained earnings as of January 1, 2010.

We have previously issued our independent auditors report No. 2143311LA dated March 31, 2011 on the consolidated financial statements of PT Sinar Mas Multiartha Tbk and its subsidiaries for the years ended December 31, 2010 and 2009 with unqualified opinion. In connection with the comments from Bapepam-LK on the consolidated financial statements, the Company and its subsidiaries have reissued their consolidated financial statements for the years ended December 31, 2010 and 2009 as disclosed in Note 65 to the consolidated financial statements.

MULYAMIN SENSI SURYANTO



Gabriella Mulyamin Kurniawan
Certified Public Accountant License No. 02.1.0825

March 31, 2011

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 generally accepted and applied in Indonesia.

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2010 and 2009

	Notes	2010 Rp '000,000	2009 Rp '000,000
ASSETS			
Cash and Cash Equivalents			
	2b,2d,2e,2g,2h,2o,3,4,5,6,57,61		
Related parties		277	435
Third parties		1,980,668	1,754,678
Allowance for impairment losses		-	(886)
Net		<u>1,980,945</u>	<u>1,754,227</u>
Short-term Investments			
	2b,2d,2e,2h,2o,3,5,56,57,61		
Related parties		534,480	460,811
Third parties		7,509,979	5,910,525
Allowance for impairment losses		-	(1,107)
Net		<u>8,044,459</u>	<u>6,370,229</u>
Securities Purchased Under Agreements to Resell - Net			
	2d,2h,3,6,57,61	<u>107,141</u>	<u>36,591</u>
Consumer Financing Receivables			
	2b,2e,2h,2o,2l,3,8,56,57,61		
Related parties		-	337
Third parties		531,842	489,665
Unearned income		(154,343)	(95,642)
Allowance for impairment losses		(538)	(493)
Net		<u>376,961</u>	<u>393,867</u>
Net Investments in Finance Lease			
	2b,2e,2h,2o,2l,3,8,56,57,61		
Related parties		172,799	110,454
Third parties		50,981	47,664
Guaranteed residual value		25,487	24,773
Unearned lease income		(56,197)	(44,612)
Security deposits		(25,487)	(24,773)
Allowance for impairment losses		(3,714)	(5,639)
Net		<u>163,869</u>	<u>107,867</u>
Factoring Receivables			
	2b,2d,2e,2h,2o,3,9,56,57,61		
Related parties		65,658	21,144
Third parties		133,175	56,134
Deferred factoring income		(6,095)	(814)
Allowance for impairment losses		(5,180)	(5,967)
Net		<u>187,558</u>	<u>70,497</u>
Segregated Funds Net Assets - Unit Link			
	2d,2e,2h,2i,3,10,56,57,61	<u>7,032,319</u>	<u>3,154,085</u>
Segregated Funds Net Assets - Sharia			
	2h,2j,3,11,57,61	<u>71,338</u>	<u>36,713</u>
Premiums and Reinsurance Receivables			
	2d,2e,2o,2ab,12,56,61		
Related parties		44,092	151,260
Third parties		314,001	283,569
Allowance for impairment losses		(4,926)	-
Total		<u>353,167</u>	<u>434,829</u>
Loans			
	2b,2d,2e,2h,2k,2o,3,13,56,57,61		
Related parties		794,940	741,895
Third parties		6,216,855	4,671,969
Total		7,011,795	5,413,864
Allowance for impairment losses		(77,638)	(90,889)
Net		<u>6,934,157</u>	<u>5,322,975</u>
Ijarah assets			
	2m,14		
Cost		275,370	-
Accumulated depreciation		(56,212)	-
Net		<u>219,158</u>	<u>-</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 Balance Sheets
December 31, 2010 and 2009

	Notes	2010 Rp '000,000	2009 Rp '000,000
ASSETS (Continued)			
Securities Agent Receivables	2h,2o,3,15,57,61	165,481	70,197
Other Accounts Receivable	2d,2e,2h,2o,3,16,56,57,61		
Related parties		6,234	5,455
Third parties		536,122	538,121
Total		<u>542,356</u>	<u>543,576</u>
Investment in Shares	2h,2n,3,17,57,61	558,845	372,261
Investment Properties	2p,18		
Cost		34,497	91,921
Accumulated depreciation		(4,766)	(4,110)
Net Book Value		<u>29,731</u>	<u>87,811</u>
Property and Equipment	2e,2q,2v,19,56		
Cost		1,009,912	845,681
Accumulated depreciation		(271,819)	(210,232)
Net Book Value		<u>738,093</u>	<u>635,449</u>
Property Under Build, Operate and Transfer Agreement	2s,2v,20		
Cost		79,041	77,988
Accumulated depreciation		(7,825)	(3,899)
Net Book Value		<u>71,216</u>	<u>74,089</u>
Assets for Lease	2e,2r,21,56		
Cost		79,445	59,066
Accumulated depreciation		(45,821)	(33,110)
Net Book Value		<u>33,624</u>	<u>25,956</u>
Foreclosed Properties	2u,2v,22		
Allowance for impairment losses	2o	75,922	70,069
Net Book Value		<u>(4,683)</u>	<u>(4,775)</u>
		<u>71,239</u>	<u>65,294</u>
Deferred Tax Assets	2af,54	3,560	16,811
Other Assets	2d,2e,2h,2o,2t,2v,3,23,56,57,61		
Related parties		9,622	11,912
Third parties		150,185	115,101
Total		<u>159,807</u>	<u>127,013</u>
TOTAL ASSETS		<u><u>27,845,024</u></u>	<u><u>19,700,337</u></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 Balance Sheets
December 31, 2010 and 2009 (Continued)

	Notes	2010 Rp '000,000	2009 Rp '000,000
LIABILITIES AND EQUITY			
Liabilities			
Deposits and Deposits from Other Banks	2d,2e,2h,2w,3,24,56,57,61		
Related parties		3,875,577	2,621,010
Third parties		5,728,533	4,069,712
Total		<u>9,604,110</u>	<u>6,690,722</u>
Securities Sold Under Agreements to Repurchase - Net	2d,2e,2h, 3, 25,56,57, 61	<u>32,069</u>	<u>284,755</u>
Accounts Payable	2d,2e,2h,3,26,56,57,61		
Related parties		12,446	8,704
Third parties		186,406	266,335
Total		<u>198,852</u>	<u>275,039</u>
Premiums Received in Advance	2d,2ab,27,61	<u>770,687</u>	<u>561,648</u>
Liability for Future Policy Benefits	2d,2x,28,61	<u>2,481,280</u>	<u>3,372,899</u>
Segregated Funds Contract Liabilities - Unit Link	2d,2i,61	<u>7,054,710</u>	<u>3,365,818</u>
Segregated Funds Contract Liabilities - Sharia	2j	<u>33,307</u>	<u>15,465</u>
Unearned Premiums and Estimated Own Retention Claims	2d,2e,2ab,29,56,61		
Related parties		193,375	116,523
Third parties		480,994	378,083
Total		<u>674,369</u>	<u>494,606</u>
Securities Agent Payables	2h,3,30,57,61	<u>415,650</u>	<u>101,085</u>
Taxes Payable	2d,2af,31,54,61	<u>41,414</u>	<u>31,244</u>
Accrued Expenses	2d,2e,2h,3,32,56,57,61	<u>43,868</u>	<u>35,614</u>
Loan Received	2h,3,33,57	<u>512,265</u>	<u>348,907</u>
Convertible Bonds Payable	34	-	63,783
Deferred Tax Liabilities	2af,54	<u>41,992</u>	<u>33,466</u>
Defined-benefit Post-employment Reserve	2ae,51	<u>64,447</u>	<u>38,979</u>
Mudharabah Reserve	2ac	<u>1,097</u>	<u>864</u>
Other Liabilities	2d,2e,2h,3,35,56,57,61		
Related parties		818	1,841
Third parties		613,081	386,081
Total		<u>613,899</u>	<u>387,922</u>
Total Liabilities		<u>22,584,016</u>	<u>16,102,816</u>
Minority Interest in Net Assets of the Subsidiaries	2c,36	<u>200,362</u>	<u>130</u>
Equity			
Capital Stock - Rp 5,000 par value per Series A share and Rp 100 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 6,081,318,298 Series B shares in 2010, and 142,474,368 Series A shares and 6,307,783,827 Series B shares in 2009	37,43	1,320,504	1,316,150
Additional Paid-in Capital - Net	2y,38,43	804,900	787,598
Difference Due to Changes in Equity of the Subsidiaries and Associated Companies	39	121,433	(45,936)
Difference in Value Arising from Restructuring Transactions Among Entities Under Common Control	2c,40	93,485	93,486
General Reserve	42	263,230	-
Retained Earnings		<u>2,457,094</u>	<u>1,446,093</u>
Total Equity		<u>5,060,646</u>	<u>3,597,391</u>
TOTAL LIABILITIES AND EQUITY		<u>27,845,024</u>	<u>19,700,337</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 Income
For the Years Ended December 31, 2010 and 2009

	Notes	2010 Rp '000,000	2009 Rp '000,000
OPERATING INCOME			
Insurance underwriting income	2ab,44	10,648,786	8,210,691
Gain from investments in units of mutual funds	2h,5	1,247,102	1,195,893
Interest income	2z,2aa,45	1,052,352	864,498
Gain on sale of short-term investments - net	2h,5	313,592	51,607
Unrealized gain on increase in fair value of securities	2h,5	184,881	189,909
Consumer financing income	2e,2z,56	169,846	119,976
Administration fee and commissions	2aa	83,380	108,842
Stock brokerage and underwriting income	2ad	60,254	31,546
Sales	2aa,46	47,244	154,489
Investment management income	2ad	45,289	26,346
Factoring income	2e,2z,56	29,326	46,019
Equity in net income of the associated companies - net	17	28,388	41,920
Finance lease income	2e,2z	27,804	23,401
Gain on sale of investment	17	12,718	-
Shares administration fee	2e,2ad,56	3,237	1,999
Others	2aa,47	58,516	30,710
Total Operating Income		14,012,715	11,097,846
OPERATING EXPENSES			
Insurance underwriting expenses	2ab,48	11,136,208	8,758,811
Interest expense	2z,49	537,808	496,710
Salaries and employee benefits	1d,2aa	335,746	250,735
General and administrative expenses	2e,2aa,50,56	327,089	262,172
Depreciation and amortization	2p,2q,2r,2s,18,19,20,21	78,761	72,210
Loss on foreign exchange - net	2d	53,327	193,477
Cost of good sold	2aa	47,197	154,147
Provision for possible losses on earning and non-earning assets	2o	44,934	64,527
Provision for doubtful accounts	2o	16,613	8,640
Stock brokerage and underwriting expenses	2ad	10,671	2,470
Investment management expenses	2ad	8,195	3,721
Other financial charges	2aa	3,490	1,479
Mudharabah for participants	2z	213	249
Others	2d,2aa,52,61	71,990	61,233
Total Operating Expenses		12,672,242	10,330,581
INCOME FROM OPERATIONS - NET		1,340,473	767,265
NON-OPERATING INCOME (EXPENSES)			
Non-operating income	2aa,53	36,970	18,639
Non-operating expenses		(9,826)	(6,320)
Non-Operating Income - Net		27,144	12,319
INCOME BEFORE TAX AND MINORITY INTEREST IN NET INCOME OF THE SUBSIDIARIES		1,367,617	779,584
TAX EXPENSE (BENEFIT)			
Current	2af,54	68,026	48,124
Deferred		21,777	(2,266)
Total		89,803	45,858
INCOME MINORITY INTEREST IN NET INCOME OF THE SUBSIDIARIES		1,277,814	733,726
MINORITY INTEREST IN NET INCOME OF THE SUBSIDIARIES	36	-	(33,628)
NET INCOME		1,277,814	700,098
Earnings per Share			
(in full Rupiah)	2ag,55		
Basic		206	114
Diluted		189	105

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

PT SINAR MAS MULTIARTHA Tbk DAN ANAK PERUSAHAAN
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2010 and 2009

	Notes	Capital Stock Rp '000.000	Additional Paid-in Capital - Net Rp '000.000	Difference Due to Changes in Equity of the Subsidiaries and Associated Companies Rp '000.000	Difference in Value Arising from Restructuring Transactions among Entities Under Common Control Rp '000.000	General Reserve Rp '000.000	Retained Earnings Rp '000.000	Total Equity Rp '000.000
Balance as of January 1, 2009		1,276,891	631,179	(93,601)	93,493	-	745,995	2,653,957
Additional capital stock from conversion of Series III warrants	38,43	883	2,913			-	-	3,796
Additional capital stock from conversion of Series IV warrants	38,43	38,376	153,506			-	-	191,882
Difference due to changes in equity of the subsidiaries and associated companies	2c,39	-	-	47,665	-	-	-	47,665
Difference in value arising from restructuring transactions among entities under common control	2c,40	-	-	-	(7)	-	-	(7)
Net income during the year		-	-	-	-	-	700,098	700,098
Balance as of December 31, 2009		<u>1,316,150</u>	<u>787,598</u>	<u>(45,936)</u>	<u>93,486</u>	<u>-</u>	<u>1,446,093</u>	<u>3,597,391</u>
Balance as of January 1, 2010, before the impact of initial adoption of PSAK 50 (Revised 2006) and PSAK 55 (Revised 2006)		1,316,150	787,598	(45,936)	93,486	-	1,446,093	3,597,391
Impact of initial adoption of PSAK 50 (Revised 2006) and PSAK 55 (Revised 2006)	2b	-	-	-	-	-	2,599	2,599
Balance as of January 1, 2010, after the impact of initial adoption of PSAK 50 (Revised 2006) and PSAK 55 (Revised 2006)		1,316,150	787,598	(45,936)	93,486	-	1,448,692	3,599,990
Additional capital stock from conversion of Series III warrants	38,43	160	529	-	-	-	-	689
Additional capital stock from conversion of Series IV warrants	38,43	4,194	16,773	-	-	-	-	20,967
Difference due to changes in equity of the subsidiaries and associated companies	2c,39	-	-	169,815	-	-	-	169,815
Difference in value arising from restructuring transactions among entities under common control	2c,40	-	-	-	(1)	-	-	(1)
Appropriation for general reserve	42	-	-	-	-	263,230	(263,230)	-
Cash dividends	41	-	-	-	-	-	(6,182)	(6,182)
Net income during the year		-	-	-	-	-	1,277,814	1,277,814
Balance as of December 31, 2010		<u>1,320,504</u>	<u>804,900</u>	<u>123,879</u>	<u>93,485</u>	<u>263,230</u>	<u>2,457,094</u>	<u>5,063,092</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, 2010 and 2009

	2010	As Restated - Notes 2a and 62 2009
	Rp '000,000	Rp '000,000
CASH FLOWS FROM OPERATING ACTIVITIES		
Insurance underwriting income received	10,652,143	8,218,603
Interest income received	1,037,193	853,275
Income received from financing activities	230,642	187,207
Stock brokerage, underwriting and investment management income received	103,280	57,087
Shares administration fee received	4,029	2,113
Other operating income received	222,977	309,938
Insurance underwriting expenses paid	(8,145,063)	(7,577,122)
Operating expenses paid	(768,244)	(717,733)
Interest paid	(473,554)	(454,160)
Stock brokerage, underwriting and investment management expenses paid	(18,866)	(6,191)
Loss on foreign exchange - net	(25,105)	(168,781)
Operating cash flows before changes in operating assets and liabilities	2,819,432	704,236
Decrease (increase) in operating assets and operating liabilities:		
Short-term investments	810,437	2,369,235
Securities purchased under agreements to resell	(70,550)	(36,591)
Consumer financing receivables	11,237	(10,683)
Net investments in finance lease	(59,250)	(47,156)
Factoring receivables	(119,304)	(1,778)
Segregated funds net assets - Unit Link	(3,878,234)	(2,641,409)
Segregated funds net assets - Sharia	(34,639)	(14,872)
Loans	(1,660,946)	(1,162,381)
Ijarah assets	(203,850)	-
Securities agent receivables	(93,021)	46,049
Other accounts receivable	(4,134)	115,181
Foreclosed properties	(5,978)	(1,908)
Other assets	(48,747)	55,909
Increase (decrease) in operating liabilities:		
Deposits and deposits from other banks	2,913,388	1,831,601
Securities sold under agreements to repurchase	(252,686)	114,996
Accounts payable	529	(685)
Premiums received in advance	209,039	105,710
Securities agent payable	314,565	37,446
Taxes payable	7,137	(7,711)
Accrued expenses	233	5,726
Mudharabah Reserve	20	(38)
Other liabilities	229,711	(142,005)
Net Cash Generated from Operations before Income Tax	884,389	1,318,872
Income tax paid	(64,932)	(41,659)
Net Cash Provided by Operating Activities	819,457	1,277,213
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of investment in shares	(148,457)	(9,021)
Proceeds from sale of investment	38,237	-
Acquisition of minority interest of a subsidiary	-	(8,749)
Additions to property under build, operate and transfer	(1,644)	(22,982)
Advances for investment	(2,000)	(19,600)
Proceeds from sale of property and equipment	4,505	5,211
Acquisitions of property and equipment	(173,481)	(155,109)
Acquisitions of investment properties	(21,486)	(1,319)
Acquisitions of assets for lease	(20,379)	(9,577)
Net Cash Used in Investing Activities	(324,705)	(221,146)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan received	163,358	46,102
Payment of interest on loan payable	(56,221)	(45,962)
Proceeds from issuance of shares by subsidiary	235,322	-
Proceeds from additional issuances of capital stock from conversion of Series III warrants	689	3,796
Proceeds from additional issuances of capital stock from conversion of Series IV warrants	20,967	191,882
Net Cash Provided by Financing Activities	364,115	195,818
NET INCREASE IN CASH AND CASH EQUIVALENTS	858,867	1,251,885
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
Beginning balance of cash and cash equivalent of a subsidiary in 2009	2,033,052	825,610
which ceased to be subsidiary in 2010 (Note 17)	(2,611)	-
Effect of foreign exchange rate changes	(30,901)	(44,443)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2,858,407	2,033,052

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, 2010 and 2009 (Continued)

	2010	As Restated - Notes 2a and 62 2009
	Rp '000,000	Rp '000,000
SUPPLEMENTAL DISCLOSURES		
Cash and cash equivalents consist of:		
Cash on hand	270,623	200,653
Cash in banks	128,895	127,670
Demand deposits with Bank Indonesia	1,067,919	854,850
Time deposits	513,072	571,936
Funds placed in securities companies	436	4
Demand deposits with other banks	706,189	275,940
Bank Indonesia Intervention	171,273	1,999
Total Cash and Cash Equivalents	<u>2,858,407</u>	<u>2,033,052</u>
Noncash investing activities:		
Reclassification from other assets - advances for investment to investment in shares	19,600	-
Reclassification from other assets to property and equipment	-	1,355
Reclassification from investment properties to property and equipment	-	24,424
Reclassification from foreclosed properties to property and equipment	-	10,898
Reclassification from property and equipment - net to Segregated Funds Net Assets - Sharia	-	8

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, 2010 and 2009 and For the Years then Ended

1. General

a. Establishment and General Information

PT Sinar Mas Multiartha Tbk (the Company or the Parent 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 number 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 million to Rp 5,000 million. 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 number 1109/1989.

On February 25, 1995, the stockholders held an Extraordinary Stockholders' Meeting and agreed to change the Parent Company's name to PT Sinar Mas Multiartha and to change the par value per share from Rp 1,000 to Rp 500. 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 million to Rp 2,849,487 million and approved the reverse stock split from Rp 500 per share to Rp 5,000 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 per share and Series B shares with a par value of Rp 100 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, 2010 and 2009 and For the Years then Ended

1. General (Continued)

a. Establishment and General Information (Continued)

Changes in the Main Business Activities

The Parent 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 Parent Company held an Extraordinary Stockholders' Meeting and agreed on significant matters including change in the main business activities of the Parent 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.

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 BII Plaza, 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 per share to the public at an offering price of Rp 1,800 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 per share through Limited Public Offering I at an exercise price of Rp 750 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.

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2010 and 2009 and For the Years then Ended

1. General (Continued)

b. Public Offering of the Company's Shares (Continued)

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 million 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 million to Rp 663,000 million and additional paid-in capital from Rp 1,500 million to Rp 167,250 million.

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 per share at an exercise price of Rp 100 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 million 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 million to Rp 926,083 million.

The funds from the Limited Public Offering II were used by the Parent 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 per share at an exercise price of Rp 125 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 million.

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

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2010 and 2009 and For the Years then Ended

1. General (Continued)

b. Public Offering of the Company's Shares (Continued)

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 per share at an exercise price of Rp 100 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.

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 million.

The funds from the Limited Public Offering IV were used by the Parent 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, 2010 and 2009, the subsidiaries which were consolidated, including the respective percentages of ownership held by the Parent Company, are as follows:

Subsidiary	Domicile	Nature of Business	Year of Operation/ Establishment	Percentage of Ownership		Total Assets (before elimination)	
				2010	2009	2010	2009
						Rp '000,000	Rp '000,000
Direct Acquisitions							
PT Asuransi Jiwa Sinarmas	Jakarta	Life insurance	1984	99.99%	99.99%	11,446,045	7,840,837
PT Bank Sinarmas Tbk	Jakarta	Banking	1989	70.43%	90.26%	11,232,179	8,036,015
PT Asuransi Sinar Mas	Jakarta	Loss insurance	1986	99.99%	99.99%	2,766,374	2,118,793
PT Sinarmas Sekuritas	Jakarta	Securities	1992	99.99%	99.99%	1,220,630	659,237
PT Sinar Mas Multifinance	Jakarta	Multifinance	1996	99.99%	99.99%	904,827	701,771
PT Shinta Utama	Jakarta	General trading	1991	99.30%	99.00%	238,618	55,650
PT AB Sinar Mas Multifinance	Jakarta	Multifinance	1995	99.99%	99.99%	167,193	137,378
PT Asuransi Sumit Oto	Jakarta	Loss insurance	2010	1.00%	-	100,524	-
PT Jakarta Teknologi Utama Motor	Jakarta	Workshop	1999	99.90%	99.86%	48,466	33,373
PT Sinar Artha Gunita	Jakarta	Shares registrar	1992	99.80%	99.80%	18,379	16,255
PT Simas Money Changer	Jakarta	Money changer	2003	99.90%	99.90%	3,307	3,217
PT Balai Lelang Sinarmas	Jakarta	Auction house	2008	99.90%	99.90%	1,228	1,117
PT Wapindo Jasaartha	Jakarta	Trading & services	2000	99.90%	99.90%	1,224	1,121
PT Arthamas Konsulindo	Jakarta	Insurance agency	2000	99.99%	99.99%	811	754
PT Arthamas Solusindo	Jakarta	Information services	2000	99.99%	99.60%	763	270
PT Komunindo Arga Digital	Jakarta	Trading & services	2000	95.00%	95.00%	73	55
PT Sinar Artha Solusindo	Jakarta	Trading & services	2000	99.60%	99.60%	68	53
PT Arthamas Informatika	Jakarta	Trading & services	2000	99.60%	99.60%	63	46
PT Sinar Artha Inforindo	Jakarta	Information services	2000	99.60%	99.60%	38	14
PT Artha Bina Usaha	Jakarta	Trading & services	2008	92.00%	92.00%	36	21
PT Sinar Artha Konsulindo	Jakarta	Insurance agency	2000	99.75%	99.75%	4	4
PT Sinar Artha Trading	Jakarta	General trading	2008	92.00%	92.00%	2	3
PT Panji Ratu Jakarta	Jakarta	Development, trading & services	1998	-	99.53%	-	81,498
Indirect Acquisition							
PT Bank Sinarmas Tbk (through PT Shinta Utama)	Jakarta	Banking	1989	7.55%	9.64%	11,232,179	8,036,015
PT Asuransi Sumit Oto (through PT Asuransi Sinar Mas)	Jakarta	Loss insurance	2010	98.99%	-	100,524	-
PT Sinarmas Futures (through PT Sinarmas Sekuritas)	Jakarta	Commodity trading	2004	99.98%	99.98%	26,893	25,548
PT Autopro Utama Perkasa (through PT Jakarta Teknologi Utama Motor)	Jakarta	Workshop	2006	99.88%	99.85%	8,129	7,941

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2010 and 2009 and For the Years then Ended

1. General (Continued)

c. Consolidated Subsidiaries (Continued)

In October 2010, the Parent Company increased its investment in PT Sinar Mas Multifinance (SMF). The increase in investment did not change the direct ownership interest in SMF.

In October 2010 and December 2010, the Parent Company increased its investment in PT Shinta Utama (SU), thus, increased its direct ownership interest in SU.

In 2010 and 2009, the Parent Company increased its investment in PT Jakarta Teknologi Utama Motor (JTUM), thus, increased its direct ownership interest in JTUM.

In September 2010, the Parent Company increased its investment in PT Arthamas Solusindo (AMS), thus, increased its direct ownership interest in AMS.

In October 2010, the Parent Company and PT Asuransi Sinar Mas (ASM) established PT Asuransi Sumit Oto, engages in loss insurance, with direct ownership interest of 1% and 99%, respectively.

In 2009, the Parent Company increased its investment in PT Bank Sinarmas Tbk (BS), thus, increased its direct ownership interest in BS.

In June 2009, the Parent Company and PT Shinta Utama purchased shares of PT Asuransi Jiwa Sinarmas (AJS) from the previous shareholder, thus, increased its direct ownership interest in AJS.

In May 2009, the Parent Company increased its investment in PT Simas Money Changer (SMC), thus, increased its direct ownership interest in SMC.

Eight (8) subsidiaries which were established in 2000 did not engage in business activities in 2010 and 2009.

In October 2006, JTUM purchased shares of PT Autopro Utama Perkasa (AUP), which main business activity is to engage in car repairs and maintenance. JTUM's ownership interest in AUP as of December 31, 2010 and 2009 is 99.98%.

In October 2004, PT Sinarmas Sekuritas (SMS) and PT Sinar Mas Multifinance established PT Sinarmas Futures (SF) which engages in commodity trading. In June 2009, SMS increased its investment in SF, thus, increased its direct ownership interest in SF. SMS's ownership interest in SF as of December 31, 2010 and 2009 is 99.95%.

Acquisitions of subsidiaries by the Parent Company and JTUM were recorded using the purchase method, except for acquisition by the Parent Company of JTUM from ASM which was recorded using the pooling of interest method based on PSAK 38. The above transactions have been disclosed in Note 17 to consolidated financial statements.

PT Bank Sinarmas Tbk (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, the 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 for initial public offering of shares and become public listed company. Relation with initial public offering, the Company's and SU's ownership interest in BS have diluted from 90,26% to 70,43% and 9,74% to 7,60%, respectively. The difference due to changes in equity of the subsidiaries and associated companies caused the diluted is Rp 35.008 million (Note 39).

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2010 and 2009 and For the Years then Ended

1. General (Continued)

c. Consolidated Subsidiaries (Continued)

PT Asuransi Jiwa Sinarmas 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.

PT Asuransi Sinar Mas (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 Multifinance 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.

PT Sinarmas Sekuritas obtained an approval from the Capital Market Supervisory Agency 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 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 obtained an approval from Bapepam (currently Bapepam-LK) to engage in business activities as shares registrar in its Decision Letter No. Kep-82/PM/1991 dated September 30, 1991.

PT Sinarmas Futures 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.

d. Employees, Directors and Commissioners

The Company's management at December 31, 2010 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, 2010 and 2009 and For the Years then Ended

1. General (Continued)

d. Employees, Directors and Commissioners (Continued)

The Company's management at December 31, 2009 based on Notarial Deed No. 17 dated June 22, 2009 of Wahyu Nurani, S.H., public notary in Jakarta, consists of the following :

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

As of December 31, 2010 and 2009, 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 agreed with Regulation No. IX.I.5 concerning the "Form and Orientation of the Audit Committee Working Implementation".

As of December 31, 2010, the Company's internal audit committee, consists of the following:

Chairman	:	Edy Tjandra
Members	:	Linda Widjaya

The form of the Company's internal audit committee agreed with Regulation No. KEP-496/BL/2008 dated November 28, 2008.

As of December 31, 2010 and 2009, the Parent Company has a total number of (unaudited) 10 employees and 8 employees, respectively. As of December 31, 2010 and 2009, the Parent Company and its subsidiaries have a total number of (unaudited) 7,853 employees and 4,817 employees, respectively.

The aggregate salaries and benefits paid by the Parent Company and its subsidiaries to all commissioners and directors amounted to Rp 33,605 million in 2010 (2009: Rp 21,900 million).

The Directors had completed the consolidated financial statements of PT Sinar Mas Multiartha Tbk and its subsidiaries on March 31, 2011 and are responsible for the consolidated financial statements.

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2010 and 2009 and For the Years then Ended

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 using accounting principles and reporting practices generally accepted in Indonesia such as the Statements of Financial Accounting Standards (PSAK) and the regulations of the Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK) No.VIII.G.7. dated March 13, 2000 regarding Financial Statements Presentation Guidance included in Appendix of the Decree of the Chairman of Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK) No. KEP-06/PM/2000 dated March 13, 2000 and Circular Letter from Chairman of Bapepam-LK No. SE-02/PM/2002 dated December 27, 2002 regarding Presentation and Disclosure of Financial Statements of Investment and Publicly Listed Companies. Such consolidated financial statements are an English translation of the Company and its subsidiaries' statutory report in Indonesia, and are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and reporting practices generally accepted in other countries and jurisdictions.

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.

The consolidated financial statements presented unclassified consolidated balance sheets and single-step consolidated statements of income after considering the line of business of the Company and its subsidiaries.

Effective January 1, 2010, for the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash, demand deposits with Bank Indonesia, demand deposits with other banks, and placement with other banks with original maturity of three months or less from the acquisition date. Prior to January 1, 2010, for the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash, demand deposits with Bank Indonesia, and demand deposit with other banks with no restriction. These changes were due to the withdrawal of PSAK 31 "Accounting for Banks" in 2010 which was applied by PT Bank Sinarmas Tbk, a subsidiary, as discussed above. Accordingly, for comparative purposes, the consolidated statement of cash flows for the year ended December 31, 2009 has been restated (Note 62).

The reporting currency used in the preparation of the consolidated financial statements is the Indonesian Rupiah (Rupiah). Unless otherwise stated, all figures presented in the consolidated financial statements are stated in millions of Rupiah.

b. Adoption of Revised Statements of Financial Accounting Standards

The Company and its subsidiaries have adopted the following revised PSAKs effective January 1, 2010 and have applied these standards prospectively:

- (i) PSAK 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures", which contains the requirements for the presentation of financial instruments and identifies the information that should be disclosed. The presentation requirements apply to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset. This PSAK also requires the disclosure of, among others, information about factors that affect the accounting policies applied to those instruments.

This standard superseded PSAK 50, "Accounting for Certain Investments in Securities".

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2010 and 2009 and For the Years then Ended

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

b. Adoption of Revised Statements of Financial Accounting Standards (Continued)

(ii) PSAK 55 (Revised 2006), "Financial Instruments: Recognition and Measurement", which establishes the principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This PSAK provides the definitions and characteristics of derivatives, the categories of financial instruments, recognition and measurement, hedge accounting and determination of hedging relationships, among others.

This standard superseded PSAK 55 (Revised 1999), "Accounting for Derivative Instruments and Hedging Activities".

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 50 (Revised 2006) and PSAK 55 (Revised 2006) as issued by the Indonesian Institute of Accountants.

The effect of the transition to PSAK 50 (Revised 2006) and PSAK 55 (Revised 2006) to the Company and its subsidiaries' consolidated balance sheet as of January 1, 2010 is set out in the following table:

	As reported January 1, 2010 Rp '000.000	Transition Adjustments Rp '000.000	As adjusted January 1, 2010 Rp '000.000
Assets			
Cash and cash equivalents	1,754,227	886	1,755,113
Short term investments			
Placements 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
Total	<u>13,615,116</u>	<u>2,599</u>	<u>13,617,715</u>
Equity			
Retained earnings	<u>3,597,391</u>	<u>2,599</u>	<u>3,599,990</u>

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 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 PT Bank Sinarmas Tbk, a subsidiary (Note 2o). The transition adjustments were adjusted to retained earnings on January 1, 2010.

c. Principles of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries, wherein the Company has direct or indirect ownership interest of more than 50% of the voting rights of the subsidiary's capital stock or is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. A subsidiary is excluded from consolidation when the control in such subsidiary is intended to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal in the near future or when the subsidiary operates under long-term restrictions which significantly impair its ability to transfer funds to the Parent Company.

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2010 and 2009 and For the Years then Ended

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

c. Principles of Consolidation (Continued)

When an entity either began or ceased to be controlled during the year, the results of operations of that entity are included in the consolidated financial statements only from the date that the control commenced up to the date that the control ceased.

Intercompany balances and transactions, including unrealized gains or losses on intercompany transactions, are eliminated to reflect the financial position and the results of operations of the Company and its subsidiaries as one business entity.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and events in similar circumstances. If a subsidiary's financial statements are prepared using accounting policies other than those adopted in the consolidated financial statements, appropriate adjustments are made to its financial statements.

Minority interest represents the minority stockholders' proportionate share in the net income and equity of the subsidiaries which are not wholly owned, which is presented based on the percentage of ownership of the minority stockholders in the subsidiaries.

The losses applicable to the minority stockholders in a consolidated subsidiary may exceed the minority stockholders' interest in the net assets of the subsidiaries. The excess, and any further losses applicable to the minority are charged against the majority interest, except to the extent that the minority has a binding obligation to, and is able to, absorb such losses and the minority stockholders can settle their obligations. If the subsidiary subsequently reported profits, such profits are allocated to the majority stockholders up to the amount of the minority stockholders' share in losses previously absorbed by the majority which have been recovered.

The excess of acquisition cost over the Company's interest in the fair value of the net identifiable assets of the subsidiaries is recorded as positive goodwill while the remaining excess of the Company's interest in the fair value of the net identifiable assets of the subsidiaries, after reducing proportionately the fair value of non-monetary assets, over the acquisition cost is recorded as negative goodwill. Positive goodwill is amortized over 5 years, while negative goodwill is amortized over 20 years. At balance sheet date, the Parent Company evaluates the carrying value of the goodwill. The negative goodwill is presented in the consolidated balance sheets under "Other Liabilities" account.

Restructuring Transaction Among Entities Under Common Control

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. Based on PSAK No.38, 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.

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

c. Principles of Consolidation (Continued)

Restructuring Transaction Among Entities Under Common Control (Continued)

The balance of "Difference in value arising from restructuring transactions among entities under common control" account is taken to the consolidated statements of income as realized gain or loss as a result of (1) lost 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.

d. Foreign Currency Transactions and Balances

The books of accounts of the Company and its subsidiaries are maintained in Rupiah. Transactions during the year involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At balance sheet date, monetary assets and liabilities denominated in foreign currencies are adjusted using the Bank Indonesia's middle rates of exchange prevailing at that date. The resulting gains or losses are credited in or charged to current operations.

The foreign exchange gains or losses on monetary items is the difference between amortized cost in Rupiah at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated into Rupiah at the exchange rate at the end of the year.

The conversion rates used by PT Bank Sinarmas Tbk (BS) (a subsidiary engaged in banking) to translate monetary assets and liabilities as of December 31, 2010 and 2009, are the Reuters rate at 16:00 WIB of Rp 9,010 and Rp 9,395, respectively, per US\$ 1.

At December 31, 2010 and 2009, the conversion rates used by the Company and its subsidiaries (except for BS) were the middle rates of Bank Indonesia of Rp 8,991 and Rp 9,400, respectively, per US\$ 1.

e. Transactions with Related Parties

Related parties consist of the following:

- 1) Companies that, through one or more intermediaries, control, or are controlled by, or are under common control with, the Company (including holding companies, subsidiaries, and fellow subsidiaries);
- 2) Associated companies;
- 3) Individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, and close family members of such individuals (close family members are those who can influence or can be influenced by such individuals in their transactions with the Company);
- 4) Key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including commissioners, directors and managers of the Company and close family members of such individuals; and

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

e. Transactions with Related Parties (Continued)

- 5) Companies in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (3) or (4), or over which such person is able to exercise significant influence. These include companies owned by commissioners, directors or major stockholders of the Company, and companies that have a common member of key management with that of the Company.

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.

Transactions with related parties which were not done with similar price, terms and conditions as those done with third parties are loan and mortgage loan to employees and loans which are secured by cash collateral.

f. Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in Indonesia requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts of financial instruments recognized in the consolidated financial statements are described in Note 3 to the consolidated financial statements.

g. Cash and Cash Equivalents

Effective January 1, 2010, cash and cash equivalents include cash on hand, cash in banks, demand deposits with Bank Indonesia, demand deposits with other banks, other short term highly liquid investments with original maturity of three months or less from acquisition date and which are not used as collateral and are not restricted and funds placed in securities companies.

Prior to January 1, 2010, cash and cash equivalents include cash on hand, cash in banks, demand deposit with Bank Indonesia, time deposits with original maturity of three months or less and funds placed in securities companies.

h. Financial Instruments

As discussed in Note 2b, the Company and its subsidiaries have adopted the following accounting policies in accordance with PSAK 50 (Revised 2006) and PSAK 55 (Revised 2006) effective January 1, 2010:

The Company and its subsidiaries recognize a financial asset or a financial liability in the consolidated balance sheet when it becomes a party to the contractual provisions of the instrument.

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

h. Financial Instruments (Continued)

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.

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. Included in transaction fees are fees and commissions paid to agents (including employees acting as selling agents), consultants, brokerage and securities dealers, levies required by regulators and stock exchanges, as well as taxes and duties imposed on transfers made. Transaction costs do not include debt premium or discount, financing costs (financing costs), or internal administrative costs or storage costs (handling cost).

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 Company and its subsidiaries estimate 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 Company and its subsidiaries classify their 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.

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

h. Financial Instruments (Continued)

Determination of Fair Value

The fair value of financial instruments traded in active markets at the balance sheet 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.

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 Company and its subsidiaries recognize the difference between the transaction price and fair value (a Day 1 profit/loss) in the consolidated statement of 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 income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company 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:

- a. 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; or
- b. 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
- c. 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.

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

h. Financial Instruments (Continued)

Financial Assets (Continued)

1. Financial Assets at FVPL (Continued)

Financial assets at FVPL are recorded in the consolidated balance sheet at fair value. Changes in fair value are recognized directly in the consolidated statement of 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, 2010, this category includes short term investments – securities (bonds, units of mutual fund, shares and warrants which are traded on the Indonesia Stock Exchange) and Segregated funds net assets – unit link (units of mutual fund and shares that are traded on the Indonesia Stock Exchange), and Segregated funds net assets – sharia (units of mutual fund).

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 income. The losses arising from impairment are recognized in the consolidated statement of income.

As of December 31, 2010, this category includes cash, cash in banks, demand deposits with Bank Indonesia, time deposits (with original maturity of three months or less; with original maturity of more than three months; restricted), demand deposits with other banks, placement with other banks, securities purchased under agreements to resell, consumer finance receivables, factoring receivables, segregated funds net assets – unit link (cash and cash equivalents and investment receivables), segregated funds net assets – sharia (cash and cash equivalents and investment receivables), loans, securities agent receivables, other account receivables, and other assets (other receivables, security deposits, and money transfers).

3. HTM Investments

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

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

h. Financial Instruments (Continued)

Financial Assets (Continued)

3. HTM Investments (Continued)

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 income. Gains and losses are recognized in the consolidated statement of income when the HTM investments are derecognized and impaired, as well as through the amortization process using effective interest method.

As of December 31, 2010, this category includes short term investments – securities (Bank Indonesia Intervention, Credit Linked Note, Republic of Indonesia – ROI Loans, bonds, export bill receivables), segregated funds net assets – unit link (bonds), and segregated funds net assets – sharia (sharia bonds).

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.

After initial measurement, AFS financial assets are subsequently measured at fair value. The effective yield component of AFS debt securities, as well as the impact of translation on foreign currency-denominated AFS debt securities, is reported in the consolidated statement of income. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded from the consolidated statement of income and are reported as net unrealized gains and losses on AFS financial assets in the equity section of the consolidated balance sheet and in the consolidated statement of changes in equity.

As of December 31, 2010, this category includes short term investment in bonds, Republic of Indonesia – ROI Loans, shares that are traded on Indonesia Stock Exchanges, and certain investments in shares (Note 17).

In the absence of a reliable basis for determining the fair value, the Company and its subsidiaries' certain investments in shares of stock enumerated in Note 17 are carried at cost.

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 Company and its subsidiaries elect to designate a financial liability under this category.

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

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

h. Financial Instruments (Continued)

Financial Liabilities (Continued)

1. Financial Liabilities at FVPL (Continued)

As of December 31, 2010, the Company and its subsidiaries have not classified any financial liability as at FVPL.

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 Company 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 rate method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

As of December 31, 2010, this category includes deposits and deposits from other banks, securities sold under agreement to repurchase, accounts payable, securities agent payables, accrued expenses, loan received, and other liabilities.

Derivative Financial Instruments

An embedded derivative is separated from the host contract and accounted for as derivative if all the following conditions are met:

- a. the economic characteristics and risks of the embedded derivative are not closely related to economic characteristics of the host contract.
- b. separate instrument with the same terms as the embedded derivative would meet the definition of the derivative; and
- c. hybrid or combined instrument is not recognized at fair value through profit or loss.

Freestanding and separated embedded derivatives are classified as financial assets or financial liabilities at FVPL unless they are designated as effective hedging instruments. Derivative instruments are initially recognized at fair value on the date in which a derivative transaction is entered into or bifurcated, and are subsequently re-measured at fair value.

Derivatives 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 derivatives are recognized immediately in the consolidated statement of income.

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

h. Financial Instruments (Continued)

Derivative Financial Instruments (Continued)

The management assesses whether embedded derivatives are required to be separated from host contracts when the Company first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet 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 Company and its subsidiaries' management assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

1. Assets Carried at Amortized Cost

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 objective evidence that an impairment loss on loans and receivables or held to maturity investments carried at amortized cost has been incurred, 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 income.

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 income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

2. Assets Carried at Cost

If there is 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.

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

h. Financial Instruments (Continued)

Impairment of Financial Assets (Continued)

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 consolidated statement of income is removed from equity and recognized in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income. Increases in fair value after impairment are recognized directly in equity.

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 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 income, the impairment loss is reversed through the consolidated statement of income.

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 Company and/or its subsidiaries 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 Company and/or its subsidiaries 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 Company and/or its subsidiaries 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 Company and/or its subsidiaries 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 Company and/or its subsidiaries could be required to repay.

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

h. Financial Instruments (Continued)

Derecognition of Financial Assets and Liabilities (Continued)

2. Financial Liabilities

A financial liability is derecognized when the obligation under the liability 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 income.

Accounting Policies on Financial Instruments Prior to January 1, 2010

Short-term Investments

(1) Time deposits

Time deposits are stated at nominal value.

(2) Placements with other banks

Placements with other banks are stated at the outstanding balances of the placements, less allowance for possible losses, which is determined based on evaluation by management of the realizability of each placement.

(3) Investments in securities for which fair value is readily available

Investments in securities for which fair value is readily available consist of debt and equity securities, which are classified based on management's intention at acquisition as follows:

- a) Investments in securities classified as held-to-maturity were stated at cost, adjusted for unamortized premium or discount. If it was probable that the cost of such securities (including amortized premium and discount) could not be fully recovered, a permanent decline in value was considered to have occurred and, as a result, the cost basis of the individual security was written-down to its fair value. Any such write-down was recognized as loss in the current operations.
- b) Investments in securities classified as available-for-sale were stated at fair value. Unrealized gains or losses from the increase or decrease in fair value were recognized and presented as an equity component, and would not be recognized as gain or loss until realized.
- c) Investments in securities classified as trading were stated at fair values. Unrealized gains or losses from the increase or decrease in fair values were recognized in the current operations. Investments in securities classified as trading consist of securities purchased and owned for resale in the near future. Securities for trading usually show a very high frequency of purchases and sales. These securities were owned with the objective of obtaining profit from short-term price differences.

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

h. Financial Instruments (Continued)

Accounting Policies on Financial Instruments Prior to January 1, 2010 (Continued)

Short-term Investments (Continued)

Transfer of securities from trading category to held-to-maturity category is recorded at fair value at the time of transfer of securities, which is considered as the cost of the securities.

Transfer of securities from available-for-sale category to held-to-maturity category is recorded at fair value at the time of transfer of the securities. Unrealized gain or loss on the transfer is recorded as part of equity and is amortized using the straight-line method over the remaining life of the securities.

If there is a permanent decline in fair value, the cost basis of the individual security is written-down to its fair value as a new cost basis, and the amount of write-down is recognized in the current operations.

For the computation of realized gains or losses, the cost of equity securities is determined using the weighted average method, while the cost of debt securities which are held-to-maturity is determined using the specific identification method.

Securities Purchased Under Agreements to Resell/Securities Sold Under Agreements to Repurchase

Securities purchased with a promise to be resold (reverse repo) are recognized as a receivable in the amount of the resale price of the related securities, less unearned interest income. The difference between the purchase price and the selling price is treated as unearned interest income and is recognized as income in accordance with the period since the securities were purchased until they are resold. The securities received are not recorded as assets on the balance sheet because the ownership of the securities remains with the seller.

Securities sold with a promise to be repurchased (repo) are recognized as a liability in the amount of the purchase price agreed with the customer, less interest expense (difference between the selling price and the repurchase price) which has not been realized. The difference between the selling and the repurchase price is treated as prepaid interest and is recognized as an expense in accordance with the period since the securities were sold until they are repurchased. The securities sold are recorded as assets in the consolidated balance sheets because the ownership of the securities remains with the seller.

Derivative Assets and Liabilities

All derivative instruments (including forward foreign currencies transactions for funding and trading) are recognized in the consolidated balance sheet at fair value. Fair value is determined based on market value, pricing models or quoted prices of other instruments with similar characteristics. Derivative assets and liabilities are presented at the amount of unrealized gains or losses on derivative contracts, which are accounted for based on the purpose the Company or its subsidiaries have designated upon acquisition as trading, cash flow hedge, fair value hedge, and a hedge of net investment in foreign operation.

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

h. Financial Instruments (Continued)

Accounting Policies on Financial Instruments Prior to January 1, 2010 (Continued)

Derivative Assets and Liabilities (Continued)

Gain or loss on derivative contracts is accounted for as follows:

1. Gain or loss on a derivative contract not designated as a hedging instrument (or derivative contract that does not qualify as a hedging instrument) or the ineffective portion of a derivative contract designated as hedging instrument is recognized immediately in the consolidated statements of income;
2. The effective portion of the gain or loss on a derivative contract designated and qualifying as a cash flow hedging instrument is reported as a component of other comprehensive income under equity and reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings. The effect of the hedge ineffectiveness is recognized immediately in the consolidated statements of income;
3. Gain or loss on the hedging derivative instrument in a hedge of a net investment in a foreign operation is reported in other comprehensive income as part of the cumulative translation adjustment under equity to the extent it is effective as a hedge; and
4. Gain or loss on a derivative contract designated and qualifying as a fair value hedging instrument as well as the offsetting gain or loss on the hedged assets or liabilities attributable to the hedged risk is recognized immediately in earnings in the same accounting period. Any difference that arises representing the effect of hedge ineffectiveness is recognized immediately in the consolidated statements of income.

Accounting for Consumer Financing Transactions

Consumer financing receivables are stated at the sum of total installments, less the portion of receivable financed by other parties in relation to the joint consumer financing transaction and channeling of consumer financing receivables with other parties, unearned income and allowance for doubtful accounts.

Unearned income on consumer financing represents the difference between the total installments to be received and the principal amount financed. Unearned income on consumer financing is amortized and recognized as income over the term of the consumer financing agreement using the effective interest rate method. Early terminations are treated as cancellations of the existing consumer financing contracts and the resulting gains or losses are credited in or charged to current operations. The subsidiaries do not recognize interest income from consumer financing receivables which are overdue for more than 90 days. Such interest income is recognized only when received.

Accounting for Factoring Transactions

Factoring receivable is stated at nominal value, less retention (if any) and allowance for doubtful accounts. Factoring income is calculated based on the outstanding balance of the factoring receivable on a monthly basis. The subsidiaries do not recognize interest income from factoring receivables which are overdue for more than 90 days. Such interest income is recognized only when received.

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

h. Financial Instruments (Continued)

Accounting Policies on Financial Instruments Prior to January 1, 2010 (Continued)

Accounting for Factoring Transactions (Continued)

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

In transfer of factoring receivable transactions on a with recourse basis, the subsidiaries recognized 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 balance sheets.

Loans

Loans are stated at the gross amount of its outstanding balance, less allowance for possible losses which are provided based on evaluation of the collectibility of loans.

Loans granted under a syndication agreement or a credit channeling agreement are recognized in the amount of the portion of loans, the risk on which is borne by the subsidiary.

Troubled Loans Restructuring

Trouble debt restructuring involves modification of term of loan, conversion of loan to shares or other financial instruments and/or combination of both.

Troubled debt restructuring involving only modification of terms of loans, that was, not involving receipt of assets (including an equity interest in the debtor) accounts for the effects of the restructuring prospectively and did not change the carrying amount of loans at the restructuring date unless that amount exceeded the total future cash receipts specified by the new terms. That is, the effects of changes in the amounts or timing (or both) of future cash receipts designated either as interest or as principal was recognized prospectively in future periods.

Investment in Shares

Investments in shares of stock with ownership interest of less than 20% are accounted for using the cost method. Under the cost method, an investor records its investment in the investee at cost. The investor recognizes income only to the extent that it receives profit distribution (dividends, except stock dividends) from the accumulated net profits of the investee arising subsequent to the date of acquisition by the investor. Dividends received in excess of such profits are considered as a recovery of investment and are recorded as a reduction from the cost of the investment.

Deposits and Deposits from Other Banks

Deposits from customers and deposits from other banks are stated at the outstanding balance.

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

i. Segregated Funds Net Assets and Segregated Funds Contract Liabilities – Unit Link

Unit link is an investment and self-protection insurance product of PT Asuransi Jiwa Sinarmas (AJS), a subsidiary, wherein the policyholders have the opportunity to manage their funds together with other investors to maximize the benefit from the amount invested. AJS issues a contract where the amount of benefit is directly linked to the market value of the investments held in the Unit link holders' fund. Although the underlying investments are registered in the name of AJS and the Unit link holders have no direct access to the specific assets, the contractual arrangements are such that the Unit link holders bear the risks and rewards of the fund's investment performance.

Unit link holders' fund is invested in time deposits, bonds, mutual fund and shares. Such investments are stated at fair values, except for time deposits which are stated at nominal value.

Payable to Unit link holders will be increased or decreased following the placement or withdrawal of Unit link holders' fund and the current net asset value of the related investments.

AJS derives income from Unit link transactions, which is presented under "Other income" in the consolidated statements of income.

j. Segregated Fund Net Asset and Segregated Fund Contract Liabilities – Sharia

Sharia is an investment product of PT Asuransi Jiwa Sinarmas (AJS), a subsidiary, which is based on mudharabah for participant (profit sharing).

Fund management in investment product of sharia is based on sharia principles.

k. 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.

l. Accounting for Lease Transactions

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:

- a. there is a change in contractual terms, other than a renewal or extension of the agreement;
- b. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- c. there is a change in the determination of whether the fulfillment is dependent on a specified asset; or
- d. 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 a, c or d and the date of renewal or extension period for scenario b.

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

I. Accounting for Lease Transactions (Continued)

1. Accounting Treatment as a Lessee

Leases which transfer to the Company 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 statements of income.

Capitalized leased assets are depreciated over the estimated useful life of the assets except if there is no reasonable certainty that the Company 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 payments are recognized as an expense in the consolidated statements of income on a straight-line basis over the lease term.

2. Accounting Treatment as a Lessor

Financing 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 Company and its subsidiaries 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 Company and its subsidiaries do not recognize interest income from finance lease receivables which are overdue for more than 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.

Operating lease

Leases where the Company and its subsidiaries retain 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.

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

m. Ijarah Assets

Ijarah Assets are recognized at cost (refer to PSAK 16: Fixed Assets and PSAK 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 income.

n. Investment in Associated Companies

Investments in shares of stock with ownership interest of 20% to 50%, directly or indirectly owned, are accounted for using the equity method whereby the investor's proportionate share in the income or loss of the associated company after the date of acquisition is added to or deducted from, and the dividends received are deducted from, the acquisition cost of the investments. Unrealized gains arising from transactions with associates are eliminated to the extent of the Company's interests in the associates, against the respective investment amount. Equity in net income or losses is adjusted for the straight-line amortization of goodwill over five (5) years.

When there is a permanent decline in value of investments, the carrying amount of the investments is written down to recognize a permanent decline in value of the individual investments which is charged directly to current operations.

Changes in equity of the subsidiaries or associated companies

The changes in value of investments (under the equity method) due to changes in equity of the subsidiaries or associated companies which do not arise from capital transactions between the investor company and such subsidiaries or associated companies are recognized as "Difference due to change in equity of the subsidiaries/associated companies", as a component of equity. At the time the investment is disposed of, the difference resulting from changes in equity of the subsidiaries or associated companies is recognized as income or expense in the same period in which the related gain or loss on disposal is recognized.

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

o. Allowance for Doubtful Accounts, Allowance for Possible Losses on Assets and Estimated Losses on Commitments and Contingencies

Company is engaged in banking business

Allowance for impairment losses on earnings assets

Earnings assets consist of demand deposits with other banks, placements with other banks, securities, securities purchased under agreements to resell, loans, acceptance receivables, including commitments and contingencies reflected in the administrative accounts.

Non-earning assets are non-financial assets, consist of foreclosed assets and abandoned properties, inter-branch account and suspend account according to Bank Indonesia regulation.

Starting January 1, 2010, at each balance sheet date, an assessment by a subsidiaries is made to determine whether there is any indication of impairment of financial assets or group of financial assets as classified held to maturity, available for sale, and loan and receivables as described in Note 2h.

Implementation of the Transitional Provisions of Bank Indonesia for the Collective Impairment of Loans

On December 8, 2009, Bank Indonesia issued a Circular Letter. 11/33/DPNP regulating the estimation of collective impairment of loans with limited experience of specific losses. For banks that do not have sufficient historical loss data to determine the amount of collective impairment on loans in accordance with the requirements under PSAK 55 (Revised 2006) and PAPI (2008), the formation of allowance for impairment losses to use the applicable Bank Indonesia provisions concerning "Asset Quality Rating for Commercial Banks".

Starting January 1, 2010, the Company and it's subsidiaries applied the transitional provisions of Bank Indonesia for collective impairment of loans which have also been applied before January 1, 2010.

Prior to January 1, 2010, the determination of the quality and allowance for possible losses on earning assets as of December 31, 2010 and 2009 is based on the Decree of Bank Indonesia No. 7/2/PBI/2005 dated January 20, 2005, Bank Indonesia Circular Letter No. 7/3/DPNP dated January 31, 2005 regarding "Assessment of Asset Quality of Public Banks" with the latest change through Decree of Bank Indonesia No. 11/2/PBI/2009 dated January 29, 2009.

Allowance for Impairment losses On Productive Assets

Allowance for impairment losses on productive assets is based on review of the quality of their productive assets, commitments and contingencies in accordance with Bank Indonesia, which classifies these productive assets within five (5) categories, with the percentage of allowance for impairment losses as follows:

Classification	Percentage of Allowance for Possible Losses	
Current	Minimum	1.00%
Special mention	Minimum	5.00%
Substandard	Minimum	15.00%
Doubtful	Minimum	50.00%
Loss		100.00%

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

o. Allowance for Doubtful Accounts, Allowance for Possible Losses on Assets and Estimated Losses on Commitments and Contingencies (Continued)

Allowance for Impairment losses On Productive Assets (Continued)

Percentages are applied to the outstanding balances of the earning assets, less the collateral value in accordance with the Bank Indonesia Regulation, except for earning assets and commitments and contingencies classified as current where the rates are applied directly to the outstanding balance of earning assets and commitments and contingencies.

Bank Indonesia Certificates (SBI), placements with Bank Indonesia (BI Intervention) and Government bonds are not not subject to allowance for impairment losses.

Allowance for impairment losses on commitments and contingencies (except on acceptances) was provided is presented under "Estimated losses on commitments and contingencies" account.

The outstanding balances of earning assets are written-off against the respective allowance for possible losses when management believes that the earning assets should be written-off because operationally, the debtor cannot afford to repay and/or the earning assets are difficult to be realized or collected. Recovery of earning assets previously written-off is recorded as an addition to the allowance for possible losses on earning assets during the period of recovery. If the recovery exceeds the principal amount, the excess is recognized as interest income.

Allowance for Impairment losses On Non-Productive Assets

Allowance for impairment losses on nonproductive assets is determined in accordance with Bank Indonesia regulation regarding "Assessment of Quality Asset of Commercial Banks".

The subsidiary establishes an allowance for impairment losses of non-productive assets based on the evaluation of the quality of each non-productive assets in accordance with the provisions of Bank Indonesia, which classifies the non-productive assets in four (4) categories based on the length of the asset is owned by the subsidiary with the amount percentage of allowance for impairment losses as follows:

Classification	Percentage of Allowance for Possible Losses	
Current	Minimum	1.00%
Substandard	Minimum	15.00%
Doubtful	Minimum	50.00%
Loss		100.00%

The Parent Company and other subsidiaries are engaged in non-banking business

An allowance for impairment losses on receivables is provided based on management's evaluation of the collectibility of the individual receivable account (short-term investments, securities purchased under agreements to resell, consumer financing receivables, finance lease receivables, factoring receivables, premiums and reinsurance receivables and other accounts receivable) at the end of the year.

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

o. Allowance for Doubtful Accounts, Allowance for Possible Losses on Assets and Estimated Losses on Commitments and Contingencies (Continued)

The Parent Company and other subsidiaries are engaged in non-banking business (Continued)

Effective January 1, 2010, accounting policy on allowance for impairment losses on receivables is described in Note 2h.

Prior to January 1, 2010, the outstanding balance of receivables is written-off when management believes that such receivables is determined to be definitely uncollectible or unrealizable. The collections or recovery from receivables written-off is recorded as an addition to or recovery of allowance for doubtful accounts at the time of collection or recovery.

p. Investment Properties

Investment properties, except land, are measured at cost, 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 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.

q. Property and Equipment

Direct Acquisitions

Property and equipment, except land, 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 (if any).

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.

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2010 and 2009 and For the Years then Ended

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

q. Property and Equipment (Continued)

Direct Acquisitions (Continued)

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.

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>
Buildings:	
• 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.

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 any impairment loss are eliminated from the accounts. Any gains or loss arising from derecognition 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 income in the year the item is derecognized.

The asset's residual values, 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.

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
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2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

r. Assets for Lease

Assets for lease are stated at cost, less accumulated depreciation and any impairment in value (if any). Accounting policy for assets for lease is the same with directly acquired property and equipment (Note 2q). Rental income is presented under "Operating lease income" account in the consolidated statements of income over the lease period (Note 2l).

s. Property under Build, Operate and Transfer

Property under build, operate and transfer is an asset, the development of which, was funded by the Company until the asset is ready for operation and then managed by the Company until such time the asset will be transferred to asset holders at the end of concession period.

Property under build, operate and transfer in progress is stated at cost and not depreciated. Accumulated costs will be transferred to property under build, operate and transfer account and will be depreciated when the asset is ready for use.

t. Prepaid Expenses

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

u. Foreclosed Properties

Foreclosed properties in relation to the settlement of financing facilities and loan are recorded at net realizable value. The excess of the carrying value of the receivable over the net realizable value of the foreclosed properties is charged to allowance for doubtful accounts or allowance for possible losses. If the net realizable value of the foreclosed property is more than the carrying value of the receivable or loan, the foreclosed property is recorded at the amount of the receivable or loan.

The difference between the carrying value of the foreclosed properties and the proceeds from sale of such properties is recorded as a gain or loss in the period the properties are sold.

Expenses for maintaining foreclosed properties are charged to operations as incurred.

The carrying value of the asset is written-down to recognize a permanent decline in value of the foreclosed property. Any such write-down is charged to current operations.

The foreclosed properties of subsidiaries which engaged in banking and multifinance, are provided with allowance for possible losses in accordance with the regulation of Bank Indonesia (Note 2o).

v. Impairment of Assets

An assessment by management of the asset value is made at each balance sheet date to determine whether there is any indication of impairment of any asset and possible write-down to its recoverable amount whenever events or changes in circumstances indicate that the asset value is impaired.

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

v. Impairment of Assets (Continued)

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is computed as the higher of the asset's value in use and its net selling price. On the other hand, a reversal of an impairment loss is recognized whenever there is an indication that the asset is not impaired anymore.

The amount of impairment loss (reversal of impairment loss) is charged to (credited in) current year's operations.

Allowance for impairment losses of nonfinancial assets are owned by subsidiaries in engaged in banking and multifinance in the form of nonproductive assets (consisting of foreclosed properties, abandoned properties, the administrative accounts and suspense accounts) is determined in accordance with Bank Indonesia (see Note 2o).

w. Deposits and Deposits from Other Banks

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 cheque, or other orders of payment or transfers. Demand deposits are stated at the amount due to the demand deposit account holders.

Savings deposits represent deposits of customers which may only be withdrawn when certain agreed conditions at the account opening are met. These deposits may not be withdrawn by cheque or other equivalent instruments, except by using specific withdrawal slip which can only be validated at the depository bank. Savings deposits are stated at the amount due to the savings account holders.

Time deposits represent deposits of customers which may only be withdrawn after a certain 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. Time deposits are stated at the nominal amount due to the time deposit account holders.

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 and call money less than/or 90 days and time deposits with original maturities of each agreement.

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

x. 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 consistently with the recognition of premium income. Liability for future policy benefits is stated in the consolidated balance sheets in accordance with actuarial calculation. The increase (decrease) in liability for future policy benefits is recognized as an expense (income) in the current year.

y. 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.

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

Starting January 1, 2010, 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.

Prior to January 1, 2010, interest revenues and expenses are recognized on accrual basis, except for interest revenues on loans and other earning assets that were classified as non-performing. These interest revenues were recognized only when such interests were actually received. Interest revenues recognized or recorded but not yet received, were cancelled when the loans were classified as non-performing. Such interest revenues were recorded as contingent receivables in the administrative accounts and are recognized as revenues when cash was received. Discounts and premiums of securities were amortized using the straightline method and recorded as part of the interest income and interest expense.

Loans and other earning assets (excluding securities) are considered non-performing when they are classified as substandard, doubtful or loss. Securities are categorized as non-performing when the issuer of securities defaulted on its interest and/or principal payments.

Cash payments of debtors pertaining to loans classified as doubtful and loss were applied against loan principal balances, and any excess of cash receipts over the outstanding principal balance is recognized as interest payment on the said loans.

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

z. Recognition of Interest Revenues, Interest Expenses, Sharia Revenue, and Revenue Sharing Distribution (Continued)

Revenue and Expense / Profit Sharing Sharia

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

Murabaha 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 (ratio) agreed.

Fees and Commissions Related to Financial Instruments

Since January 1, 2010, 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.

Prior to January 1, 2010, commissions and fees, directly or indirectly related to loan activities and loan periods and that are significant in amounts are recorded as deferred revenues and expenses, and were systematically amortized within the periods of the respective loan and borrowings. If the loan and borrowings had been settled before their maturity dates, the related deferred revenues and expenses on commissions and fees were recognized upon settlement of loans and borrowings. Revenues and expenses on commissions and fees that are insignificant amounts are recognized as revenues or expenses upon receipt or payment.

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. Meanwhile, revenue and expense fees and commissions that are not significant are recognized immediately as income or expenses on the 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 2I).

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.

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

aa. Recognition of Underwriting Income and Expenses

Underwriting Income

Premiums on insurance and reinsurance contracts are recognized as revenue over the policy contract period in proportion to the insurance coverage provided. Premiums from co-insurance are recognized as income based on the subsidiary's proportionate share in the premium. Premium due to the reinsurance company is recognized as reinsurance premium during the period of reinsurance contract in proportion to the insurance coverage received.

Unearned premiums for each type of coverage are calculated in aggregate using a certain percentage in accordance with Decree of the Minister of Finance of the Republic of Indonesia No. 424/KMK.06/2003, dated September 30, 2003.

The increase or decrease in unearned premiums represents the difference between the balances of unearned premiums in the current year and the prior year, and is charged to or credited in the consolidated statement of income of the current year.

The subsidiary reinsured part of its total accepted risk to other insurance and reinsurance companies. The amount of premium paid or part of premium for prospective reinsurance transactions is recognized as reinsurance premiums within the reinsurance contract period, in proportion to the insurance coverage provided. Payment or obligation for retrospective reinsurance transactions is recognized as reinsurance receivable in an amount equivalent to the recorded liability in connection with the reinsurance contract.

Underwriting Expenses

Claims and benefits consist of settled claims, claims in process, including claims incurred but not yet reported, and claims settlement expenses. Claims are recognized as expense when the obligation to settle the claims are incurred. Parts of claims recovered from reinsurers are recorded and recognized as deduction from claims expenses in the same period when claims expenses are recognized. Subrogation rights are recognized as deduction from claims expenses when realized.

Claims in process (estimated own retention claims) are computed based on estimated loss from own retention claims that are in process at balance sheet date, including claims incurred but not yet reported. The changes in estimated own retention claims are recognized in the consolidated statements of income at the time of change. The increase or decrease in estimated own retention claims represents the difference between the estimated own retention claims for the current year and the prior year. Estimated claims liability for death insurance, health and personal accident insurance are provided based on actuary computations.

Commissions 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 deduction from commission expense, and are recognized in the consolidated statements of income when incurred. If commission income is more than the total commission expense, the difference is presented as commission income in the consolidated statement of income of the current year.

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

ab. Accounting for Insurance under Sharia Principles

In the insurance accounting system of branch using Sharia principles, a subsidiary separates the funds belonging to the stockholders from those to “Takaful” participants.

The reporting of the “takaful” participants’ fund reflects the financial position, result of operations and the participants’ surplus or deficit.

The allocation of profit sharing (mudharabah) on the underwriting surplus and investment income is distributed to participants who never make any claims during the insurance period.

ac. 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”.

ad. Employee Benefits

Short-term employee benefits

Short-term employee benefits are in the 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 balance sheets, and as an expense in the consolidated statements of income.

Post-employment benefits

Post-employment benefits are an 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 reserve, 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 or losses for working (active) employees are amortized during the employees’ average remaining years of service, until the benefits become vested.

ae. Income Tax

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

2. Summary of Significant Accounting and Financial Reporting Policies (Continued)

ae. Income Tax (Continued)

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the financial statement 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 to the extent that it is probable that taxable income will be available in future periods against which the deductible temporary differences can be utilized.

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

Deferred tax assets and liabilities are offset in the consolidated balance sheets, 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 Company, when the result of the appeal is determined.

af. Earnings Per Share

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

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

ag. Segment Information

Segment information is prepared using the accounting policies adopted for preparing and presenting the consolidated financial statements. The primary segment information is based on business segments, while secondary segment information is based on geographical segments.

A business segment is a distinguishable component of the Parent Company and its subsidiaries that is engaged in providing an individual service or a group of related services and that is subject to risks and returns that are different from the other business segments.

A geographical segment is a distinguishable component of the Parent Company and its subsidiaries that is engaged in providing services within a particular economic environment and that is subject to risks and returns that are different from those components operating in other economic environments.

3. Management Use of Estimates, Judgments and Assumptions on Financial Instruments

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

Fair Value of Financial Assets and Financial Liabilities

Effective January 1, 2010, generally accepted accounting principles in Indonesia require that certain financial assets and financial liabilities be carried at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement are determined using verifiable objective evidence (i.e. foreign exchange rates, interest rates), the timing and amount of changes in fair value, would differ using a different valuation methodology.

The fair value of financial assets and financial liabilities are set out in Note 57.

Financial Assets Not Quoted in Active Market

Effective January 1, 2010, the Company and its subsidiaries classify 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.

Allowance for Impairment of Financial Instrument

Allowance for impairment losses is maintained at a level considered adequate to provide for potentially uncollectible receivables. Effective January 1, 2010, the Company and its subsidiaries assess specifically at each balance sheet date whether there is 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 debtor or significant delay in payments.

When there is objective evidence of impairment, the amount and timing of collection is estimated based on historical loss experience. Provisions are made for accounts specifically identified to be impaired. Accounts are written off when management believes that the financial asset cannot be collected or realized after exhausting all efforts and courses of action. An evaluation of the financial instrument, designed to identify potential charges to the allowance, is performed on a continuous basis throughout the year. The amount and timing of recorded provision for impairment losses for any period would therefore differ based on the judgments or estimates made.

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
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4. Cash and Cash Equivalents

This account consists of:

	2010	2009
	Rp '000.000	Rp '000.000
Cash on hand		
Rupiah	211,139	181,894
Foreign currency (Note 61)	59,484	18,759
Total - Cash on hand	<u>270,623</u>	<u>200,653</u>
Cash in banks		
Related Party (Note 56)		
Foreign currency (Note 61)		
Bank International Ningbo, China	277	435
Third parties		
Rupiah		
PT Bank Central Asia Tbk	15,922	17,687
PT Bank Danamon Indonesia Tbk	10,120	31
PT Bank Internasional Indonesia Tbk	7,752	14,426
PT Bank Mandiri (Persero) Tbk	2,352	700
PT Bank CIMB Niaga Tbk	1,578	4,768
PT BPR Modern Express	1,414	947
PT BPR Irian Sentosa Pusat	1,041	164
PT Bank Negara Indonesia (Persero) Tbk	707	835
PT Bank Rakyat Indonesia (Persero) Tbk	583	474
Others (below Rp 500 million each)	7,160	6,991
Subtotal	<u>48,629</u>	<u>47,023</u>
Foreign currency (Note 61)		
PT Bank Central Asia Tbk	33,471	24,511
PT Bank Mandiri (Persero) Tbk	21,662	9,209
PT Bank Internasional Indonesia Tbk	4,833	2,274
PT Bank UOB Indonesia	4,738	3,016
Wachovia Bank, National Association, New York, USA	3,866	4,297
OCBC, Singapore	3,153	883
Standard Chartered Bank, Indonesia	2,117	20,881
UBS Zurich	1,817	322
PT Bank CIMB Niaga Tbk	1,756	77
DBS Bank Hongkong Ltd	532	557
ANZ Banking Group Ltd., Indonesia	454	6,647
Sumitomo Mitsui Banking Corporation, Indonesia	423	6,955
Others (below Rp 500 million each)	1,167	583
Subtotal	<u>79,989</u>	<u>80,212</u>
Total - Cash in banks	<u>128,895</u>	<u>127,670</u>
Allowance for impairment losses	-	(886)
Net	<u>128,895</u>	<u>126,784</u>

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
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4. Cash and Cash Equivalents (Continued)

	2010 Rp '000.000	2009 Rp '000.000
Demand deposits with Bank Indonesia		
Rupiah	674,610	266,465
Foreign currency (Note 61)	393,309	588,385
Total - Demand deposits with Bank Indonesia	<u>1,067,919</u>	<u>854,850</u>
Time deposits		
Third parties		
Rupiah		
PT Bank Internasional Indonesia Tbk	197,174	286,828
PT Bank Mutiara Tbk	132,441	-
PT Bank Bukopin Tbk	50,200	400
PT Bank CIMB Niaga Tbk	25,250	9,050
PT Bank Victoria International Tbk	20,300	400
PT Bank Syariah Mandiri	11,350	7,000
PT Bank Artha Graha Internasional Tbk	10,000	33,300
PT Bank ICB Bumiputera Indonesia Tbk	10,000	-
PT Bank Danamon Indonesia Tbk	7,800	-
PT Bank Negara Indonesia (Persero) Tbk	6,000	6,000
PT Bank Mandiri (Persero) Tbk	4,204	3,954
PT Bank Bukopin Tbk - Sharia Division	3,800	200
PT Bank Rakyat Indonesia (Persero) Tbk - Sharia Division	2,800	1,900
PT Bank Central Asia Tbk	2,792	278
PT Bank Rakyat Indonesia (Persero) Tbk	2,600	102,000
PT Bank OCBC NISP Tbk	2,000	1,900
PT Bank Central Asia Tbk - Sharia Division	2,000	-
PT Bank Muamalat Indonesia	1,850	1,550
PT Bank Internasional Indonesia Tbk - Sharia Division	1,700	-
PT Bank Tabungan Negara - Sharia Division	1,650	1,150
PT Bank Negara Indonesia (Persero) Tbk - Sharia Division	1,600	1,450
PT Bank Permata Tbk - Sharia Division	1,500	1,500
PT Bank CIMB Niaga Tbk - Sharia Division	1,400	1,000
PT Bank Nusantara Parahyangan Tbk	1,000	25,000
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk	1,000	-
PT Bank Permata Tbk	500	10,500
PT Bank ICBC Indonesia	-	20,000
Others (below Rp 1,000 million each)	2,716	1,745
Subtotal	<u>505,627</u>	<u>517,105</u>
Foreign currency (Note 61)		
PT Bank Internasional Indonesia Tbk	5,210	52,560
PT Bank Mandiri (Persero) Tbk	1,665	2,215
Others (below Rp 1,000 million each)	570	56
Subtotal	<u>7,445</u>	<u>54,831</u>
Total - Time deposits	<u>513,072</u>	<u>571,936</u>

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2010 and 2009 and For the Years then Ended

4. Cash and Cash Equivalents (Continued)

	<u>2010</u>	<u>2009</u>
	Rp '000.000	Rp '000.000
Funds placed in securities companies		
Foreign currency (Note 61)		
UBS AG, Singapore	431	-
Credit Suisse First Boston, Singapore	4	4
Citigroup Consulting Group Account	1	-
Total - Funds placed in securities companies	<u>436</u>	<u>4</u>
 Total	 <u>1,980,945</u>	 <u>1,754,227</u>

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 currencies. As of December 31, 2010 and 2009, the balance of primary minimum liquidity reserves of PT Bank Sinarmas Tbk (BS), a subsidiary, in Rupiah, amounted to Rp 672,744 million and Rp 264,481 million, respectively, while the minimum liquidity reserves in foreign currencies amounted to Rp 30,694 million and Rp 24,391 million, respectively. As of December 31, 2010 and 2009, secondary minimum liquidity reserves of BS, in Rupiah, amounted to Rp 207,559 million and Rp 132,241 million, respectively. The minimum liquidity reserves as of December 31, 2010 and 2009 were determined in accordance with Bank Indonesia Regulation.

As of December 31, 2010 and 2009, the balance of cash and cash equivalents in foreign currency amounted to US\$ 60,041,440 (equivalent to Rp 540,940 million) and US\$ 79,041,684 (equivalent to Rp 742,626 million), respectively (Note 61).

The interest rates per annum on bank and time deposits are as follows:

	<u>2010</u>	<u>2009</u>
Time deposits		
Rupiah	4.48% - 10.00%	6.80% - 11.00%
Foreign currency	0.15% - 1.50%	0.23% - 2.75%

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

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Balance at the beginning of the year	886	1,112
Adjustment on PSAK 55 (Revised 2006) (Note 2b)	(886)	-
Deduction during the year	-	(102)
Exchange rate difference	-	(124)
 Balance at the end of the year	 <u>-</u>	 <u>886</u>

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
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4. Cash and Cash Equivalents (Continued)

Management believes that the allowance for possible losses on placements with other banks as of December 31, 2009 is adequate to cover the possible losses which might arise from uncollectible placements with other banks. As of 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.

All transactions with related parties were done under similar terms and conditions as those done with third parties.

5. Short-term Investments

The Company and its subsidiaries' short-term investments consist of the following:

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Time deposits	33,543	10,679
Placements with other banks - net	706,189	273,277
Securities - net	<u>7,304,727</u>	<u>6,086,273</u>
Total - net	<u><u>8,044,459</u></u>	<u><u>6,370,229</u></u>

a. Time deposits

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Third parties		
Rupiah		
Banks		
PT Bank Internasional Indonesia Tbk	27,492	7,081
PT Bank Negara Indonesia (Persero) Tbk - Sharia Division	1,200	-
Others (Below Rp 1 million each)	<u>1,050</u>	-
Total	<u>29,742</u>	<u>7,081</u>
PT Kliring Penjaminan Efek Indonesia	876	830
PT Kliring Berjangka Indonesia	<u>2,925</u>	<u>2,768</u>
Total	<u><u>33,543</u></u>	<u><u>10,679</u></u>

The interest rates per annum on time deposits are as follows:

	<u>2010</u>	<u>2009</u>
Time deposits		
Rupiah	5.09% - 8.5%	7.5%

This account consists of time deposits with maturities of more than three months and guarantee fund of PT Asuransi Sumit Oto, a subsidiary of PT Asuransi Sinar Mas, 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 PT Sinarmas Sekuritas and PT Sinarmas Futures, subsidiaries, placed with PT Kliring Penjaminan Efek Indonesia and PT Kliring Berjangka Indonesia, respectively.

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
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5. Short-term Investments (Continued)

b. Placements with other banks

Placements with other banks as of December 31, 2010 and 2009, represent placements by PT Bank Sinarmas Tbk, a subsidiary, with details as follows:

	2010	2009
	Rp '000,000	Rp '000,000
Rupiah		
Time deposits - Sharia	90,000	91,535
Others	-	97
Total	<u>90,000</u>	<u>91,632</u>
U.S. Dollar (Note 61)		
Call money	566,039	145,153
Time deposits	36,040	37,580
Deposits on Call	14,110	1,672
Total	<u>616,189</u>	<u>184,405</u>
Total	706,189	276,037
Allowance for possible losses	-	(2,760)
Total - net	<u><u>706,189</u></u>	<u><u>273,277</u></u>

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

	2010	2009
Rupiah	6.00%	6.00% - 7.07%
U.S. Dollar	0.85% - 0.90%	0.05% - 2.05%

As of December 31, 2010 and 2009, the details of Rupiah time deposits – Sharia are as follows:

Name of Banks	2010	2009
	Rp '000,000	Rp '000,000
PT Bank Rakyat Indonesia (Persero) Tbk	50,000	48,000
PT Bank Jabar	25,000	30,000
PT Bank Victoria International Tbk	15,000	-
PT Bank Internasional Indonesia Tbk	-	10,535
PT Bank Mega Tbk	-	3,000
	<u>90,000</u>	<u>91,535</u>

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5. Short-term Investments (Continued)

b. Placements with other banks (Continued)

As of December 31, 2010 and 2009, details of call money, time deposits and deposits on call in foreign currency are as follows:

Name of Banks	2010 Rp '000,000	2009 Rp '000,000
Standard Chartered Bank, New York, USA	337,185	-
Wachovia Bank, National Association, New York, USA	138,754	145,153
PT Lembaga Pembiayaan Ekspor Indonesia	90,100	-
PT Bank Internasional Indonesia Tbk	36,040	37,580
UBS AG, Singapore	14,110	1,672
	616,189	184,405

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

	2010 Rp '000,000	2009 Rp '000,000
Balance at the beginning of the year	2,760	859
Adjustment on PSAK 55 (Revised 2006) (Note 2b)	(2,760)	-
Provision during the year	-	2,137
Exchange rate difference	-	(236)
Balance at the end of the year	-	2,760

Management believes that the allowance for possible losses on placements with other banks as of December 31, 2009 is adequate to cover the possible losses which might arise from uncollectible placements with other banks. As of December 31, 2010, no allowance for impairment losses was provided on placement with other banks as management believes that placement with other banks are collectible.

c. Securities

	2010 Rp '000.000	2009 Rp '000.000
At fair value through profit and loss		
Related parties (Note 56)		
Rupiah		
Shares		
PT Dian Swastatika Sentosa Tbk	3,610	1,344
PT Indah Kiat Pulp & Paper Tbk	2,624	-
PT Pabrik Kertas Tjiwi Kimia Tbk	2,551	181
PT Bumi Serpong Damai Tbk	143	19,227
PT Sinar Mas Multiartha Tbk	1	4,037
Others (below Rp 500 million each)	3	1
Subtotal	8,932	24,790

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
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5. Short-term Investments (Continued)

c. Securities (Continued)

	2010 Rp '000.000	2009 Rp '000.000
At fair value through profit and loss (Continued)		
Related parties (Note 56) (Continued)		
Rupiah (Continued)		
Warrants		
PT Sinar Mas Multiartaha Tbk	1,008	638
PT Bank Sinarmas Tbk	30	-
Subtotal	<u>1,038</u>	<u>638</u>
Units of mutual fund		
Fixed income		
Simas Danamas Instrumen Negara	28,893	26,827
Simas Danamas Mantap Plus	24,183	24,524
Danamas Stabil	9,078	42,534
Money market		
Riau Liquid Fund	27,600	11,685
Danamas Rupiah	23,847	-
Danamas Rupiah Plus	377	357
Mixed		
Simas Satu	65,584	51,428
Danamas Fleksi	13,961	15,059
Shares		
Simas Danamas Saham	59,429	33,463
Others		
Sinar Dana Tumbuh	251,169	195,009
Sinar Prima Reksa	20,389	34,496
Subtotal - Rupiah	<u>524,510</u>	<u>435,382</u>
Total - related parties	<u>534,480</u>	<u>460,810</u>
Third parties		
Rupiah		
Shares		
PT Bank Negara Indonesia (Persero) Tbk	374,699	1,372
PT Bumi Resources Tbk	340,827	795,653
PT Jasa Marga (Persero) Tbk	52,899	43,893
PT Perusahaan Gas Negara Tbk	38,498	585
PT Bakrie & Brothers Tbk	23,417	32,641
PT Dayaindo Resources International Tbk	22,795	-
PT Telekomunikasi Indonesia Tbk	22,061	1,890
PT Bakrie Telecom Tbk	20,040	-
PT Delta Dunia Makmur Tbk	19,643	41,532
PT Gajah Tunggal Tbk	14,950	10,646
PT Timah (Persero) Tbk	11,687	6,500
PT Adaro Energy Tbk	10,529	4,548
PT Tambang Batubara Bukit Asam Tbk	9,180	7,530
PT Bakrieland Development Tbk	8,635	-

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5. Short-term Investments (Continued)

c. Securities (Continued)

	2010	2009
	Rp '000.000	Rp '000.000
At fair value through profit and loss (Continued)		
Third parties (Continued)		
Rupiah (Continued)		
Shares (Continued)		
PT International Nickel Indonesia Tbk	6,947	7,296
PT Energi Mega Persada Tbk	6,381	965
PT Multistrada Arah Sarana Tbk	5,329	3,515
PT Bakrie Sumatra Plantation Tbk	4,846	2,755
PT Berau Coal Energy Tbk	3,980	-
PT Aneka Tambang (Persero) Tbk	3,431	3,081
PT Bukit Uluwatu Villa Tbk	3,250	-
PT Krakatau Steel Tbk	3,120	-
PT Wintermar Offshore Marine Tbk	1,920	-
PT Wijaya Karya (Persero) Tbk	1,700	1,788
PT Budi Acid Jaya Tbk	1,462	1,462
PT Tunas Baru Lampung Tbk	1,384	1,148
PT Indosat Tbk	1,198	10,028
PT Bank Mandiri (Persero) Tbk	1,138	1,532
PT Eksploitasi Energi Indonesia Tbk	1,040	-
PT Darma Henwa Tbk	1,017	1,391
PT Kawasan Industri Jababeka Tbk	954	5,707
PT Bank Rakyat Indonesia (Persero) Tbk	788	1,408
PT Pembangunan Perumahan (Persero) Tbk	600	-
PT United Tractors Tbk	595	-
PT Astra International Tbk	569	254
PT Indofood Sukses Makmur Tbk	244	373
Others (below Rp 500 million each)	1,226	1,462
Subtotal	<u>1,022,979</u>	<u>990,955</u>
Warrants		
PT Budi Acid Jaya Tbk	93	90
PT Bakrie Sumatra Plantations Tbk	67	-
PT Darma Henwa Tbk	-	28
Others	-	3
Subtotal	<u>160</u>	<u>121</u>
Bonds		
PT Bank Pan Indonesia Tbk	30,120	-
Government Bond FR0043	11,440	9,804
Government Bond FR0027	7,717	7,127
Indofood Sukses Makmur IV Year 2007	-	5,054
Others (below Rp 5 billion each)	4,305	2,114
Subtotal	<u>53,582</u>	<u>24,099</u>

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5. Short-term Investments (Continued)

c. Securities (Continued)

	2010	2009
	Rp '000.000	Rp '000.000
At fair value through profit and loss (Continued)		
Third parties (Continued)		
Rupiah (Continued)		
Units of mutual fund		
Fixed income		
Si Dana Batavia Optimal	361,224	229,098
Star High Yield Fund	45,002	170,040
Star Cemerlang Tetap	12,141	19,571
Terbatas HPAM Maestro Fleksi II	-	88,898
Star Fixed Income	-	15,342
Mixed		
HPAM Maestro Flexi I	326,566	798,011
HPAM Maestro Flexi II	312,734	-
Corfina Bima Berimbang PT	236,834	-
Syailendra Multi Strategy Fund II	80,051	-
Star Balanced	13,038	10,106
Nusadana Kombinasi Maxima	1,604	1,218
Others	127	99
Protected		
Si Dana Batavia VI	221,289	56,530
NISP Proteksi Dinamis	-	1,170
Shares		
Syailendra Equity Opportunity Fund	12,881	8,284
Kharisma Flexi Terbatas 3	6,934	-
Si Danasaham	4,649	3,493
Platinum Saham	3,336	2,498
Danareksa Mawar	1,236	906
Others		
Investa Flexi IV Penyertaan Terbatas	162,242	-
RD Gani Penyertaan Terbatas Penyertaan		
Terbatas 1	144,708	796,766
Syailendra Multi Strategy Fund I	74,964	-
Pasific Dana Tumbuh	-	272,951
Subtotal	<u>2,021,560</u>	<u>2,474,981</u>
Total - Rupiah	<u>3,098,281</u>	<u>3,490,156</u>

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
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5. Short-term Investments (Continued)

c. Securities (Continued)

	2010	2009
	Rp '000.000	Rp '000.000
At fair value through profit and loss (Continued)		
Third parties (Continued)		
Foreign currency (Note 61)		
Bonds		
Istana High Grade 2	18,815	19,671
Matahari Finance BV	-	61,462
Majapahit Holding BV (PLN) 2017	-	47,823
Republic of Indonesia 2019 (ROI 2019)	-	40,044
Majapahit Holding BV (PLN) 2016	-	19,740
PT Bank International Indonesia Tbk	-	9,466
Majapahit Holding BV (PLN) 2037	-	9,212
Arpeni Pratama Ocean Line I Callable	-	7,367
Subtotal	<u>18,815</u>	<u>214,785</u>
Units of Mutual fund		
Mixed		
Corfina Bima Berimbang Dollar	457,960	521,776
HPAM Maestro Flexi Dollar II	54,551	-
Others		
HPAM Maestro Dollar I	64,737	-
Adenium Lestari Dolar Fund	4,706	54,184
Subtotal	<u>581,954</u>	<u>575,960</u>
Total - foreign currency	<u>600,769</u>	<u>790,745</u>
Total - third parties	<u>3,699,050</u>	<u>4,280,901</u>
Total - at fair value through profit and loss	<u>4,233,530</u>	<u>4,741,711</u>
Available for sale		
Related party (Note 56)		
Rupiah		
Shares		
PT Pabrik Kertas Tjiwi Kimia Tbk	-	1

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
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5. Short-term Investments (Continued)

c. Securities (Continued)

	2010	2009
	Rp '000.000	Rp '000.000
Available for sale (Continued)		
Third parties		
Rupiah		
Shares		
PT Bumi Resources Tbk	924,080	-
PT Bank Negara Indonesia (Persero) Tbk	199,448	-
PT Semen Gresik Tbk	12,157	-
PT Indocement Tunggul Prakarsa Tbk	10,846	-
PT Bank Rakyat Indonesia (Persero) Tbk	8,663	-
PT Indofood Sukses Makmur Tbk	7,597	178
PT Jasa Marga (Persero) Tbk	7,126	-
PT Bank Mandiri (Persero) Tbk	5,011	8,526
PT Holcim Indonesia Tbk	4,205	-
PT Astra Internasional Tbk	4,146	-
PT Telekomunikasi Indonesia Tbk	3,478	473
PT Borneo Lumbung Energi & Metal	2,111	-
PT Agung Podomoro Land Tbk	1,799	-
PT Bank Tabungan Negara (Persero) Tbk	-	9,660
Others	5	407
Subtotal - Shares	<u>1,190,672</u>	<u>19,244</u>
Bonds		
Government Bond IFR006	11,426	-
Government bond IFR005	5,380	-
Subtotal - Bonds	<u>16,806</u>	<u>-</u>
Foreign currency (Note 61)		
Bond		
Republic of Indonesia 2019 (ROI 2019)	19,687	-
Total - Third parties	<u>1,227,165</u>	<u>19,244</u>
Total - available for sale	<u>1,227,165</u>	<u>19,245</u>
Held to maturity		
Third parties		
Rupiah		
Bank Indonesia Intervention	171,300	2,000
Unamortized interest	(27)	(1)
Net	<u>171,273</u>	<u>1,999</u>

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5. Short-term Investments (Continued)

c. Securities (Continued)

	2010	2009
	Rp '000.000	Rp '000.000
Held to maturity		
Third parties (Continued)		
Rupiah (Continued)		
Bonds		
Government Bond FR0028	78,746	80,000
Government Bond ORI 4	75,021	75,000
Government Bond FR0026	72,043	70,000
Government Bond FR0031	69,272	69,070
Government Bond FR0038	62,322	59,657
Government Bond FR0040	56,400	55,013
Government Bond FR0043	55,390	55,788
Government Bond FR0027	53,035	53,489
Government Bond FR0046	51,858	48,982
Government Bond FR0033	49,838	47,193
Government Bond FR0034	40,832	38,976
Government Bond FR0036	38,436	36,864
Government Bond FR0020	33,213	30,000
Government Bond FR0042	27,522	30,000
Excelcom II	24,138	26,000
Government Bond FR0017	20,685	20,000
Government Bond FR0023	20,509	20,000
Indomobil III C	20,000	20,000
Government Bond FR0047	17,492	16,716
Government Bond FR0045	17,258	20,000
Government Bond ZC0003	15,000	12,648
Government Bond IFR001	14,180	13,390
Government Bond FR0030	12,810	12,497
Government Bond FR0018	10,489	10,000
Government Bond ORI 3	10,004	10,000
Government Bond FR0048	8,487	8,087
Government Bond ZC0005	7,250	6,142
Government Bond FR0044	7,012	6,654
Others (below Rp 5.000 million each)	2,000	2,000
Unamortized premium	-	2,606
Nilai bersih	<u>971,242</u>	<u>956,772</u>
Total - Rupiah	<u>1,142,515</u>	<u>958,771</u>

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5. Short-term Investments (Continued)

c. Securities (Continued)

	2010 Rp '000.000	2009 Rp '000.000
Held to maturity		
Third parties (Continued)		
Foreign currency (Note 61)		
Bonds		
Republic of Indonesia 37 (ROI 2037)	50,306	56,370
Republic of Indonesia 2014-2 (ROI 2014-2)	45,908	46,975
Majapahit Holdings BV (PLN) 2017	45,678	-
Republic of Indonesia 2015 (ROI 2015)	33,133	37,580
Republic of Indonesia 2014 (ROI 2014) - SUKUK	27,289	28,185
Majapahit Holdings BV (PLN) 2016	18,993	-
UBS - 5YR Fixed Rate Note	17,987	18,753
Merlion Capital Funding	14,879	15,490
PSA International Pte Ltd	13,799	-
Republic of Indonesia 2019 (ROI 2019)	12,643	-
Republic of Indonesia 17 (ROI 17)	9,319	9,395
Arperi Pratama Ocean Line I Callable	8,876	-
Majapahit Holdings BV (PLN) 2037	8,817	-
Helium Capital Funding	6,992	7,292
Republic of Indonesia 2014-1 (ROI 2014-1)	1,798	-
Mei Euro Finance Ltd Puttable	-	32,944
PT Bank Internasional Indonesia Tbk	-	28,185
PT Bank CIMB Niaga Tbk	-	28,185
Others (below Rp 5.000 million each)	-	4,433
Unamortized discount	-	(12,788)
Net	<u>316,417</u>	<u>300,999</u>
Credit Linked Note	<u>63,070</u>	<u>65,765</u>
Export bill receivables	<u>322,030</u>	<u>889</u>
Total - foreign currency	<u>701,517</u>	<u>367,653</u>
Total - held to maturity	<u>1,844,032</u>	<u>1,326,424</u>
Allowance for impairment losses	<u>-</u>	<u>(1,107)</u>
Total	<u><u>7,304,727</u></u>	<u><u>6,086,273</u></u>

The details of securities by investor as of December 31, 2010 and 2009 are as follows:

	2010 Rp '000,000	2009 Rp '000,000
PT Asuransi Jiwa Sinarmas	3,266,671	3,522,507
PT Asuransi Sinar Mas	1,693,777	1,148,361
PT Bank Sinarmas Tbk	1,472,091	941,637
PT Sinarmas Sekuritas	853,293	439,931
Parent Company	3,128	21,337
Other Subsidiaries	<u>15,767</u>	<u>12,500</u>
Total	<u><u>7,304,727</u></u>	<u><u>6,086,273</u></u>

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
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5. Short-term Investments (Continued)

c. Securities (Continued)

The details of held-to-maturity securities as of December 31, 2010 based on its maturity are as follows:

	1 month or less Rp '000,000	More than 1-3 months Rp '000,000	More than 3-12 months Rp '000,000	More than 1-2 years Rp '000,000	More than 2-5 years Rp '000,000	More than 5 years Rp '000,000	Total Rp '000,000
Bank Indonesia Intervention	171,273	-	-	-	-	-	171,273
Bonds	-	-	27,992	244,950	341,313	673,404	1,287,659
Credit linked note	-	-	18,020	45,050	-	-	63,070
Export bill receivables	84,337	237,693	-	-	-	-	322,030
Total	255,610	237,693	46,012	290,000	341,313	673,404	1,844,032

The details of held-to-maturity securities as of December 31, 2009 based on its maturity are as follows:

	1 month or less Rp '000,000	More than 1-3 months Rp '000,000	More than 3-12 months Rp '000,000	More than 1-2 years Rp '000,000	More than 2-5 years Rp '000,000	More than 5 years Rp '000,000	Total Rp '000,000
Bank Indonesia Intervention	1,999	-	-	-	-	-	1,999
Bonds	-	-	32,944	28,766	474,277	721,784	1,257,771
Credit linked note	-	-	-	18,970	46,795	-	65,765
Export bill receivables	889	-	-	-	-	-	889
Total	2,888	-	32,944	47,736	521,072	721,784	1,326,424

On January 1, 2010, PT Asuransi Jiwa Sinarmas, a subsidiary, changed its investment intention in Government Bonds and Corporate Bonds with nominal value and fair value of US\$ 10,500,000 (equivalent to Rp 98,700 million) and US\$ 10,401,250 (equivalent to Rp 97,772 million), respectively, by transferring from "Trading" into "Held-to-maturity" categories. The difference between nominal value and fair value is amortized using the effective interest rate method until maturity.

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, 2010 and 2009 which become a part of the Parent Company which is presented as a part of "Difference Due to Change in Equity of the Subsidiaries and Associated Companies" account in equity (Note 39).

As of December 31, 2010 and 2009, the balance of bonds are included in the guarantee fund of PT Asuransi Jiwa Sinarmas and PT Asuransi Sinar Mas, subsidiaries, in compliance with the regulation of Minister of Finance of Republic Indonesia No. 424/KMK.06/2003 with the last changes 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:

	2010 Rp '000,000	2009 Rp '000,000
Balance at the beginning of the year	1,107	145
Adjustment on PSAK 55 (Revised 2006) (Note 2b)	(1,107)	-
Provision during the year	-	1,059
Exchange rate difference	-	(97)
Balance at the end of the year	-	1,107

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5. Short-term Investments (Continued)

c. Securities (Continued)

Management believes that the allowance for impairment losses on securities as of December 31, 2009 is adequate to cover the losses which might arise from these securities. As of December 2010, no impairment losses on securities was provided as management believes that the carrying amounts of all securities are realizable.

Bonds

The bonds' rating from PT Pemeringkat Efek Indonesia (PT Pefindo) as reported by Indonesia Stock Exchange and the maturity date of the bonds with nominal value of over Rp 5 billion each, as of December 31, 2010, are as follows:

	Rating	Maturity Date
Government Bond (ORI) 3	-	September 12, 2011
UBS - 5YR Fixed Rate Note	A	September 20, 2011
Government Bond FR0017	-	January 15, 2012
Government Bond ORI 4	-	March 12, 2012
Excelcom II	IdAA-	April 26, 2012
Indomobil III C	IdA-	April 30, 2012
Government Bond FR0018	-	July 15, 2012
Government Bond FR0046	-	November 15, 2012
Government Bond ZC0003	-	November 20, 2012
Government Bond FR0023	-	December 15, 2012
Government Bond ZC0005	-	February 20, 2013
Government Bond FR0033	-	March 15, 2013
Arpeni Pratama Ocean Line I Callable	A-	May 3, 2013
Government Bond FR0020	-	December 15, 2013
Republic of Indonesia 2014 (ROI 2014) - SUKUK	-	April 23, 2014
Republic of Indonesia 2014-2 (ROI 2014-2)	-	May 4, 2014
Government Bond FR0026	-	October 15, 2014
Istana High Grade 2	AAA	December 5, 2014
Republic of Indonesia 2015 (ROI 2015)	-	April 20, 2015
Government Bond FR0027	-	June 15, 2015
Government Bond IFR001	-	August 15, 2015
Government Bond FR0030	-	May 15, 2016
Majapahit Holdings BV (PLN) 2016	AA-	October 17, 2016
Government Bond IFR005	-	January 15, 2017
Republic of Indonesia 2017 (ROI 2017)	-	March 9, 2017
Majapahit Holdings BV (PLN) 2017	AA-	June 28, 2017
Government Bond FR0028	-	July 15, 2017
PT Bank Pan Indonesia Tbk	IdAA	November 09, 2017
Government Bond FR0038	-	August 15, 2018
Government Bond FR0048	-	September 15, 2018
Republic of Indonesia 2019 (ROI 2019)	-	March 4, 2019
Government Bond FR0036	-	September 15, 2019
Government Bond FR0031	-	November 15, 2020
PSA International Pte Ltd	AA+	February 11, 2021
Government Bond FR0034	-	June 15, 2021
Helium Capital Funding	AAA	February 22, 2022
Government Bond FR0043	-	July 15, 2022
Merlion Capital Funding	AAA	September 9, 2022
Government Bond FR0044	-	September 15, 2024
Government Bond FR0040	-	September 15, 2025
Government Bond FR0042	-	July 15, 2027
Government Bond FR0047	-	February 15, 2028
Government Bond IFR006	-	March 15, 2030
Republic of Indonesia 37 (ROI 2037)	-	February 17, 2037
Government Bond FR0045	-	May 15, 2037
Majapahit Holdings BV (PLN) 2037	AA-	June 29, 2037

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5. Short-term Investments (Continued)

c. Securities (Continued)

Bonds (Continued)

The bonds' rating from PT Pemeringkat Efek Indonesia (PT Pefindo) as reported by Indonesia Stock Exchange and the maturity date of the bonds with nominal value of over Rp 5 billion each, as of December 31, 2009, are as follows:

	<u>Peringkat</u>	<u>Tanggal Jatuh Tempo</u>
Mei Euro Finance Ltd Putable	AA-	May 22, 2010
Government Bonds ORI 3	-	September 12, 2011
UBS - 5YR Fixed Rate Note	A	September 20, 2011
Government Bonds FR0017	-	January 15, 2012
Government Bonds ORI 4	-	March 12, 2012
Excelcom II Year 2007	A+	April 26, 2012
Indomobil Finance Indonesia III Tahun 2009 Seri C	A-	April 30, 2012
Government Bonds FR0018	-	July 15, 2012
Government Bonds FR0046	-	November 15, 2012
Government Bonds ZC0003	-	November 20, 2012
Government Bonds FR0023	-	December 15, 2012
Government Bonds ZC0005	-	February 20, 2013
Government Bonds FR0033	-	March 15, 2013
Arpeni Pratama Ocean Line I Callable	A-	May 3, 2013
Government Bonds FR0020	-	December 15, 2013
Republic of Indonesia 14 (ROI 14) - Sukuk	-	April 23, 2014
Republic of Indonesia 2014 (ROI 2014)	-	May 4, 2014
Government Bonds FR0026	-	October 15, 2014
Istana High Grade 2	AAA	December 5, 2014
Republic of Indonesia 15 (ROI 15)	-	April 20, 2015
PT Bank Internasional Indonesia Tbk	Ba1	April 28, 2015
Government Bonds FR0027	-	June 15, 2015
Government Bonds IFR001	-	August 15, 2015
Government Bonds FR0030	-	May 15, 2016
Matahari Finance BV	A+	October 6, 2016
Majapahit Holding BV (PLN) 2016	AA-	October 16, 2016
PT Bank CIMB Niaga Tbk	Ba1	November 22, 2016
Republic of Indonesia 17 (ROI 17)	-	March 9, 2017
Majapahit Holding BV (PLN) 2017	AA-	June 28, 2017
Government Bonds FR0028	-	July 15, 2017
Government Bonds FR0038	-	August 15, 2018
Government Bonds FR0048	-	September 15, 2018
Government Bonds FR0036	-	September 15, 2019
Republic of Indonesia 2019	-	March 4, 2019
Government Bonds FR0031	-	November 15, 2020
Government Bonds FR0034	-	June 15, 2021
Helium Capital Funding	AAA	February 22, 2022
Government Bonds FR0043	-	July 15, 2022
Merlion Capital Funding	AAA	September 9, 2022
Government Bonds FR0044	-	September 15, 2024
Government Bonds FR0040	-	September 15, 2025
Government Bonds FR0042	-	July 15, 2027
Government Bonds FR0047	-	February 15, 2028
Republic of Indonesia 37 (ROI 37)	-	February 17, 2037
Government Bonds FR0045	-	May 15, 2037
Majapahit Holding BV (PLN) 2037	AA-	June 28, 2037

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5. Short-term Investments (Continued)

c. Securities (Continued)

As of December 31, 2010, the average interest rates on bonds denominated in Rupiah range from 9.00% to 17.00% per annum (2009: 9.40% to 19.89% per annum).

As of December 31, 2010, the average interest rates on bonds denominated in U.S. Dollar range from 3.38% to 11.63% per annum (2009: 2.24% to 12.17% per annum).

Units of Mutual Fund

Equity securities in units of mutual fund of a related party which are held for trading were arranged by PT Sinarmas Sekuritas, a subsidiary, as the investment manager (Note 56).

The Parent Company and its subsidiaries invested in various types of units of mutual fund such as fixed income mutual funds, money market mutual funds, mixed mutual funds and shares mutual funds.

In 2010, return of investment per year ranged from 4.54% to 8.47% (for fixed income and money market mutual funds), from 9.85% to 15.49% (for mixed mutual funds), from 17.79% to 29.27% (for shares of mutual funds), 4.54% to 5.55% (for protected mutual funds).

In 2009, return of investment per year ranged from 3.96% to 10.44% (for fixed income and money market mutual funds), from 8.04% to 59.75% (for mixed mutual funds), from 19.08% to 110.06% (for shares of mutual funds), 8.21% to 8.28% (for protected mutual funds).

Transactions with related parties were done under similar terms and conditions as those done with third parties.

6. Securities Purchased Under Agreements to Resell

As of December 31, 2010 and 2009, investment in securities purchased under agreements to resell were done by PT Bank Sinarmas Tbk and PT Sinarmas Sekuritas, subsidiaries, consisting of:

Type	Term	Due date	2010 Carrying value Rp'000.000
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	9,721
			74,938
PT Tiga Pilar Sekuritas			
Shares			
PT Tiga Pilar Sejahtera Food Tbk	90 days	January 24, 2011	32,203
Total			107,141

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6. Securities Purchased Under Agreements to Resell (Continued)

Type	Term	Due date	2009 Carrying value Rp '000,000
Rupiah - PT Tiga Pilar Sekuritas			
Shares of stock			
PT Tiga Pilar Sejahtera Food Tbk	31 days	January 29, 2010	26,574
Foreign currency - AAA Securities (Note 61)			
Bond			
ROI 2014	30 days	January 22, 2010	<u>10,017</u>
Total			<u><u>36,591</u></u>

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

7. Consumer Financing Receivables

a. This account consists of:

	2010 Rp '000.000	2009 Rp '000.000
Related parties (Note 56)	-	337
Third parties		
Consumer financing - gross	531,842	504,404
Amount financed by other parties	-	(14,739)
Net	531,842	489,665
Total consumer financing receivables	531,842	490,002
Unearned consumer finance income - net	(154,343)	(95,642)
Total	377,499	394,360
Allowance for impairment losses	(538)	(493)
Net	376,961	393,867
	2010	2009
Interest rates per annum		
Rupiah	15.0% - 64.0%	12.0% - 28.0%

During 2010 and 2009, consumer financing receivables which are part of amount financed by other parties were done on a without recourse basis.

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7. Consumer Financing Receivables (Continued)

- b. PT Sinar Mas Multifinance (SMF) and PT AB Sinar Mas Multifinance (ABSM), subsidiaries, grant consumer financing for vehicles with terms ranging from one (1) to five (5) years.
- c. 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.

- d. As of December 31, 2010 and 2009, there are consumer financing receivables which are pledged as collateral (Note 33).
- e. The details of consolidated consumer financing receivables based on its remaining period until maturity are as follows:

	2010	2009
	Rp '000,000	Rp '000,000
Less than or equal to 1 year		
Related parties	-	59
Third parties	323,271	282,206
More than 1 year until 2 years		
Related parties	-	43
Third parties	154,957	152,177
More than 2 years		
Related parties	-	235
Third parties	53,614	55,282
Total	531,842	490,002

f. Cooperation Transactions

1. On November 13, 2007, SMF entered into Channeling Credit Transfer Agreement with PT Bank Sinarmas Tbk (BS), a subsidiary, with maximum facility amounting to Rp 100,000 million. The agreement is valid for a period of 12 months. Based on the agreement, SMF acts as cooperation agent, collateral agent and custodian.

On December 13, 2009 maximum facility increased to Rp 1,500,000 million and the term of the agreement was extended until January 13, 2010.

2. On April and June 2010, SMF entered into Commitment Limit Financing Facility in the form of Murabaha and Ijarah Muntahiyah Bittamlik with BS – Sharia Division with maximum facility amounting to Rp 270,000 million. The agreement is valid for a period of 12 months. BS provides for 100% financing. Based on the agreement, SMF acts as cooperation agent, collateral agent and custodian.
3. On December 16, 2010, SMF entered into Channeling Credit Transfer Agreement with BS, with maximum facility amounting to Rp 750,000 million. The agreement is valid for a period of 12 months. Based on the agreement, SMF acts as cooperation agent, collateral agent and custodian.

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7. Consumer Financing Receivables (Continued)

f. Cooperation Transactions (Continued)

All financing transactions are done on a without recourse basis.

As of December 31, 2010 and 2009, the transfer of consumer financing receivables in relation to joint financing transactions and the transferred consumer financing receivables on a without recourse basis amounted to Rp 1,598,239 million and Rp 514,782 million, respectively.

g. The changes in allowance for doubtful accounts are as follows:

	2010	2009
	Rp '000,000	Rp '000,000
Balance at the beginning of the year	493	374
Provisions during the year	5,669	1,160
Write-off during the year	<u>(5,624)</u>	<u>(1,041)</u>
Balance at the end of the year	<u><u>538</u></u>	<u><u>493</u></u>

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

All transactions with related parties were done under similar terms and conditions as those done with third parties.

8. Net Investments in Finance Lease

a. This account consists of:

	2010	2009
	Rp '000,000	Rp '000,000
Related parties (Note 56)		
Rupiah	172,799	110,266
U.S. Dollar (Note 61)	-	188
Total	<u>172,799</u>	<u>110,454</u>
Third parties - Rupiah	<u>50,981</u>	<u>47,664</u>
Total	<u>223,780</u>	<u>158,118</u>
Guaranteed residual value	25,487	24,773
Unearned lease income	(56,197)	(44,612)
Security deposits	<u>(25,487)</u>	<u>(24,773)</u>
Total	<u>167,583</u>	<u>113,506</u>
Allowance for doubtful accounts	<u>(3,714)</u>	<u>(5,639)</u>
Net	<u><u>163,869</u></u>	<u><u>107,867</u></u>

	2010	2009
Interest rates per annum		
Rupiah	13.0% - 22.0%	13.0% - 22.0%
U.S. Dollar	-	9.0%

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8. Net Investments in Finance Lease (Continued)

- b. PT Sinar Mas Multifinance (SMF) and PT AB Sinar Mas Multifinance (ABSM), subsidiaries, grant lease financing for heavy equipment, industrial machinery and transportation equipment.
- c. The details of consolidated finance lease receivables based on its remaining period until maturity are as follows:

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Less than or equal to 1 year	102,299	64,240
More than 1 year but less than 2 years	73,223	45,063
More than 2 years	<u>48,258</u>	<u>48,815</u>
Total	<u><u>223,780</u></u>	<u><u>158,118</u></u>

- d. As of December 31, 2010 and 2009, there are finance lease receivables which are pledged as collateral to PT Bank Victoria International Tbk in relation to loan received (Note 33).
- e. The changes in allowance for impairment losses are as follows:

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Balance at the beginning of the year	5,639	2,819
Adjustment on PSAK 55 (Revised 2006) (Note 2b)	(2,479)	-
Provisions during the year	5,727	3,576
Write-off during the year	<u>(5,173)</u>	<u>(756)</u>
Balance at the end of the year	<u><u>3,714</u></u>	<u><u>5,639</u></u>

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

- f. During 2010 and 2009, SMF and ABSM engaged in transfer of finance lease receivables transactions on a without recourse basis to a third party, with PT Sinarmas Sekuritas, a subsidiary, as the investment manager. The collection of receivables transferred is being done by SMF and ABSM.
- g. Transactions with related parties were done under terms and conditions similar to those done with third parties.

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9. Factoring Receivables

- a. This account consists of:

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Related parties (Note 56)		
Rupiah	19,701	14,094
U.S. Dollar (Note 61)	<u>45,957</u>	<u>7,050</u>
Total	65,658	21,144
Third parties - Rupiah	<u>133,175</u>	<u>56,134</u>
Total	198,833	77,278
Deferred factoring income	(6,095)	(814)
Allowance for impairment losses	<u>(5,180)</u>	<u>(5,967)</u>
Net	<u><u>187,558</u></u>	<u><u>70,497</u></u>
	<u>2010</u>	<u>2009</u>
Interest rates per annum		
Rupiah	15.0% - 21.0%	13.0% - 22.0%
U.S. Dollar	8.0% - 12.0%	9.0%

- b. There are no factoring receivables which are pledged as collateral.

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

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Balance at beginning of the year	5,967	2,157
Adjustment on PSAK 55 (Revised 2006) (Note 2b)	317	-
Provisions during the year	1,926	3,882
Write-off during the year	<u>(3,030)</u>	<u>(72)</u>
Balance at the end of the year	<u><u>5,180</u></u>	<u><u>5,967</u></u>

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

- d. During 2010 and 2009, PT Sinar Mas Multifinance (SMF) and PT AB Sinar Mas Multifinance (ABSM), subsidiaries, engaged in transfer of factoring receivables transactions on a without recourse basis to a third party, with PT Sinarmas Sekuritas (SMS), a subsidiary, as the investment manager. The collection of receivables transferred is being done by SMF and ABSM.
- e. Transactions with related parties were done under terms and conditions similar to those done with third parties.

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10. Segregated Funds Net Assets – Unit Link

	2010	2009
	Rp '000,000	Rp '000,000
Investments		
Time deposits		
Third parties		
Rupiah		
PT Bank Bukopin Tbk	350,000	-
PT Bank Victoria International Tbk	310,200	-
PT Bank Mutiara Tbk	300,000	-
PT Bank Permata Tbk	10,000	-
PT Bank ICB Bumiputera Tbk	5,000	-
Others	600	-
Subtotal	<u>975,800</u>	<u>-</u>
Foreign currency (Note 61)		
PT Bank International Indonesia Tbk	8,335	-
Total - third parties	<u>984,135</u>	<u>-</u>
Bonds - Held to maturity		
Related party (Note 56)		
Rupiah		
Bumi Serpong Damai II/2006	3,000	3,000
Third parties		
Rupiah		
Government Bond RI FR23	5,879	5,843
Government Bond RI FR27	4,443	4,355
5Year PPN USD BPPI	-	23,779
Subtotal	<u>10,322</u>	<u>33,977</u>
Foreign currency (Note 61)		
USD Fortis	14,299	-
USD Merrill Lynch	16,850	-
Subtotal	<u>31,149</u>	<u>-</u>
Total - third parties	<u>41,471</u>	<u>33,977</u>
Total - bonds	<u>44,471</u>	<u>36,977</u>
Shares - At fair value through profit and loss		
Third parties		
Rupiah		
PT United Tractors Tbk	7,973	5,192
PT Bank Mandiri (Persero) Tbk	6,207	4,489
PT Bank Pan Indonesia Tbk	4,424	2,949
PT Astra Internasional Tbk	3,327	2,117
PT Perusahaan Gas Negara (Persero) Tbk	2,423	2,135
PT Bank Central Asia Tbk	2,227	1,688
PT Telekomunikasi Indonesia Tbk	2,079	2,471
PT Tambang Batubara Bukit Asam Tbk	1,847	1,389
PT Bank Rakyat Indonesia (Persero) Tbk	1,759	1,281
PT International Nickel Indonesia Tbk	1,314	984
PT Holcim Indonesia Tbk	1,293	890
Others (below 1 billion each)	1,199	958
Total - shares	<u>36,072</u>	<u>26,543</u>

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10. Segregated Funds Net Assets – Unit Link (Continued)

	2010	2009
	Rp '000,000	Rp '000,000
Investments (Continued)		
Units of mutual fund - At fair value through profit and loss		
Related parties (Note 56)		
Rupiah		
Danamas Stabil	29,810	29,614
Sinar Dana Super	-	587,537
Sinar Prima Reksa	-	223,654
Subtotal - Rupiah	<u>29,810</u>	<u>840,805</u>
Foreign currency (Note 61)		
Danamas Dollar	23,510	21,754
Sinar Dollar Prima	-	208,494
Subtotal - Foreign currency	<u>23,510</u>	<u>230,248</u>
Total	<u>53,320</u>	<u>1,071,053</u>
Third parties		
Rupiah		
PT Henan Putihrai Asset Management		
Maestro Flexi	2,390,544	8,013
RD Gani Pendapatan Tetap	1,380,509	97,827
Si Dana Batavia Terbatas VI	870,257	-
Schroder Dana Terpadu II	332,339	229,987
Syailendra Multi Strategy Fund I	111,875	-
Schroder Dana Prestasi Plus	80,037	68,049
Fortis Ekuitas	78,433	48,624
Schroder Syariah Balanced Fund	43,534	35,805
Corfina Bima Berimbang Penyertaan Terbatas	32,089	-
Schroder Dana Mantap Plus II	4,525	3,905
Milenium Nilai Optima	-	742,820
Star Cemerlang Tetap	-	409,608
Star Danastabil	-	352,487
Schroder Dana Istimewa	-	9,296
Others (below 1 billion each)	970	1,024
Subtotal	<u>5,325,112</u>	<u>2,007,445</u>
Foreign currency (Note 61)		
Corfina Bima Berimbang Dollar Penyertaan Terbatas	386,308	-
PT Henan Putihrai Asset Management		
Maestro Dollar I	164,703	-
Subtotal	<u>551,011</u>	<u>-</u>
Total - third parties	<u>5,876,123</u>	<u>2,007,445</u>
Total - unit mutual fund	<u>5,929,443</u>	<u>3,078,498</u>
Total - investments	<u>6,994,121</u>	<u>3,142,018</u>

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10. Segregated Funds Net Assets – Unit Link (Continued)

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Cash in banks		
Third parties		
Rupiah		
PT Bank CIMB Niaga Tbk	30,945	6,918
PT Bank Internasional Indonesia Tbk	441	435
PT Bank Mega Tbk	6	-
Total - Rupiah	<u>31,392</u>	<u>7,353</u>
Foreign currency (Note 61)		
PT Bank Internasional Indonesia Tbk	4,402	2,374
PT Bank CIMB Niaga Tbk	112	155
PT Bank Mega Tbk	21	-
Total - foreign currency	<u>4,535</u>	<u>2,529</u>
Total - cash in banks	<u>35,927</u>	<u>9,882</u>
Investment receivables	<u>2,271</u>	<u>2,185</u>
Total	<u><u>7,032,319</u></u>	<u><u>3,154,085</u></u>

Transaction with related parties were done under similar terms and conditions as those done with third parties.

11. Segregated Funds Net Assets - Sharia

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Investments		
Third parties		
Time deposits		
Rupiah		
PT Bank Muamalat Indonesia - Sharia Division	2,000	2,250
PT Bank CIMB Niaga Tbk - Sharia Division	1,000	-
PT Bank Permata Tbk - Sharia Division	-	4,750
Total	<u>3,000</u>	<u>7,000</u>

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11. Segregated Funds Net Assets – Sharia (Continued)

	2010	2009
	Rp '000,000	Rp '000,000
Investments (Continued)		
Bonds - Held to maturity		
Rupiah		
Government Bond Sharia IFR001 2008	7,506	7,281
Sukuk Ijarah I Summarecon 2008	5,173	2,100
Sukuk Ijarah Indosat III 2008	4,661	2,541
Sukuk Ijarah Matahari Putra Prima IIA 2009	2,081	-
Sukuk Ijarah Matahari Putra Prima IIB 2009	1,097	-
Syariah Ijarah Perusahaan Listrik Negara I 2006	1,073	1,043
Total	<u>21,591</u>	<u>12,965</u>
Units of mutual fund - At fair value through profit and loss		
Rupiah		
Schroder Syariah Balance Fund	17,100	2,102
Fortis Pesona Amanah	8,837	-
I-Hajj Syariah Fund	7,390	1,122
PNM Amanah Syariah Fixed Income	7,086	2,689
PNM Syariah	-	4,468
PNM Ekuitas Syariah	-	2,989
Total	<u>40,413</u>	<u>13,370</u>
Total - Investments	<u>65,004</u>	<u>33,335</u>
Cash in banks		
Rupiah		
PT Bank CIMB Niaga Tbk - Sharia Division	3,256	1,598
PT Bank Internasional Indonesia Tbk - Sharia Division	690	659
PT Bank Muamalat Indonesia Tbk	435	415
PT Bank Syariah Mandiri	209	75
PT Bank Tabungan Negara Tbk - Sharia Division	2	30
PT Bank Rakyat Indonesia Tbk - Sharia Division	3	-
PT Bank Permata Tbk - Sharia Division	3	1
PT Bank Syariah Mega Indonesia	1	1
Total - Rupiah	<u>4,599</u>	<u>2,779</u>
Premiums receivable	<u>1,195</u>	<u>191</u>
Reinsurances receivables	<u>15</u>	<u>2</u>
Investments receivable	<u>504</u>	<u>372</u>
Fixed assets - net	<u>21</u>	<u>34</u>
Total	<u><u>71,338</u></u>	<u><u>36,713</u></u>

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12. Premiums and Reinsurance Receivables

- a. This account consists of:

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Related parties (Note 56)		
Premiums receivable	43,187	149,395
Reinsurance receivables	905	1,865
Subtotal	<u>44,092</u>	<u>151,260</u>
Third parties		
Premiums receivable	305,909	206,254
Reinsurance receivables	8,092	77,315
Subtotal	<u>314,001</u>	<u>283,569</u>
Total	358,093	434,829
Allowance for impairment losses	<u>(4,926)</u>	<u>-</u>
Net	<u><u>353,167</u></u>	<u><u>434,829</u></u>

- b. Transactions with related parties were done under similar terms and conditions as those done with third parties.

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

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Rupiah		
Premiums receivable	315,393	267,625
Reinsurance receivables	5,503	19,234
Subtotal	<u>320,896</u>	<u>286,859</u>
U.S. Dollar (Note 61)		
Premiums receivable	33,703	88,024
Reinsurance receivables	3,494	59,946
Subtotal	<u>37,197</u>	<u>147,970</u>
Total	358,093	434,829
Allowance for impairment losses	<u>(4,926)</u>	<u>-</u>
Total	<u><u>353,167</u></u>	<u><u>434,829</u></u>

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12. Premiums and Reinsurance Receivables (Continued)

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

	2010	2009
	Rp '000,000	Rp '000,000
Local	5,075	9,408
Foreign	3,922	69,772
Total	8,997	79,180

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

	2010	2009
	Rp '000,000	Rp '000,000
Due within 1 - 60 days		
Related parties	38,715	149,385
Third parties	279,061	189,345
Due within over 60 days		
Related parties	4,472	10
Third parties	26,848	16,909
Total	349,096	355,649

- f. Management believes that the allowance for impairment losses as of December 31, 2010 is adequate to cover the losses which might arise from uncollectible premiums receivable and reinsurance receivables, while as of December 31, 2009, management did not provide allowance for doubtful accounts on premiums receivable and reinsurance receivables because they believe that all such receivables are collectible.

13. Loans

This account represents loans given by PT Bank Sinarmas Tbk, a subsidiary.

- a. By Type of Loans

	2010	2009
	Rp '000,000	Rp '000,000
Related Parties (Note 56)		
Rupiah		
Fixed Loans	231,557	163,500
Consumer Loans	6,939	332
Installment Loans	1,682	116
Sharia receivables - murabahah	67	-
Loans to employees	580	154
Subtotal - Rupiah	240,825	164,102
U.S. Dollar (Note 61)	554,115	577,793
Total - Related parties	794,940	741,895

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13. Loans (Continued)

a. By Type of Loans (Continued)

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Third Parties		
Rupiah		
Consumer Loans	2,323,631	2,046,713
Installment Loans	1,445,532	608,357
Fixed Loans	1,251,931	985,262
Factoring Loans	592,291	463,237
Sharia receivables - murabahah	146,895	3,940
Overdraft	146,137	122,284
Investment Loans	59,297	235,665
Loans to employees	8,165	5,812
Subtotal	<u>5,973,879</u>	<u>4,471,270</u>
U.S. Dollar (Note 61)		
Fixed Loans	76,403	141,486
Installment Loans	166,573	59,213
Subtotal	<u>242,976</u>	<u>200,699</u>
Subtotal	<u>6,216,855</u>	<u>4,671,969</u>
Total	<u>7,011,795</u>	<u>5,413,864</u>
Allowance for impairment losses	<u>(77,638)</u>	<u>(90,889)</u>
Net	<u><u>6,934,157</u></u>	<u><u>5,322,975</u></u>

b. By Economic Sectors

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Services	1,300,704	876,497
Manufacturing	761,000	826,364
Trading, restaurant and hotel	533,250	416,563
Construction	408,011	262,377
Transportation, warehousing and communication	323,088	237,407
Coal and mining	272,073	91,057
Agriculture, hunting and agriculture facilities	58,552	39,644
Social and public services	206,423	35,033
Electric, gas, and water	22,523	-
Others	3,126,171	2,628,922
Total	<u>7,011,795</u>	<u>5,413,864</u>
Allowance for impairment losses	<u>(77,638)</u>	<u>(90,889)</u>
Net	<u><u>6,934,157</u></u>	<u><u>5,322,975</u></u>

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13. Loans (Continued)

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:

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Rupiah		
1 year or less	1,440,837	1,156,108
More than 1 year until 2 years	1,342,919	593,686
More than 2 years until 5 years	2,257,599	2,044,654
More than 5 years	1,173,349	840,924
Subtotal	<u>6,214,704</u>	<u>4,635,372</u>
U.S. Dollar (Note 61)		
1 year or less	607,588	677,594
More than 1 year until 2 years	24,931	7,693
More than 2 year until 5 years	57,909	93,205
More than 5 years	106,663	-
Subtotal	<u>797,091</u>	<u>778,492</u>
Total	7,011,795	5,413,864
Allowance for impairment losses	<u>(77,638)</u>	<u>(90,889)</u>
Net	<u>6,934,157</u>	<u>5,322,975</u>

Based on remaining period until maturity:

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Rupiah		
1 year or less	2,590,571	1,820,150
More than 1 year until 2 years	767,708	582,591
More than 2 years until 5 years	2,160,473	1,476,659
More than 5 years	695,952	755,972
Subtotal	<u>6,214,704</u>	<u>4,635,372</u>
Foreign currency (Note 61)		
1 year or less	586,405	719,278
More than 1 year until 2 years	47,696	8,978
More than 2 years until 5 years	53,992	50,236
More than 5 years	108,998	-
Subtotal	<u>797,091</u>	<u>778,492</u>
Total	7,011,795	5,413,864
Allowance for impairment losses	<u>(77,638)</u>	<u>(90,889)</u>
Net	<u>6,934,157</u>	<u>5,322,975</u>

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13. Loans (Continued)

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

	<u>2010</u>	<u>2009</u>
Rupiah	5.95% - 26.97%	6.00% - 21.00%
U.S. Dollar	4.25% - 9.5%	4.65% - 10.00%

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

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Balance at the beginning of the year	90,889	52,703
Adjustment on PSAK 55 (Revised 2006) (Note 2b)	4,316	-
Provisions during the year	53,241	73,360
Accrual of interest on impaired loans	(5,150)	-
Write-off during the year	(63,015)	(15,981)
Exchange rate differences	(2,643)	(19,193)
Balance at the end of the year	<u>77,638</u>	<u>90,889</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, 2010 and 2009, the outstanding balance of BS' channeling amounted to Rp 2,332,310 million and Rp 1,905,849 million, respectively, of which Rp 1,200,157 million and Rp 480,261 million, respectively, were transferred through related parties (Note 56).
- g. Loans granted to related parties, except for granted loans to employees, were granted under normal terms and conditions similar to those granted to third parties. Loans granted to employees 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. During 2010 and 2009, BS has restructured loans amounting to nil and Rp 18,022 million with allowance for possible losses of nil and Rp 5,768 million, respectively.
- j. As of December 31, 2010 and 2009, the total non-performing loans amounted to Rp 88,348 million and Rp 117,546 million, respectively. All of the non-performing loans are in the process of recovery by BS.
- k. As of December 31, 2010 and 2009, there is no loan to related and third parties which has exceeded the Company's Legal Lending Limit (LLL).
- l. Management believes that the value of the collaterals on loans is adequate to cover the possible losses which might arise from uncollectible loans.

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14. Ijarah Assets

As of 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, 2010 Rp '000.000	Changes during the year		December 31, 2010 Rp '000.000
		Additions Rp '000.000	Transfer to the lessee at end of contract Rp '000.000	
Cost				
Vehicles	-	265,741	(19,405)	246,336
Heavy equipment	-	23,600	-	23,600
Machineries	-	1,785	-	1,785
Software	-	3,649	-	3,649
Total	-	294,775	(19,405)	275,370
Accumulated depreciation				
Vehicles	-	74,784	(19,405)	55,379
Heavy equipment	-	686	-	686
Machineries	-	138	-	138
Software	-	9	-	9
Total	-	75,617	(19,405)	56,212
Net Book value	-			219,158

15. Securities Agent Receivables

	2010 Rp '000,000	2009 Rp '000,000
Receivables from customers	96,143	23,144
Receivables from PT KPEI	64,160	44,147
Commissions receivable	5,168	2,906
Receivables from other securities companies	10	-
Total	165,481	70,197

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

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

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16. Other Accounts Receivable

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Policy loans	415,277	424,677
Interest receivables	61,322	65,137
Mortgage receivables	20,063	24,128
Claims receivable	10,640	3,412
Loans to employees and marketing agents	3,800	3,283
Loans to associated companies	360	376
Others	30,894	22,563
	<u>542,356</u>	<u>543,576</u>
Total	<u>542,356</u>	<u>543,576</u>

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

Average interest rates per annum on policy loans are as follows:

	<u>2010</u>	<u>2009</u>
Rupiah	14.00% - 16.00%	8.50% - 18.00%
Foreign currency	6.00% - 14.00%	2.60% - 10.00%

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

Mortgage receivables represent loans cash value provided by PT Asuransi Sinar Mas and PT Asuransi Jiwa Sinarmas, 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, 2010 and 2009, loans to associated companies represent unsecured loans given to PT JobStreet Indonesia amounting to US\$ 40,000 with maturity date of December 31, 2011.

As of December 31, 2010 and 2009, the consolidated balance of other accounts receivable from related parties amounted to Rp 6,234 million and Rp 5,455 million, respectively (Note 56).

Transactions with related parties were done under similar terms and conditions as those done with third parties.

As of December 31, 2010 and 2009, the consolidated balance of other accounts receivable denominated in foreign currency amounted to US\$ 6,552,016 (equivalent to Rp 58,943 million) and US\$ 3,954,719 (equivalent to Rp 37,172 million), respectively (Note 61).

Management did not provide allowance for doubtful accounts on other accounts receivable since they believe that all such receivables are collectible.

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17. Long-term Investments and Other Investments

As of December 31, 2010, investment in shares with percentage of ownership of below 20% and investment in share with buyback option by previous shareholder are categorized as AFS financial assets and stated at acquisition cost.

	2010	2009
	Rp '000,000	Rp '000,000
Investment in shares of stock by the Parent Company		
Equity method	204,575	167,419
AFS - acquisition cost	<u>177,578</u>	<u>177,578</u>
Total	<u>382,153</u>	<u>344,997</u>
Investments in shares of stock by the subsidiaries		
Equity method	17,088	16,117
Cost method	<u>159,604</u>	<u>11,147</u>
Total	<u>176,692</u>	<u>27,264</u>
Total	<u><u>558,845</u></u>	<u><u>372,261</u></u>

a. Investments in shares of stock by the Parent Company

	Percentage of ownership	Beginning balance of investment	Additional investment	Equity in net income (loss)	Changes during 2010		Deduction investment	Ending balance of investment
					Difference in value due to changes in equity of subsidiaries and associated companies	Difference arising from restructuring transactions among entities under common control		
	%	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000
Equity Method								
Associated Companies								
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 Certis CISCO	49.00	9,604	-	(123)	-	-	-	9,481
PT Super Wahana Tehno	35.19	-	-	697	-	-	-	697
PT JobStreet Indonesia	40.00	7,181	19,600	1,457	-	-	(28,238)	-
Total		<u>185,447</u>	<u>19,600</u>	<u>28,388</u>	<u>(622)</u>	<u>-</u>	<u>(28,238)</u>	<u>204,575</u>
AFS - acquisition cost								
PT Oto Multiartha	16.14	176,309	-	-	-	-	-	176,309
PT Summit Oto Finance	0.28	1,269	-	-	-	-	-	1,269
Total		<u>177,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,578</u>

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17. Long-term Investments and Other Investments (Continued)

a. Investments in shares of stock by the Parent Company (Continued)

	Percentage of ownership %	Beginning balance of investment Rp '000,000	Additional investment Rp '000,000	Changes during 2009		Ending balance of investment Rp '000,000
				Equity in net income (loss) Rp '000,000	Difference in value due to changes in equity of subsidiaries and associated companies Rp '000,000	
Equity Method						
Associated Companies						
PT Asuransi Jiwa Mega Life	50.00	107,294	-	43,340	-	150,634
PT Certis CISCO	49.00	8,475	-	(1,294)	-	7,181
PT Super Wahana Tehno	35.19	8,789	-	(126)	941	9,604
PT JobStreet Indonesia	40.00	-	-	-	-	-
Total		<u>124,558</u>	<u>-</u>	<u>41,920</u>	<u>941</u>	<u>167,419</u>
Cost Method						
PT Oto Multiartha	16.14	176,309	-	-	-	176,309
PT Summit Oto Finance	0.28	1,269	-	-	-	1,269
Total		<u>177,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,578</u>

PT Panji Ratu Jakarta (PRJ)

In July 2010, Trade United Investments Limited (British Virgin Island), shareholder of PRJ, converted the bonds to shares of PRJ, thus, decreasing the percentage of ownership of Parent Company in PRJ, from 99.53% to 21.02% (Note 34). Therefore, since July 2010, The Parent Company's investment in PRJ is accounted for using the cost method and PRJ's financial statements are not consolidated with the Parent Company's financial statements.

PT Certis CISCO (CISCO)

CISCO, domiciled in Jakarta, is engaged in security services. The investment in shares of CISCO was acquired by the Parent Company in April 1997. On June 26, 2009, the Parent Company made advances for investment in shares amounting to Rp 19,600 million and such investment is effective in April 2010.

In September 2010, the Parent Company has sold its all investment in CISCO to PT Kesara, third party, amounting to Rp 38,237 million, with gain on sale of investment amounting to Rp 12,718 million.

PT Super Wahana Tehno (SWT)

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

In September 2009, Nihon Trim Co. Ltd., increased its investment in shares of SWT by Rp 8,640 million, which resulted in decrease in Parent Company's ownership interest in SWT from 46.44% to 35.19%.

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17. Long-term Investments and Other Investments (Continued)

b. Investments in shares of stock by subsidiaries

	2010	2009
	Rp '000,000	Rp '000,000
Equity method		
PT LIG Insurance Indonesia	17,088	16,117
Available for sale - at cost		
PT Bintang Rajawali Perkasa	145,000	-
PT Bursa Komoditi dan Derivatif Indonesia	8,000	6,000
Konsorsium Asuransi Risiko Khusus - PT Tugu Reasuransi Indonesia	3,000	2,000
PT Asuransi MAIPARK Indonesia	1,803	1,801
PT Kustodian Sentral Efek Indonesia	600	600
Fair Oil & Energy Insurance Syndicate	455	-
PT Pemeringkat Efek Indonesia	350	350
PT Bursa Efek Indonesia	135	135
PT Damai Indah Padang Golf	140	140
PT Sedana Golf	101	101
PT Menara Proteksi Indonesia	20	20
Subtotal	159,604	11,147
Total	176,692	27,264

Equity Method

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

Available for sale – acquisition cost

In May 2010, PT Shinta Utama (SU) purchased shares of stock of PT Bintang Rajawali Perkasa (BRP) from the previous shareholder, amounting to 145,000 million 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 PT Shinta Utama, 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 June 2010, PT Asuransi Sinar Mas (ASM) purchased shares of stock of Fair Oil & Energy Insurance Syndicate, Bahrain, amounting to Rp 455 million or equivalent to 3.6% ownership interest.

In 2010 and 2009, ASM purchased shares of stock of Konsorsium Asuransi Risiko Khusus - PT Tugu Reasuransi Indonesia, which engages in reinsurance business, amounting to Rp 1,000 million and Rp 2,000 million, respectively, or 16.31% ownership interest in AMI.

In 2010 and 2009, PT Sinarmas Future (SF) purchased shares of stock of PT Bursa Komoditi dan Derivatif Indonesia, which engages in commodity trading, amounting to Rp 2,000 million and Rp 6,000 million, respectively.

In 2010 and 2009, ASM increased its investments in shares of PT Asuransi MAIPARK Indonesia (AMI) by Rp 2 million and Rp 79 million, respectively, or equivalent to 3.96% ownership interest in AMI.

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18. Investment Properties

As of December 31, 2010 and 2009, this account represent investments in land and building of PT Asuransi Sinar Mas, PT Asuransi Jiwa Sinar Mas, PT Shinta Utama, and PT AB Sinar Mas Multifinance, subsidiaries. (2009: included PT Panji Ratu Jakarta, this subsidiary was not consolidated in 2010 – Note 17).

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

	January 1,	Changes during 2010			December 31 ,
	2010	Additions	Deductions	Reclassification	2010
	Rp '000.000	Rp '000.000	Rp '000.000	Rp '000.000	Rp '000.000
At Cost					
Land	79,551	11,810	(78,232)	-	13,129
Building	12,370	9,676	(678)	-	21,368
Total	91,921	21,486	(78,910)	-	34,497
Accumulated Depreciation					
Building	4,110	690	(34)	-	4,766
Net Book Value	87,811				29,731
	January 1,	Changes during 2009			December 31 ,
	2009	Additions	Deductions	Reclassification	2009
	Rp '000.000	Rp '000.000	Rp '000.000	Rp '000.000	Rp '000.000
At Cost					
Land	97,714	1,319	-	(19,482)	79,551
Building	17,572	-	-	(5,202)	12,370
Total	115,286	1,319	-	(24,684)	91,921
Accumulated Depreciation					
Building	820	3,550	-	(260)	4,110
Net Book Value	114,466				87,811

Depreciation charged to operations for the years ended December 31, 2010 and 2009 amounted to Rp 690 million and Rp 3,550 million, respectively.

Deduction in investment properties in 2010 represents beginning balance - cost and accumulated depreciation of PT Panji Ratu Jakarta amounting to Rp 78,910 million and Rp 34 million, respectively.

Reclassification of investment properties to property and equipment in 2010 and 2009 represents reclassification made by PT Asuransi Sinar Mas, a subsidiary (Note 19).

As of December 31, 2010 and 2009, investment properties, except land, are insured with PT Axa Indonesia and other insurance companies for US\$ 1,237,112. 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, 2010 and 2009.

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19. Property and Equipment

	2010 Rp '000,000	2009 Rp '000,000
At cost		
Direct acquisitions		
Land	161,419	154,398
Buildings	391,600	328,407
Office equipment	306,248	256,758
Motor vehicles	98,320	75,939
Furniture and fixtures	20,209	15,942
Machineries and equipment	3,918	2,262
Construction in progress	28,198	11,975
Total	1,009,912	845,681
Accumulated depreciation		
Direct acquisitions		
Building	73,765	56,018
Office equipment	130,869	100,031
Motor vehicles	52,101	42,299
Furniture and fixtures	13,206	10,450
Machineries and equipment	1,878	1,434
Total	271,819	210,232
Net Book Value	738,093	635,449

Following are the balances and changes in the consolidated cost of property and equipment and accumulated depreciation:

	January 1, 2010 Rp '000,000	Changes during 2010			December 31, 2010 Rp '000,000
	Rp '000,000	Additions Rp '000,000	Deductions Rp '000,000	Reclassifications Rp '000,000	Rp '000,000
At cost					
Direct acquisitions					
Land	154,398	7,498	(477)	-	161,419
Buildings	328,407	63,740	(747)	200	391,600
Office equipment	256,758	52,541	(3,051)	-	306,248
Motor vehicles	75,939	27,055	(4,674)	-	98,320
Furniture and fixtures	15,942	4,568	(301)	-	20,209
Machineries and equipment	2,262	1,656	-	-	3,918
Construction in progress	11,975	16,423	-	(200)	28,198
Total	845,681	173,481	(9,250)	-	1,009,912
Accumulated depreciation					
Direct acquisitions					
Buildings	56,018	17,977	(230)	-	73,765
Office equipment	100,031	33,812	(2,974)	-	130,869
Motor vehicles	42,299	13,207	(3,405)	-	52,101
Furniture and fixtures	10,450	3,044	(288)	-	13,206
Machineries and equipment	1,434	444	-	-	1,878
Total	210,232	68,484	(6,897)	-	271,819
Net Book Value	635,449				738,093

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19. Property and Equipment (Continued)

	January 1,	Changes during 2009			December 31,
	2009	Additions	Deductions	Reclassifications	2009
	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000
At cost					
Direct acquisitions					
Land	114,812	19,893	(43)	19,736	154,398
Buildings	240,272	54,000	(17)	34,152	328,407
Office equipment	201,297	57,198	(1,719)	(18)	256,758
Motor vehicles	69,401	18,770	(12,957)	725	75,939
Furniture and fixtures	12,862	3,165	(85)	-	15,942
Machineries and equipment	2,595	315	(648)	-	2,262
Leased assets					
Motor vehicles	725	-	-	(725)	-
Construction in progress	27,158	1,768	-	(16,951)	11,975
Total	669,122	155,109	(15,469)	36,919	845,681
Accumulated depreciation					
Direct acquisitions					
Buildings	41,328	14,433	(3)	260	56,018
Office equipment	76,065	25,621	(1,645)	(10)	100,031
Motor vehicles	41,278	11,108	(10,532)	445	42,299
Furniture and fixtures	8,690	1,845	(85)	-	10,450
Machineries and equipment	1,608	310	(484)	-	1,434
Leased assets					
Motor vehicles	445	-	-	(445)	-
Total	169,414	53,317	(12,749)	250	210,232
Net Book Value	499,708				635,449

Reclassification of property and equipment in 2009 includes reclassification of investment property – land and building (Note 18) to property and equipment by PT Asuransi Sinarmas (ASM), amounting to Rp 24,424 million, other assets (Note 23) to property and equipment by PT Bank Sinarmas Tbk, amounting to Rp 255 million, foreclosed properties (Note 22) to property and equipment by PT Sinar Mas Multifinance, amounting to Rp 10,898 million, property and equipment to segregated fund net asset – sharia (Note 11) by PT Asuransi Jiwa Sinarmas, amounting to Rp 8 million, other assets (Note 23) to property and equipment by ASM, amounting to Rp 1,100 million.

Deduction of property and equipment in 2010 included beginning balance - cost and accumulated depreciation of PT Panji Ratu Jakarta, amounting to Rp 11 million and Rp 1 million, respectively.

Depreciation charged to operations for the years ended December 31, 2010 and 2009 amounted to Rp 68,484 million and Rp 53,317 million, respectively.

Depreciation which were included in direct cost of service center and cost of goods sold for the years ended December 31, 2010 and 2009 amounted to Rp 498 million and Rp 366 million, respectively.

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19. Property and Equipment (Continued)

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

	2010 Rp '000,000	2009 Rp '000,000
Selling price	4,505	5,211
Net book value	<u>2,343</u>	<u>2,720</u>
Gain on sale of property and equipment (Note 53)	<u><u>2,162</u></u>	<u><u>2,491</u></u>

As of December 31, 2010 and 2009, property and equipment are insured with ASM, a subsidiary, and other insurance companies for Rp 711,416 million and US\$ 4,695,747, respectively, (2009: Rp 517,093 million and US\$ 4,783,703). Management believes that the insurance coverages are adequate to cover any possible losses that might arise from the assets insured.

Transactions with related parties were done under similar terms and conditions as those done with third parties.

Management believes that there is no impairment in value of the aforementioned assets as of December 31, 2010 and 2009.

20. Property Under Build, Operate and Transfer Agreement

Building under build, operate and transfer agreement pertains to subject of cooperation agreement between the Parent Company and PT Asuransi Sinar Mas (ASM), a subsidiary, with details as follows:

	January 1, 2010 Rp '000,000	Changes during 2010			December 31, 2010 Rp '000,000
	Rp '000,000	Addition Rp '000,000	Deduction Rp '000,000	Reclassification Rp '000,000	Rp '000,000
At cost					
Building	77,988	<u>1,053</u>	<u>-</u>	<u>-</u>	79,041
Accumulated depreciation					
Building	<u>3,899</u>	<u>3,926</u>	<u>-</u>	<u>-</u>	<u>7,825</u>
Net Book Value	<u><u>74,089</u></u>				<u><u>71,216</u></u>
	January 1, 2009 Rp '000,000	Changes during 2010			December 31, 2009 Rp '000,000
	Rp '000,000	Addition Rp '000,000	Deduction Rp '000,000	Reclassification Rp '000,000	Rp '000,000
At cost					
Building	-	-	-	77,988	77,988
Building in progress	<u>57,527</u>	<u>20,461</u>	<u>-</u>	<u>(77,988)</u>	<u>-</u>
Total	<u>57,527</u>	<u>20,461</u>	<u>-</u>	<u>-</u>	<u>77,988</u>
Accumulated depreciation					
Building	<u>-</u>	<u>3,899</u>	<u>-</u>	<u>-</u>	<u>3,899</u>
Net Book Value	<u><u>57,527</u></u>				<u><u>74,089</u></u>

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20. Property Under Build, Operate and Transfer Agreement (Continued)

Building under construction represents the accumulated costs of building construction under the Cooperation Agreement of Build, Operate and Transfer, for Plaza Simas office building which is located at Jl. Fachrudin, Central Jakarta. The Cooperation period is 99 years which will commence at the time of start of operations of the building. The ownership of the building will be transferred to ASM at the end of the Cooperation Agreement.

As of December 31, 2010 and 2009, based on the Company management, there is no impairment in value of property under build, operate and transfer agreement.

21. Assets for Lease

This account represents assets for lease owned by PT AB Sinar Mas Multifinance and PT Sinar Mas Multifinance, subsidiaries, with details as follows:

	2010 Rp '000,000	2009 Rp '000,000
At cost		
Motor vehicles	34,740	18,846
Office equipment	25,929	22,110
Machineries and equipment	18,776	18,110
Total	<u>79,445</u>	<u>59,066</u>
Accumulated depreciation		
Motor vehicles	11,364	6,735
Office equipment	19,200	14,027
Machineries and equipment	15,257	12,348
Total	<u>45,821</u>	<u>33,110</u>
Net Book Value	<u>33,624</u>	<u>25,956</u>

Following are the balances and changes in the cost of assets for lease and accumulated depreciation:

	January 1, 2010 Rp '000,000	Changes during 2010		December 31, 2010 Rp '000,000
		Additions Rp '000,000	Deductions Rp '000,000	
At cost				
Motor vehicles	18,846	15,894	-	34,740
Office equipment	22,110	3,819	-	25,929
Machineries and equipment	18,110	666	-	18,776
Total	<u>59,066</u>	<u>20,379</u>	<u>-</u>	<u>79,445</u>
Accumulated depreciation				
Motor vehicles	6,735	4,629	-	11,364
Office equipment	14,027	5,173	-	19,200
Machineries and equipment	12,348	2,909	-	15,257
Total	<u>33,110</u>	<u>12,711</u>	<u>-</u>	<u>45,821</u>
Net Book Value	<u>25,956</u>			<u>33,624</u>

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21. Assets for Lease (Continued)

	January 1,	Changes during 2009		December 31,
	2009	Additions	Deductions	2009
	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000
At cost				
Motor vehicles	13,630	5,216	-	18,846
Office equipment	17,749	4,361	-	22,110
Machineries and equipment	18,110	-	-	18,110
Total	49,489	9,577	-	59,066
Accumulated depreciation				
Motor vehicles	3,669	3,066	-	6,735
Office equipment	8,134	5,893	-	14,027
Machineries and equipment	6,585	5,763	-	12,348
Total	18,388	14,722	-	33,110
Net Book Value	31,101			25,956

There were no asset for lease sold in 2010 and 2009.

As of December 31, 2010 and 2009, assets for lease are insured with PT Asuransi Sinar Mas, a subsidiary, for Rp 43,668 million and Rp 35,449 million, respectively. 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 for lease as of December 31, 2010 and 2009.

22. Foreclosed Properties

Foreclosed properties were obtained by PT Sinar Mas Mutifinance (SMF) and PT Bank Sinarmas Tbk (BS) subsidiaries, from settlement of their receivables from and loans to customers. SMF's ownership on the foreclosed properties is supported by Letter of Transfer of Rights to SMF and Power of Attorney to Sell.

	2010	2009
	Rp '000,000	Rp '000,000
Land, houses, and apartments	68,469	67,089
Vehicle	5,929	2,188
Heavy equipment	1,524	792
Total	75,922	70,069
Allowance for impairment losses	(4,683)	(4,775)
Net	71,239	65,294

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.

Reclassification of foreclosed properties to property and equipment amount to Rp 10.898 million in 2009 represent reclassification made by SMF.

As of December 31, 2010 and 2009, 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.

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23. Other Assets

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Prepaid expenses	60,204	44,662
Advanced payment for purchase of property and equipment	54,431	14,966
Advanced payment for buildings renovation	12,778	18,833
Security deposits	10,239	11,703
Prepaid taxes	8,601	8,825
Inventories	5,349	3,819
Advances for investment	2,000	19,600
Others	6,205	4,605
	<u>159,807</u>	<u>127,013</u>
Total	<u>159,807</u>	<u>127,013</u>

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

In November 2010, the Parent Company has made advances for investment in shares of Golden Health, amounting to Rp 500 million, and in December 2010, PT Shinta Utama has made advances for investment in shares of PT Golden Tropical, amounting to Rp 1,500 million.

Prepaid taxes consist of :

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Value Added Tax	5,543	4,745
Income tax		
Article 4 (2)	1,275	1,374
Article 28a	1,141	1,041
Article 23	643	1,545
Article 26	-	120
	<u>8,602</u>	<u>8,825</u>
Total	<u>8,602</u>	<u>8,825</u>

As of December 31, 2010 and 2009, the consolidated balances of other assets from related parties amounted to Rp 9,622 million and Rp 11,912 million, respectively (Note 56).

Transactions with related parties were done under similar terms and conditions as those done with third parties.

As of December 31, 2010 and 2009, the consolidated balances of other assets denominated in foreign currency amounted to US\$ 144,957 (equivalent to Rp 1,303 million) and US\$ 537,295 (equivalent to Rp 5,050 million), respectively (Note 61).

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24. Deposits and Deposits from Other Banks

These represent deposits and deposits from other banks placed in PT Bank Sinarmas Tbk, a subsidiary.

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Demand deposits	1,718,103	1,072,107
Savings deposits	1,371,475	970,389
Time deposits	6,147,679	4,409,600
Deposits from other banks	<u>366,853</u>	<u>238,626</u>
Total	<u><u>9,604,110</u></u>	<u><u>6,690,722</u></u>

a. Demand deposits consist of:

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Related parties (Note 56)		
Rupiah	304,123	257,699
U.S. Dollar (Note 61)	493,501	212,374
Subtotal	<u>797,624</u>	<u>470,073</u>
Third parties		
Rupiah	422,312	297,804
U.S. Dollar (Note 61)	498,167	304,230
Subtotal	<u>920,479</u>	<u>602,034</u>
Total	<u><u>1,718,103</u></u>	<u><u>1,072,107</u></u>

As of December 31, 2010 and 2009, current account – Mudrabahah is managed by Sharia unit, amounting to Rp 4,990 million and Rp 55 million, respectively.

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

	<u>2010</u>	<u>2009</u>
Rupiah	1.50% - 5.00%	1.50% - 5.00%
U.S. Dollar	0.15% - 2.25%	0.15% - 1.25%

b. Savings deposits consist of:

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Rupiah		
Related parties (Note 56)	7,668	4,164
Third parties	<u>1,363,807</u>	<u>966,225</u>
Total	<u><u>1,371,475</u></u>	<u><u>970,389</u></u>

As of December 31, 2010 and 2009, saving – Mudrabahah is managed by Sharia unit, amounting to Rp 2,124 million and Rp 60 million, respectively.

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

	<u>2010</u>	<u>2009</u>
Rupiah	0.25% - 6.50%	2.50% - 8.00%

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24. Deposits and Deposits from Other Banks (Continued)

c. Time deposits consist of:

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Related parties (Note 56)		
Rupiah	1,817,253	935,967
U.S. Dollar (Note 61)	<u>1,238,782</u>	<u>1,194,415</u>
Subtotal	<u>3,056,035</u>	<u>2,130,382</u>
Third parties		
Rupiah	2,826,041	2,165,809
U.S. Dollar (Note 61)	<u>265,603</u>	<u>113,409</u>
Subtotal	<u>3,091,644</u>	<u>2,279,218</u>
Total	<u>6,147,679</u>	<u>4,409,600</u>

As of December 31, 2010 and 2009, time deposits – Mudrabahah is managed by Sharia unit, amounting to Rp 199,210 million and Rp 100 million, respectively.

Total time deposits which were blocked and used as collateral for credit guarantees, letters of credit and bank guarantees as of December 31, 2010 and 2009 amounted to Rp 956,189 million and Rp 878,472 million, respectively, (Note 13).

Interest rates per annum on time deposits are as follows:

	<u>2010</u>	<u>2009</u>
Rupiah	6.25% - 9.75%	6.75% - 8.75%
U.S. Dollar	2.50% - 2.75%	2.50% - 3.00%

d. Deposits from other banks consist of:

1. Demand deposits consist of:

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Related parties (Note 56)		
U.S. Dollar (Note 61)	14,250	14,891
Third parties		
Rupiah	<u>84,183</u>	<u>63,786</u>
Total	<u>98,433</u>	<u>78,677</u>

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24. Deposits and Deposits from Other Banks (Continued)

d. Deposits from other banks consist of: (Continued)

2. *Call Money* consist of:

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Third parties Rupiah	<u>55,000</u>	<u>110,000</u>

3. Time deposits consist of:

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Third parties Rupiah	<u>213,420</u>	<u>49,949</u>

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

	<u>2010</u>	<u>2009</u>
Time deposits	6.50% - 7.25%	5.50% - 10.50%
Call money	6.00%	6.30% - 9.00%

Transactions with related parties were done under similar terms and conditions as those done with third parties.

25. Securities Sold Under Agreements to Repurchase

As of December 31, 2010, investments in securities sold under agreement to repurchase was done by PT Sinarmas Sekuritas (2009: PT Bank Sinarmas Tbk and PT Sinarmas Sekuritas), subsidiaries, consisting of :

<u>Type of Investment</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Net carrying value</u>
			Rp'000.000
Rupiah			
Share - Sinar Prima Reksa PT Tiga Pilar Sejahtera Food Tbk	90 days	January 24, 2011	<u>32,069</u>

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25. Securities Sold Under Agreements to Repurchase (Continued)

Type of Investment	Term	Maturity Date	Net carrying value Rp'000.000
Rupiah			
Government Bonds - Bank Indonesia			
FR0028	14 days	January 14, 2010	81,777
FR0026	14 days	January 12, 2010	73,508
FR0038	14 days	January 14, 2010	54,722
FR0020	14 days	January 12, 2010	34,064
FR0023	14 days	January 14, 2010	14,357
Share - Sinar Prima Reksa			
PT Tiga Pilar Sejahtera Food Tbk	31 days	January 29, 2010	26,327
Total			<u>284,755</u>

26. Accounts Payable

	2010 Rp '000,000	2009 Rp '000,000
Related parties (Note 56)		
Reinsurance payable	7,181	4,304
Commissions payable	3,216	2,153
Insurance claims payable	1,868	2,247
Premiums payable	181	-
Total	12,446	8,704
Third parties		
Insurance claims payable	98,605	56,148
Reinsurance payable	54,769	132,134
Commissions payable	22,844	20,439
Premiums payable	8,073	56,028
Others	2,115	1,586
Total	186,406	266,335
Total	198,852	275,039

The details of accounts payable based on currency:

	2010 Rp '000,000	2009 Rp '000,000
Rupiah		
Insurance claims payable	97,584	42,009
Reinsurance payable	10,481	35,249
Commissions payable	21,604	19,582
Premiums payable	3,482	3,024
Others	2,115	1,586
Total	135,266	101,450

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26. Accounts Payable (Continued)

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Foreign currency (Note 61)		
Reinsurance payable	51,469	101,189
Insurance claims payable	2,889	16,386
Commissions payable	4,456	3,010
Premiums payable	4,772	53,004
Total	<u>63,586</u>	<u>173,589</u>
Total	<u>198,852</u>	<u>275,039</u>

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.

Transactions with related parties were done under similar terms and conditions as those done with third parties.

27. Premiums Received in Advance

This account represents premiums received in advance by PT Asuransi Sinar Mas, 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:

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Motor Vehicles	714,536	459,738
Fire	43,345	26,189
Engineering	346	358
Marine Hull	179	108
Marine Cargo	75	3,492
Health	32	59,267
Miscellaneous	12,174	12,496
Total	<u>770,687</u>	<u>561,648</u>

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28. 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:

	2010	2009
	Rp '000,000	Rp '000,000
Individual:		
Combined endowment	2,111,871	3,054,140
Whole life	216,970	207,429
Endowment	8,471	7,878
Non-Traditional	4,988	4,317
Death	710	520
Subtotal	<u>2,343,010</u>	<u>3,274,284</u>
Group:		
Death	138,227	98,574
Endowment	43	41
Subtotal	<u>138,270</u>	<u>98,615</u>
Total	<u><u>2,481,280</u></u>	<u><u>3,372,899</u></u>

- c. As of December 31, 2010 and 2009, balance of liability for future policy benefits in foreign currency amounted to US\$ 58,851,009 (equivalent to Rp 529,129 million) and US\$ 74,270,326 (equivalent to Rp 698,141 million) (Note 61).
- d. In 2010 and 2009, PT Asuransi Jiwa Sinarmas's (AJS), a subsidiary, liability for future policy benefits is recorded by AJS based on actuarial calculation of Hamid Hamzah, FSAI. 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
a. <u>Individual:</u>			
Death	CSO 1958	4%, 8%	Net level premium
	TMII 1993	2%, 8%	Net level premium
Endowment	CSO 1958	5%	Net level premium
	TMI 1993	8%	Net level premium
	Reinsurance	9%	Net level premium
Combined endowment	CSO 1958	4%, 5%, 8%	Net level premium
	TMII 1993	2%, 3%, 4%, 5%, 7%, 8%	Net level premium
	CSO 1980	7%	Net level premium
		8%,5%	Net level premium
	TMII 1999	9%	Zilmer
Whole life	CSO 1958	4%, 7%, 8%	Net level premium
	TMII 1993	5%, 8%, 9%	Net level premium
	Reinsurance	8%, 5%	Zilmer
b. <u>Group:</u>			
Death	CSO 1958	4%, 8%	Net level premium

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28. Liability for Future Policy Benefits (Continued)

For the insurance policies issued before 1994:

Type of Insurance	Mortality Table	Actuarial Interest	Method of Reserve Computation
a. <u>Individual:</u>			
Endowment	CSO 1958	8%	Zilmer
Combined Endowment	CSO 1958	4%, 6%, 7%	Zilmer
Whole life	CSO 1958	6%	Zilmer
b. <u>Group:</u>			
Death	CSO 1958	6%	Zilmer

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

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

	2010 Rp '000,000	2009 Rp '000,000
Balance at the beginning of the year	3,372,899	5,119,479
Increase (decrease) in liability for future benefits (Note 48)	<u>(891,619)</u>	<u>(1,746,580)</u>
Balance at the end of year	<u><u>2,481,280</u></u>	<u><u>3,372,899</u></u>

29. Unearned Premiums and Estimated Own Retention Claims

	2010 Rp '000,000	2009 Rp '000,000
Unearned premiums	477,159	357,697
Estimated own retention claims	<u>197,210</u>	<u>136,909</u>
Total	<u><u>674,369</u></u>	<u><u>494,606</u></u>

a. Unearned premiums

Unearned premiums by type of insurance are as follows:

	2010 Rp '000,000	2009 Rp '000,000
Motor Vehicles	249,835	203,967
Health	180,043	95,532
Fire	18,169	31,724
Miscellaneous	17,298	14,930
Marine Cargo	5,286	6,658
Marine Hull	3,661	2,547
Accident	1,739	1,256
Engineering	743	869
Death	<u>385</u>	<u>214</u>
Total	<u><u>477,159</u></u>	<u><u>357,697</u></u>

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29. Unearned Premiums and Estimated Own Retention Claims (Continued)

a. Unearned premiums (Continued)

The changes in unearned premiums are as follows:

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Balance at the beginning of the year	357,697	333,980
Increase in unearned premiums (Note 44)	<u>119,462</u>	<u>23,717</u>
Balance at the end of year	<u><u>477,159</u></u>	<u><u>357,697</u></u>

Calculation method for Premium Reserve was based on regulation of KMK No. 424/KMK.06/2003 Article 28 about Calculation of Unearned Premiums.

b. Estimated own retention claims

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

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Motor Vehicles	67,608	57,040
Fire	39,594	27,667
Health	54,049	20,644
Miscellaneous	15,145	12,981
Marine Cargo	6,581	7,951
Death	5,012	4,310
Engineering	3,597	3,208
Marine Hull	<u>5,624</u>	<u>3,108</u>
Total	<u><u>197,210</u></u>	<u><u>136,909</u></u>

The changes in estimated own retention claims are as follows:

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Balance at the beginning of the year	136,909	122,900
Increase in estimated own retention claims (Note 44)	<u>60,301</u>	<u>14,009</u>
Balance at the end of year	<u><u>197,210</u></u>	<u><u>136,909</u></u>

Calculation method for Premium Reserve was based on regulation of KMK No. 424/KMK.06 2003 Article 29 about Calculation of Unearned Premiums.

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29. Unearned Premiums and Estimated Own Retention Claims (Continued)

As of December 31, 2010 and 2009, the balance of unearned premiums and estimated own retention claims to related parties amounted to Rp 193,375 million and Rp 116,523 million, respectively (Note 56).

Transactions with related parties were done under similar terms and conditions as those done with third parties.

As of December 31, 2010 and 2009, the balance of unearned premiums and estimated own retention claims denominated in foreign currency amounted to US\$ 4,994,135 (equivalent to Rp 44,902 million) and US\$ 2,209,052 (equivalent to Rp 20,765 million), respectively (Note 61).

30. Securities Agent Payables

	2010 Rp '000,000	2009 Rp '000,000
Payable to customer	325,144	78,113
Payable to PT KPEI	90,506	22,972
Total	415,650	101,085

Payable to customer and PT Kliring Penjaminan Efek Indonesia (KPEI) are liabilities of PT Sinarmas Sekuritas, a subsidiary, in relation with purchase and sale transactions of customer's shares and purchase and sale transactions of shares among securities companies.

31. Taxes Payable

	2010 Rp '000,000	2009 Rp '000,000
Corporate Income Tax		
Articles 25 and 29	21,935	18,841
Income Taxes		
Article 4 (2)	13,612	8,670
Article 21	4,073	2,605
Articles 23 and 26	1,027	587
Value Added Tax	767	541
Total	41,414	31,244

The filing of tax returns is based on the Company and its subsidiaries own calculation of tax liabilities (self-assessment). Based on the third amendment of the General Taxation Provisions and Procedures

On December 31, 2010 and 2009, balances of taxes payable in foreign currency amounted to US\$ 90,011 (equivalent to Rp 811 million) and US\$ 99,645 (equivalent to Rp 936 million), respectively, (Note 61).

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32. Accrued Expenses

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Interest	26,341	18,308
Others	<u>17,527</u>	<u>17,306</u>
Total	<u><u>43,868</u></u>	<u><u>35,614</u></u>

Others represent accruals of certain operating expenses.

As of December 31, 2010 and 2009, the balance of accrued interest to related parties amounted to Rp 6,682 million and Rp 3,758 million, respectively (Note 56).

Transactions with related parties were done under similar terms and conditions as those done with third parties.

As of December 31, 2010 and 2009, the balance of accrued expenses denominated in foreign currency amounted to US\$ 175,916 (equivalent to Rp 1,585 million) and US\$ 138,579 (equivalent to Rp 1,302 million), respectively (Note 61).

33. Loans Received

As of December 31, 2010 and 2009, this account represents loans of PT Sinar Mas Multifinance (SMF) and PT AB Sinar Mas Multifinance (ABSM), subsidiaries, which were obtained from:

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Third Parties		
PT Bank Pan Indonesia Tbk (a)	251,698	13,542
PT Bank Negara Indonesia (Persero) Tbk (b)	172,226	257,952
PT Bank CIMB Niaga Tbk (c)	49,770	50,000
PT Bank ICBC Indonesia (d)	19,887	-
PT Bank Victoria International Tbk (e)	<u>18,684</u>	<u>27,413</u>
Total	<u><u>512,265</u></u>	<u><u>348,907</u></u>

- a. On March 13, 2008, SMF obtained a non-revolving loan facility from PT Bank Pan Indonesia Tbk (Panin) with a maximum facility of Rp 50,000 million. 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.

On March 30, 2010, SMF obtained revolving loan facility from Panin with a maximum facility of Rp 50,000 million (Facility II), The availability of the facility is for 12 months, which will be due on March 30, 2011 and with interest rates is 11.5% per annum.

On June 28, 2010, the loan facility II was increased to Rp 250,000 million.

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

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33. Loans Received (Continued)

- b. On August 9, 2007, SMF obtained a revolving Working Capital Credit facility from PT Bank Negara Indonesia (Persero) Tbk (BNI) with maximum facility of Rp 100,000 million (facility I). The availability of the facility is for 12 months, which will be due on August 8, 2008 and with interest rates ranging from 13.00% to 13.75% per annum.

On June 24, 2008, SMF obtained a loan facility from BNI with maximum facility of Rp 250,000 million (facility II) and loan facility arising from non-revolving loan installment. The availability of the facility is for 12 months, which will be due on April 26, 2011. On November 30, 2010, the loan facility was increased to Rp 350,000 million, and with interest rates ranging from 12.75 % to 13.75 % per annum.

The facility is fiduciary secured by motor vehicles consumer financing receivables equivalent to a maximum of 115% (for facility I) and 105% (for facility 2) of the total credit facility (Note 7), promissory notes and assignment (with retro cessie) in the form of transfer of motor vehicles consumer financing receivables equivalent to 100% of receivables if the installments are already overdue.

- c. On August 11, 2009, SMF obtained a revolving loan facility from PT Bank CIMB Niaga Tbk (CIMB-Niaga) with a maximum facility of Rp 50,000 million. The availability of the facility is for 1 year, until November 11, 2011 and with interest rate of 13.00% per annum.

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

- d. In 2010, ABSM obtained a fixed loan facility - on demand from PT Bank ICBC Indonesia (ICBC) with maximum facility of Rp 20,000 million. The facility will be available until July 12, 2011 and with interest rate of 11% per annum.

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

- e. In 2008, ABSM obtained a loan facility from PT Bank Victoria International Tbk with maximum facility of Rp 35,000 million. Interest rate on this loan is 18% per annum. This facility is available for 12 months, until July 12, 2011.

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

The loans obtained by the subsidiaries from BNI, CIMB-Niaga, ICBC, Victoria and Panin include requirements that limit the rights of the subsidiaries, among others, to conduct merger, acquisition, reorganization, change of business or change their legal status or liquidate the Company and its 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.

34. Convertible Bonds Payable

On July 5, 2005, PT Panji Ratu Jakarta (PRJ), a subsidiary, issued a non-interest bearing convertible bonds to Trade United Investments Limited (British Virgin Island) amounting to Rp 49,366 million which will mature on July 5, 2009. On July 3, 2009, PRJ has extended the convertible bonds up to July 5, 2013.

On May 13, 2008, PRJ issued a non-interest bearing convertible bonds amounting to Rp 14,417 million to Great Vanguard International Limited (British Virgin Island), which will be due on May 13, 2013.

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34. Convertible Bonds Payable (Continued)

These bonds can be converted into PRJ's shares at any time based on option of the convertible bondholders. The bondholders can transfer, sell or assign the convertible bonds to other parties only upon approval of PRJ.

These bonds have no ranking and are not listed in the Indonesia Stock Exchange.

In July 2010, all of the convertible bonds have been converted into shares of PRJ by Trade United Investments Limited (British Virgin Island) (Note 17).

35. Other Liabilities

	2010	2009
	Rp '000,000	Rp '000,000
Related parties (Note 56)		
Premiums received still in identification process	342	1,740
Unearned revenues	142	101
Others	334	-
Total	<u>818</u>	<u>1,841</u>
Third parties		
Negative goodwill - net	129,802	135,948
Premiums received still in identification process	134,609	80,541
Payable to policyholders	71,682	5,499
Immediately payable liabilities	42,456	62,287
Deposits payable	29,706	21,002
Policyholders' deposits	10,247	11,427
Unearned revenues	8,700	6,958
Estimated losses on commitments and contingencies	3,537	6,763
Traveller's checks	1,616	2,626
Payable to contractors	133	725
Tithe payable	149	73
Others	180,444	52,232
Total	<u>613,081</u>	<u>386,081</u>
Total	<u><u>613,899</u></u>	<u><u>387,922</u></u>

As of December 31, 2010, others include liability of PT Shinta Utama, a subsidiary, to third party, amounting to Rp 145,000 million in connection with the purchase of shares of BRP by PT Shinta Utama.

As of December 31, 2009, others include liability of PT Sinar Mas Multifinance, a subsidiary, to third parties amounting to Rp 30,000 million in connection with loan transferred from PT Bank Sinarmas Tbk. The liability has been repaid in January 2010.

Transactions with related parties were done under similar terms and conditions as those done with third parties.

As of December 31, 2010 and 2009, the balance of other liabilities denominated in foreign currency amounted to US\$ 8,228,015 (equivalent to Rp 74,040 million) and US\$ 4,841,953 (equivalent to Rp 45,502 million), respectively (Note 61).

As of December 31 2010 and 2009, the balance of negative goodwill include negative goodwill arising from purchase of share at nominal price by the Parent Company and PT Shinta Utama, a subsidiary (Note 17).

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36. Minority Interest in Net Assets and Net Income (Loss) of the Subsidiaries

a. Minority Interest in Net Assets of the Subsidiaries

	2010	2009
	Rp '000,000	Rp '000,000
PT Bank Sinarmas Tbk	200,315	-
PT Jakarta Teknologi Utama Motor	46	46
PT Autopro Utama Perkasa	1	1
PT Panji Ratu Jakarta	-	83
	<u>200,362</u>	<u>130</u>
Total	<u>200,362</u>	<u>130</u>

b. Minority Interest in Net Income of the Subsidiaries

	2010	2009
	Rp '000,000	Rp '000,000
PT Jakarta Teknologi Utama Motor	-	2
PT Panji Ratu Jakarta	-	1
PT Asuransi Jiwa Sinarmas	-	33,625
	<u>-</u>	<u>33,628</u>
Total	<u>-</u>	<u>33,628</u>

37. Capital Stock

The share ownership in the Company based on the records of PT Sinartama Gunita, share registrar, a subsidiary, is as follows:

By Series of Shares:

Shares	2010				2009			
	%	Number of Shares	Nominal Value per Share Rp	Total Paid up Capital Stock Rp '000,000	%	Number of Shares	Nominal Value per Share Rp	Total Paid up Capital Stock Rp '000,000
Series A	2.29	142,474,368	5,000	712,372	2.31	142,474,368	5,000	712,372
Series B	<u>97.71</u>	<u>6,081,318,298</u>	100	<u>608,132</u>	<u>97.69</u>	<u>6,037,783,827</u>	100	<u>603,778</u>
Total	<u>100.00</u>	<u>6,223,792,666</u>		<u>1,320,504</u>	<u>100.00</u>	<u>6,180,258,195</u>		<u>1,316,150</u>

By Ownership of Interest:

Name of Stockholder	2010		2009	
	%	Number of Shares	%	Number of Shares
JBC International Finance (MAU) Limited	55.85	3,475,886,578	57.07	3,526,810,828
Indra Widjaja	0.02	1,315,364	0.02	1,315,364
Kurniawan Udjaja	0.00	-	0.00	32,000
Public (below 5% each)	<u>44.13</u>	<u>2,746,590,724</u>	<u>42.91</u>	<u>2,652,100,003</u>
Total	<u>100.00</u>	<u>6,223,792,666</u>	<u>100.00</u>	<u>6,180,258,195</u>

All capital stock issued by the Company (Series A and Series B shares) are common stock.

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37. Capital Stock (Continued)

The changes in capital stock of the Company from January 1, 2009 up to December 31, 2010 are as follows:

	<u>Number of Shares</u>	<u>Paid-up Capital Stock Rp '000,000</u>
Balance as of January 1, 2009	5,787,665,415	1,276,891
Additional issuance of capital stock from the conversion of Series III warrants (Note 43)	8,828,686	883
Additional issuance of capital stock from the conversion of Series IV warrants (Note 43)	<u>383,764,094</u>	<u>38,376</u>
Balance as of December 31, 2009	6,180,258,195	1,316,150
Additional issuance of capital stock from the conversion of Series III warrants (Note 43)	1,600,804	160
Additional issuance of capital stock from the conversion of Series IV warrants (Note 43)	<u>41,933,667</u>	<u>4,194</u>
Balance as of December 31, 2010	<u><u>6,223,792,666</u></u>	<u><u>1,320,504</u></u>

38. Additional Paid-in Capital - Net

This account consists of additional paid-in capital and equity stock issuance cost, the details are as follows:

	<u>2010 Rp '000,000</u>	<u>2009 Rp '000,000</u>
Additional paid-in capital	808,037	790,735
Equity stock issuance cost	<u>(3,137)</u>	<u>(3,137)</u>
	<u><u>804,900</u></u>	<u><u>787,598</u></u>

Additional paid-in capital consist of:

	<u>2010 Rp '000,000</u>	<u>2009 Rp '000,000</u>
Initial public offering	78,000	78,000
Limited public offering I	165,750	165,750
Limited public offering III	24,783	24,783
Conversion of Series I warrants	49,372	49,372
Conversion of Series III warrants	396,353	395,824
Conversion of Series IV warrants	170,279	153,506
Conversion to capital stock	<u>(76,500)</u>	<u>(76,500)</u>
	<u><u>808,037</u></u>	<u><u>790,735</u></u>

Equity stock issuance cost incurred on Limited Public Offering II, III and IV, amounted to Rp 904 million, Rp 1,060 million, and Rp 1,173 million, respectively.

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38. Additional Paid-in Capital (Continued)

The changes in additional paid-in capital account from January 1, 2009 up to December 31, 2010 are as follows:

	Total Rp '000,000
Balance as of January 1, 2009	631,179
Additional paid-in capital from the conversion of Series III warrants (Note 43)	2,913
Additional paid-in capital from the conversion of Series IV warrants (Note 43)	<u>153,506</u>
Balance as of December 31, 2009	787,598
Additional paid-in capital from the conversion of Series III warrants (Note 43)	529
Additional paid-in capital from the conversion of Series IV warrants (Note 43)	<u>6,773</u>
Balance as of December 31, 2010	<u><u>794,900</u></u>

39. Difference Due to Changes in Equity of the Subsidiaries and Associated Companies

This account represents changes in value of investments of the Parent Company due to changes in equity of the subsidiaries and associated companies which resulted from the change in the Parent Company's ownership interest in PT Bank Sinarmas Tbk, PT Panji Ratu and PT Super Wahana Tehno (2009: included PT CERTIS CISCO), unrealized loss on decrease in value of securities of PT Asuransi Sinar Mas Tbk, PT Asuransi Jiwa Sinarmas and PT Bank Sinarmas Tbk and changes in fair values of derivative instruments of PT Oto Multiartha.

	2010 Rp '000,000	2009 Rp '000,000
Unrealized gain (loss) on increase (decrease) in value of securities (Note 5)	91,277	(41,978)
Effects of transactions of subsidiary and associated company with other investors	39,255	5,141
Changes in fair values of derivative instruments	(9,037)	(9,037)
Others	<u>(62)</u>	<u>(62)</u>
Total	<u><u>121,433</u></u>	<u><u>(45,936)</u></u>

40. Difference in Value Arising from Restructuring Transactions Among Entities Under Common Control

In December 2006, the Parent Company increased its investment in PT Asuransi Jiwa Sinarmas (AJS) amounting to Rp 15,000 million. The increase in investment resulted to an increase in ownership interest of the Parent Company in AJS 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 million 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.

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40. Difference in Value Arising from Restructuring Transactions Among Entities Under Common Control (Continued)

In December 2007, the Parent Company increased its investment in PT Asuransi Jiwa Sinarmas (AJS) amounting to Rp 20,000 million. The increase in investment resulted to an increase in ownership interest of the Parent 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 million 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.

In 2010, 2009 and 2008, the Parent Company increased its investment in PT Jakarta Teknologi Utama Motor (JTUM) amounting to Rp 15,000 million, Rp 20,000 million and Rp 8,000 million, respectively. The increase in investment resulted to an increase in ownership interest of the Parent Company in JTUM to 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) million, (Rp 7) million and (Rp 10) million, respectively, were recorded in "Difference in Value Arising from Restructuring Transactions Among Entities Under Common Control" as part of equity in the consolidated financial statements

The balance of this account as of December 31, 2010 and 2009 amounted to Rp 93,485 million and Rp 93,486 million, respectively.

41. Dividends

Based on the Extraordinary General Stockholders' Meeting dated June 4, 2010, The shareholder approved the distribution of cash dividend for 2009 amounting to Rp 6,182 million or Rp 1 pershare.

42. General Reserve

Based on the Extraordinary General Stockholders' Meeting dated June 4, 2010, the Company provided general reserve based on the total issued and paid up capital as of December 31, 2010 amounting to Rp 263,230 million. This general reserve was provided in relation with the Law of Republic of Indonesia No. 40/2007 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.

43. Warrants

In July 2005, the Parent Company issued 991,325,341 Series III warrants (detachable warrants), free of charge. These warrants can be exercised during the period from January 12, 2006 to July 13, 2010. Every holder of a Series III warrant has a right to buy one Series B share at an exercise price of Rp 500 per share. In 2010 and 2009, 1,600,804 and 8,828,686 (after adjustment – see paragraph 2) Series III warrants have been converted to Series B shares, respectively.

As of June 30, 2008, the price and total of Series III warrants have been adjusted in relation to Limited Public Offering IV. The new exercise price became Rp 430, and the new total warrants became 10,516,070 warrants.

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43. Warrants (Continued)

In July 2008, the Parent 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. In 2010 and 2009, 41,933,667 and 383,764,094 Series IV warrants have been converted to Series B shares. As of December 31, 2010 and 2009 unconverted Series IV warrants into Series B shares totaled to 1,021,095,665 and 1,063,029,332 warrants.

As of December 31, 2009, total of Series III warrants which have expired and unconverted into shares of stock totaled to 86,580 warrants (after adjustment).

44. Insurance Underwriting Income

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Gross premiums	12,573,142	10,004,878
Reinsurance premiums	(1,804,894)	(1,770,470)
Increase on unearned premiums (Note 29)	<u>(119,462)</u>	<u>(23,717)</u>
Total	<u><u>10,648,786</u></u>	<u><u>8,210,691</u></u>

45. Interest Income

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Loans	784,206	599,294
Securities	192,202	190,005
Time deposits	64,519	61,426
Placements with other banks	4,824	7,443
Securities purchased under agreements to resell	2,141	1,327
Mortgage receivables	2,585	2,798
Others	<u>1,875</u>	<u>2,205</u>
Total	<u><u>1,052,352</u></u>	<u><u>864,498</u></u>

In 2010 and 2009, interest income earned by PT Asuransi Jiwa Sinarmas, a subsidiary, from unit link transactions amounted to Rp 23,979 million and Rp 1,269 million, respectively. The interest income earned belong to the customers.

46. Sales

This account represent sales of foreign currencies by PT Simas Money Changer, a subsidiary.

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47. Other Operating Income

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Dividend income	26,643	4,914
Service center income	14,228	14,254
Technical assistance income	864	122
Investment income of the subsidiaries	971	117
Others	<u>15,810</u>	<u>11,303</u>
Total	<u><u>58,516</u></u>	<u><u>30,710</u></u>

Service center income were earned by the Parent Company and PT Jakarta Teknologi Utama Motor, a subsidiary.

Others include service income from Unit Link policyholders.

48. Insurance Underwriting Expenses

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Gross claims	7,999,990	7,718,036
Reinsurance claims	(93,830)	(363,821)
Decrease in liability for future policy benefits (Note 28)	(891,619)	(1,746,580)
Increase in segregated fund contract liabilities - unit link	3,688,892	2,843,626
Commission - net	351,465	286,961
Increase in estimated own retention claims (Note 29)	60,301	14,009
Increase in segregated fund contract liabilities - sharia	17,842	4,906
Other underwriting expense	<u>3,167</u>	<u>1,674</u>
Total	<u><u>11,136,208</u></u>	<u><u>8,758,811</u></u>

49. Interest Expense

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Time deposits	361,781	354,990
Loans received	55,374	46,296
Savings deposits	59,512	45,497
Current account	37,330	30,541
Deposits and deposits from other banks	4,158	4,274
Premiums on government guarantee	17,912	13,815
Others	<u>1,741</u>	<u>1,297</u>
Total	<u><u>537,808</u></u>	<u><u>496,710</u></u>

Premiums on Government guarantee was paid by PT Bank Sinarmas Tbk, a subsidiary, in relation to Government guarantee on obligations of private banks.

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50. General and Administrative Expenses

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
General	80,327	70,416
Electricity, water, and telephone	72,339	62,486
Marketing and advertising	47,171	35,939
Rental	41,566	34,784
Office supplies	25,214	18,846
Administration	18,790	14,079
Professional fees	14,871	12,987
Defined-benefit post employment expense - net (Note 51)	<u>26,811</u>	<u>12,635</u>
Total	<u><u>327,089</u></u>	<u><u>262,172</u></u>

51. Employee Benefits

Post-Employment Benefits

The Parent Company and its subsidiaries determine post-employment benefits based on Law No. 13 Year 2003, dated March 25, 2003. No funding of the benefits has been made to date by the Parent Company and its subsidiaries.

The latest actuarial valuation report on the pension fund and the defined-benefit post employment reserve of the Parent Company and subsidiaries (except PT Asuransi Jiwa Sinarmas) was from PT Rileos Pratama Agnesia, an independent actuary, dated February 17, 2011, and for subsidiaries dated between February 1, 2011 – March 17, 2011.

The actuarial valuation report on the pension fund and the defined-benefit post employment reserve of PT Asuransi Jiwa Sinarmas (AJS) was from AJS' internal actuary.

Movements of defined-benefit post-employment reserve are as follows:

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Defined-benefit post-employment reserve at beginning of the year	38,979	27,051
Defined-benefit post-employment expense during the year (Note 50)	26,811	12,635
Payments during the year	<u>(1,343)</u>	<u>(707)</u>
Defined-benefit post-employment reserve at end of the year	<u><u>64,447</u></u>	<u><u>38,979</u></u>

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51. Employee Benefits (Continued)

Principal actuarial assumptions used in the valuation of the defined post-employment benefits are as follows:

	<u>2010</u>	<u>2009</u>
Future salary increase	5.00% - 15.00%	5.00% - 15.00%
Discount rate	5.00% - 13.00%	11.00% - 13.00%

52. Other Operating Expenses

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Repairs and maintenance	36,620	32,599
Training	20,143	14,380
Direct costs of service center	8,722	10,645
Bad debts expense	396	1,317
Tithe	127	51
Others	5,982	2,241
Total	<u>71,990</u>	<u>61,233</u>

53. Non-Operating Income (Expenses)

Non-operating income consists of gain on sale of property and equipment (Note 19), interest income from current accounts, income from printing insurance policies and other non-operating income.

Non-operating expenses consist of donation, fine, bad debts expense, allowance for decline in value (Note 22), donations and other non-operating expenses.

54. Income Taxes

The tax expense of the Company and its subsidiaries consists of the following:

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Current tax expense		
Parent Company	-	-
Subsidiaries	68,026	48,124
Subtotal	<u>68,026</u>	<u>48,124</u>
Deferred tax expense (benefit)		
Parent Company	(37)	28
Subsidiaries	21,814	(2,294)
Subtotal	<u>21,777</u>	<u>(2,266)</u>
Total	<u>89,803</u>	<u>45,858</u>

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54. Income Taxes (Continued)

Current Tax

A reconciliation between income before tax per consolidated statements of income and accumulated fiscal losses is as follows:

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Income before tax per consolidated statements of income	1,367,617	779,584
Deduct:		
Income of the subsidiaries	<u>(1,330,447)</u>	<u>(736,755)</u>
Income before tax of the Parent Company	<u>37,170</u>	<u>42,829</u>
Temporary differences:		
Defined-benefit post-employment expense - net	69	38
Employee loan	81	-
Depreciation expense	-	37
Net	<u>150</u>	<u>75</u>
Permanent differences:		
Equity in net income of the associated companies	(28,388)	(41,920)
Gain on sale of investment	(12,718)	-
Gain from investment in units of mutual funds	(1,791)	(3,487)
Rent income	(4,143)	(4,143)
Interest income	(15)	(65)
General and administrative expenses	1,437	60
Other income	-	89
Depreciation expense	3,926	3,899
Other expenses	458	660
Net	<u>(41,234)</u>	<u>(44,907)</u>
Fiscal loss	(3,914)	(2,003)
Accumulated fiscal losses in prior years	(14,714)	(12,711)
Adjustment on fiscal losses based on tax assessment letter year 2008	<u>8</u>	<u>-</u>
Accumulated fiscal losses	<u>(18,620)</u>	<u>(14,714)</u>

The Parent Company is in fiscal loss position, thus, no provision for corporate income tax was made as of balance sheet dates. 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.

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54. Income Taxes (Continued)

Deferred Tax

	January 1, 2009 Rp '000,000	Credited (charged in) consolidated statement of income Rp '000,000	December 31, 2009 Rp '000,000	Credited (charged in) consolidated statement of income Rp '000,000	December 31, 2010 Rp '000,000
<u>Deferred Tax Assets - Net</u>					
Deferred tax assets (liabilities):					
Fiscal losses	1,006	-	1,006	-	1,006
Defined-benefit post- employment reserve	32	10	42	17	59
Depreciation expense	43	(38)	5	-	5
Employee loans	-	-	-	20	20
Total - Parent Company	1,081	(28)	1,053	37	1,090
Subsidiaries	3,330	12,428	15,758	(13,288)	2,470
Total	4,411	12,400	16,811	(13,251)	3,560
<u>Deferred Tax Liabilities - Net</u>					
Subsidiary	(23,332)	(10,134)	(33,466)	(8,526)	(41,992)

In September 2008, Law No. 7 Year 1983 regarding "Income Tax" has been revised with Law No. 36 Year 2008. The revised Law stipulates changes in corporate income tax rates from progressive tax rates to a flat rate of 28% for fiscal year 2009 and 25% for fiscal year 2010 onwards. The Company and its subsidiaries have recorded the impact of the changes in tax rates in the calculation of the deferred tax assets (liabilities) as of December 31, 2009 and recorded it as part of tax expense in the 2009 consolidated statement of income.

As of December 31, 2010 and 2009, the management of the Parent Company estimated that fiscal losses that can be realized in future periods amounted to Rp 4,025 million, hence, the related deferred tax asset recognized on the unused fiscal losses amounted to Rp 1,006 million. As of December 31, 2010 and 2009, the unrecognized deferred tax asset on unused fiscal losses amounted to Rp 3,649 million and Rp 2,672 million, respectively.

Management believes that deferred tax assets on temporary differences can be realized in future periods.

A reconciliation between the total tax expense and the amounts computed by applying the effective tax rate to income before tax per consolidated statements of income is as follows:

	2010 Rp '000,000	2009 Rp '000,000
Income before tax per consolidated statements of income	1,367,617	779,584
Deduct:		
Income of the subsidiaries	(1,330,447)	(736,755)
Income before tax of the Parent Company	37,170	42,829

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54. Income Taxes (Continued)

Deferred Tax (Continued)

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Tax expense at effective tax rates	<u>9,292</u>	<u>11,992</u>
Tax effects of permanent differences:		
Equity in net income of the associated companies	(7,097)	(11,737)
Gain on sale of investment	(3,179)	-
Gain from investment in units of mutual funds	(448)	(977)
Rent income	(1,035)	(1,160)
Interest income	(4)	(19)
General and administrative expenses	359	17
Other income	-	25
Depreciation expense	982	1,092
Other expenses	115	185
Net	<u>(10,307)</u>	<u>(12,574)</u>
Unrecognized deferred tax asset on fiscal losses	978	561
Adjustment on deferred tax	-	47
Effect of change in tax rate	<u>-</u>	<u>2</u>
Tax expense of the Parent Company	(37)	28
Tax expense of the subsidiaries	<u>89,840</u>	<u>45,830</u>
Total	<u><u>89,803</u></u>	<u><u>45,858</u></u>

55. Earnings Per Share

Net Income

	<u>2010</u>	<u>2009</u>
	Rp '000,000	Rp '000,000
Net income for computation of basic earnings per share and diluted earnings per share	<u><u>1,277,814</u></u>	<u><u>700,098</u></u>

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55. Earnings Per Share (Continued)

Number of Shares

	<u>2010</u> Shares	<u>2009</u> Shares
Weighted average number of ordinary shares for computation of basic earnings per share	6,191,883,748	6,135,052,001
Weighted average number of potentially dilutive ordinary shares: Series III and IV warrants	<u>564,417,029</u>	<u>540,108,321</u>
Weighted average number of ordinary shares for computation of diluted earnings per share	<u><u>6,756,300,777</u></u>	<u><u>6,675,160,322</u></u>

56. Nature of Relationship and Transactions with Related Parties

Nature of Relationship

The companies under the Sinar Mas Group which have the same stockholders and management with the Company, direct or indirectly, are recognized as related parties.

Transactions with Related Parties

In the normal course of business, the Company and its subsidiaries entered into certain transactions with related parties.

- a. Significant balances with related parties in the consolidated balance sheets as of balance sheet dates are as follows:

	<u>2010</u>		<u>2009</u>	
	Total	Percentage to Total Assets/ Liabilities	Total	Percentage to Total Assets/ Liabilities
	Rp'000.000	%	Rp'000.000	%
ASSETS				
Cash and cash equivalents				
Bank International Ningbo, China	<u>277</u>	<u>0.00</u>	<u>435</u>	<u>0.00</u>

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56. Nature of Relationship and Transactions with Related Parties (Continued)

Transactions with Related Parties (Continued)

	2010		2009	
	Total Rp'000.000	Percentage to Total Assets/ Liabilities %	Total Rp'000.000	Percentage to Total Assets/ Liabilities %
ASSETS (Continued)				
Short-term investments				
Securities				
Units of mutual fund				
Fixed income				
Simas Danamas Instrumen Negara	28,893	0.10	26,827	0.14
Simas Danamas Mantap Plus	24,183	0.09	24,524	0.12
Danamas Stabil	9,078	0.03	42,534	0.22
Money market				
Riau Liquid Fund	27,600	0.10	11,685	0.06
Danamas Rupiah	23,847	0.09	-	-
Danamas Rupiah Plus	377	0.00	357	0.00
Mixed				
Simas Satu	65,584	0.24	51,428	0.26
Danamas Fleksi	13,961	0.05	15,059	0.08
Shares				
Simas Danamas Saham	59,429	0.21	33,463	0.17
Others				
Sinar Dana Tumbuh	251,169	0.90	195,009	0.99
Sinar Prima Reksa	20,389	0.07	34,496	0.18
Total - units of mutual fund	<u>524,510</u>	<u>1.88</u>	<u>435,382</u>	<u>2.22</u>
Shares				
PT Dian Swastatika Sentosa Tbk	3,610	0.01	1,344	0.00
PT Indah Kiat Pulp & Paper Tbk	2,624	0.01	-	-
PT Pabrik Kertas Tjiwi Kimia Tbk	2,551	0.01	181	0.00
PT Bumi Serpong Damai Tbk	143	0.00	19,227	0.10
PT Sinar Mas Multiartha Tbk	1	0.00	4,037	0.02
Others	3	0.00	1	0.00
Total - shares	<u>8,932</u>	<u>0.03</u>	<u>24,790</u>	<u>0.12</u>
Warrants				
PT Sinar Mas Multiartha Tbk	1,008	0.00	638	0.00
PT Bank Sinarmas Tbk	30	0.00	-	-
Total - warrants	<u>1,038</u>	<u>0.00</u>	<u>638</u>	<u>0.00</u>
Total	<u>534,480</u>	<u>1.91</u>	<u>460,810</u>	<u>2.34</u>

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56. Nature of Relationship and Transactions with Related Parties (Continued)

Transactions with Related Parties (Continued)

	2010		2009	
	Total Rp'000.000	Percentage to Total Assets/ Liabilities %	Total Rp'000.000	Percentage to Total Assets/ Liabilities %
ASSETS (Continued)				
Consumer financing receivables				
Key employees	-	-	337	0.00
Net investments in finance lease				
PT Graha Dinamika Sejahtera	48,024	0.17	19,943	0.10
PT Citra Cemerlang	35,489	0.13	4,414	0.02
PT Buana Mas Intitrans	23,082	0.08	26,524	0.13
PT Ciptatrans Abadi	19,057	0.07	6,787	0.03
PT Citrabuana Transabadi	16,033	0.06	7,326	0.04
PT Dutabangun Transabadi	9,234	0.03	3,293	0.02
PT Wira Karya Sakti	7,689	0.03	12,364	0.06
PT Persada Bangun Sentosa	4,441	0.02	2,873	0.01
PT Sinar Asia Fortuna	3,811	0.01	8,765	0.04
PT Gaya Sukses Kaseindo	2,115	0.01	3,562	0.02
PT Arara Abadi	1,067	0.00	2,658	0.01
PT Bina Sinar Amity	903	0.00	2,414	0.01
PT Acacia Andalan Utama	-	-	1,574	0.01
PT Certis CISCO	-	-	3,535	0.02
Others (below 1 billion each)	1,854	0.01	4,422	0.02
Total	<u>172,799</u>	<u>0.62</u>	<u>110,454</u>	<u>0.54</u>
Factoring receivables				
PT Cakrawala Mega Indah	34,002	0.12	3,705	0.02
Jimmy Widjaja	25,362	0.09	172	0.00
PT Rolimex Kimia Nusamas	6,294	0.02	6,580	0.03
PT Shield On Service	-	-	8,520	0.04
The Service Line	-	-	1,869	0.01
Others (below 1 billion each)	-	-	298	0.00
Total	<u>65,658</u>	<u>0.23</u>	<u>21,144</u>	<u>0.10</u>
Segregated funds net assets - unit link				
Bonds	3,000	0.01	3,000	0.02
Units of mutual fund	53,320	0.19	1,071,053	5.44
Total	<u>56,320</u>	<u>0.20</u>	<u>1,074,053</u>	<u>5.46</u>

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
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56. Nature of Relationship and Transactions with Related Parties (Continued)

Transactions with Related Parties (Continued)

	2010		2009	
	Total Rp'000.000	Percentage to Total Assets/ Liabilities %	Total Rp'000.000	Percentage to Total Assets/ Liabilities %
ASSETS (Continued)				
Premiums and reinsurance receivables				
PT Kali Besar Raya Utama	16,013	0.06	90,543	0.46
PT Oto Multiartha	14,005	0.05	33,265	0.17
PT Indah Kiat Pulp & Paper Tbk	2,872	0.01	3,417	0.02
PT Cakrawala Mega Indah	1,920	0.01	2,992	0.02
PT Sebangun Bumi Andalas Group	1,845	0.01	1,136	0.01
Pulp & Paper other	1,378	0.00	-	-
PT Arara Abadi	992	0.00	8,507	0.04
PT Sinar Oleochemical International	202	0.00	1,224	0.01
PT Ekamas Fortuna	-	-	1,082	0.01
SMART Corporate	-	-	1,043	0.01
Others (below 1 billion each)	4,865	0.02	8,051	0.04
Total	44,092	0.16	151,260	0.79
Loans				
PT Lontar Papyrus Pulp & Paper Industry	653,602	2.35	677,793	3.44
PT Sinar Wisata Lestari	61,211	0.22	31,500	0.16
PT Putra Alvita Pratama	29,782	0.11	30,000	0.15
PT Sinar Wisata Permai	36,842	0.13	2,000	0.01
PT Maritim Sinar Utama	4,234	0.02	-	-
Others (below 1 billion each)	9,269	0.03	602	0.00
Total	794,940	2.85	741,895	3.76
Other accounts receivable				
Loans to associated company				
PT JobStreet Indonesia	360	0.00	376	0.00
Mortgage payable	2,465	0.01	3,087	0.02
Others	3,409	0.01	1,992	0.01
Total	6,234	0.02	5,455	0.03
Other assets				
Security deposits	3,425	0.01	3,257	0.02
Others	6,197	0.02	8,655	0.04
Total	9,622	0.03	11,912	0.06

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56. Nature of Relationship and Transactions with Related Parties (Continued)

Transactions with Related Parties (Continued)

	2010		2009	
	Total Rp'000.000	Percentage to Total Assets/ Liabilities %	Total Rp'000.000	Percentage to Total Assets/ Liabilities %
LIABILITIES				
Deposits and deposits from other banks	<u>3,875,577</u>	<u>13.92</u>	<u>2,621,080</u>	<u>16.28</u>
Securities sold under agreements to repurchase	<u>32,069</u>	<u>0.12</u>	<u>26,327</u>	<u>0.16</u>
Accounts payable				
Reinsurance payables				
PT Kali Besar Raya Utama	953	0.00	3,488	0.02
PT Simas Reinsurance Broker	6,214	0.02	668	0.00
PT LG Insurance Indonesia	14	0.00	148	0.00
Total	<u>7,181</u>	<u>0.03</u>	<u>4,304</u>	<u>0.02</u>
Commissions payable	3,216	0.01	2,153	0.01
Insurance claims payable	1,868	0.01	2,247	0.01
Premiums payable	181	0.00	-	-
Total	<u>12,446</u>	<u>0</u>	<u>8,704</u>	<u>0.02</u>
Unearned premiums and estimated own retention claims	<u>193,375</u>	<u>0.69</u>	<u>116,523</u>	<u>0.72</u>
Accrued expenses	<u>6,682</u>	<u>0.02</u>	<u>3,758</u>	<u>0.02</u>
Other liabilities	<u>818</u>	<u>0.00</u>	<u>1,841</u>	<u>0.01</u>

- b. As of December 31, 2010 and 2009, the Parent Company and its subsidiaries invested their funds amounting to Rp 524,510 million and Rp 435,382 million, respectively, in units of mutual funds which were managed by PT Sinarmas Sekuritas (a subsidiary) as investment manager (Note 5).
- c. The Company and its subsidiaries insured their property and equipment and assets for lease with PT Asuransi Sinar Mas (ASM) (Notes 19 and 21).
- d. In 2010 and 2009, the consolidated consumer financing income from related parties amounted to Rp 2 million and Rp 23 million, or 0.00% and 0.02%, respectively, of the total consolidated consumer financing income.
- e. In 2010 and 2009, the consolidated factoring income from related parties amounted to Rp 10,655 million and Rp 9,845 million, or 36.33% and 21.39%, respectively, of the total consolidated factoring income.
- f. In 2010 and 2009, the consolidated finance lease income from related parties amounted to Rp 22,761 million and Rp 16,341 million, or 81.86% and 69.83%, respectively, of the total consolidated finance lease income.
- g. PT Sinar Mas Multifinance (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 PT Bank Sinarmas (BS) (Note 7.f).

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56. Nature of Relationship and Transactions with Related Parties (Continued)

Transactions with Related Parties (Continued)

- h. Since September 2006, ABSM entered into certain lease agreements (operating lease) with BS 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).
- i. On October 22, 2007, SMF entered into operating lease agreement with BS on SMF's automatic teller machine (ATM) (Note 21). The operating lease agreement is valid from November 22, 2007 to January 20, 2012.
- j. The Company entered into long term room lease agreement with PT Asuransi Sinar Mas, a subsidiary (Note 58)
- k. As of December 31, 2010 and 2009, the total balance of commitments and contingent transactions (L/C and bank guarantees) with related parties amounted to Rp 37,614 million and Rp 16,326 million (Note 59), respectively.
- l. Transactions with related parties are done under the same terms and conditions as done with third parties, except loans and mortgage receivables from employees and loans which are secured by cash guarantee and are done with different terms and conditions (Note 13.g and 16).

There are no transactions with related parties that directly or indirectly related with main business of the company and its subsidiaries and identified as conflict of interest based on BAPEPAM LK No. IX. E. 1 "Conflict of Interest".

57. 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, as appropriate.

The following table sets forth the carrying amounts and estimated fair values of the Company and its subsidiaries' financial assets and liabilities as of December 31, 2010:

	<u>Carrying value</u> Rp '000.000	<u>Estimated Fair Values</u> Rp '000.000
Financial Assets		
<i>At fair value through profit and loss</i>		
Short term investment - securities - shares and warrants	1,033,109	1,033,109
Short term investment - securities - bonds	72,397	72,397
Short term investment - securities - units of mutual fund	3,128,024	3,128,024
Segregated funds net assets unit link - shares	36,072	36,072
Segregated funds net assets unit link - units of mutual fund	5,929,443	5,929,443
Segregated funds net assets sharia - units of mutual fund	40,413	40,413

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57. Fair Value of Financial Assets and Financial Liabilities (Continued)

	<u>Carrying value</u> Rp '000.000	<u>Estimated Fair</u> <u>Values</u> Rp '000.000
Financial Assets (Continued)		
<i>Held to maturity</i>		
Short term investment - securities - bonds	1,287,659	1,468,652
Short term investment - securities - credit link note	63,070	63,070
Short term investment - securities - Bank Indonesia Intervention	171,273	171,273
Short term investment - securities - export bill receivable	322,030	322,030
Segregated funds net assets unit link - bonds	44,471	48,349
Segregated funds net assets sharia - bonds	21,591	23,591
<i>Available for sale</i>		
Short term investment - securities - shares	1,190,672	1,190,672
Short term investment - securities - bonds	36,493	36,493
<i>Loans and receivables</i>		
Cash and cash equivalents	1,980,945	1,980,945
Securities purchased under agreements to resell	107,141	107,141
Short term investment - securities - placement with other banks	706,189	706,189
Short term investment - securities - time deposits	33,543	33,543
Consumer financing receivables - net	376,961	376,961
Net investments in finance lease - net	163,869	163,869
Factoring receivables - net	187,558	187,558
Segregated funds net assets unit link - time deposits	984,135	984,135
Segregated funds net assets unit link - cash in banks	35,927	35,927
Segregated funds net assets unit link - investment receivables	2,271	2,271
Segregated funds net assets sharia - time deposits	3,000	3,000
Segregated funds net assets sharia - cash in banks	4,599	4,599
Segregated funds net assets sharia - investment receivables	504	504
Securities agent receivables	165,481	165,481
Other account receivables - net	542,356	542,356
Loans - net	6,934,157	6,989,076
Investment in shares	337,182	337,182
Other assets	22,496	22,496
Total financial assets	<u><u>25,965,031</u></u>	<u><u>26,206,821</u></u>

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), segregated funds net assets – sharia (investment receivable), other assets (security deposits and money transfer), accounts payable, 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.

Fair value of short term investments in securities, segregated funds net assets - unit link, and segregated funds net assets – sharia (shares that are traded in Indonesia Stock Exchange, and bonds) based on market price, fair value of short term investment securities, segregated funds net assets - unit link, and segregated funds net assets – sharia (unit mutual fund) were based on net asset value published.

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.

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57. Fair Value of Financial Assets and Financial Liabilities (Continued)

The fair value of loan received is determined based on discounted cash flow analysis using market interest rates.

There is no reliable basis for measuring the fair value of investment in shares (Note 2.h 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.

58. Agreements and Engagements

On June 6, 2008, the Parent Company entered into room leasing agreement with PT Asuransi Sinar Mas (ASM) relating to lease of 7th and 8th floor 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 56).

PT Asuransi Jiwa Sinarmas (AJS) entered into cooperation agreements, where AJS was appointed as insurance agent with third parties. The third parties are PT Bank Commonwealth, 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, PT Bank Sinarmas Tbk, 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.

59. Commitments and Contingencies

- a. PT Bank Sinarmas (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, 2010, amounting to Rp 28,697 million and Rp 27,030 million, respectively, while commitments on purchases and sales of foreign currency (Spot) which have not yet realized as of December 31, 2009, amounting to Rp 14,512 million and Rp 14,513 million, respectively.
- b. BS has commitments and contingent receivables and liabilities under export-import, guarantees and loans given to the customers as follows:

	2010	2009
	Rp '000,000	Rp '000,000
Commitments		
Commitment Liabilities		
Unused loan commitments granted to customers	115,266	445,336
Irrevocable Letters of Credit	37,254	16,402
Total	<u>152,520</u>	<u>461,738</u>
Contingencies		
Contingent receivables		
Past due interest revenues	11,874	6,786
Contingent liabilities		
Bank guarantees issued	317,066	276,333
Net	<u>(305,192)</u>	<u>(269,547)</u>

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59. Commitments and Contingencies (Continued)

As of December 31, 2010 and 2009, the total commitments and contingent transactions (which consist of letters of credit and bank guarantees) with related parties amounted to Rp 37,614 million and Rp 16,326 million, respectively (Note 56).

As of December 31, 2010 and 2009, the term of letters of credit is 1 up to 2 months and 1 up to 4 month, respectively, while for bank guarantees is 1 month up to 36 months

60. Segment Information

a. Business Segment

2010

	Parent Company	Insurance underwriting	Consumer financing, finance lessa, and factoring	Share administration fee	Stock brokerage, underwriting and investment management	Banking	Development, trading, and service	Total before elimination	Elimination	Total after elimination
	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000
Operating income	-	10,624,252	241,070	3,241	105,543	-	-	10,974,106	10,436	10,984,542
Gain on investment in units of mutual fund	1,791	1,210,212	-	1,083	33,732	-	284	1,247,102	-	1,247,102
Interest income	-	149,911	186	-	8,614	907,534	568	1,066,813	(14,461)	1,052,352
Gain on sale of short term investment - net	-	252,473	-	-	51,213	9,908	-	313,592	-	313,592
Gain on foreign exchanges - net	-	(46,874)	26	-	284	2,357	1	(44,206)	44,206	-
Unrealized gain on increase in fair value of securities	-	82,591	-	-	101,795	495	-	184,881	-	184,881
Equity in net income of the subsidiaries and associate companies - net	1,268,995	-	-	-	-	-	9,913	1,278,908	(1,250,520)	28,388
Administration fee and commissions	-	-	51,918	-	-	69,799	-	121,716	(38,336)	83,380
Sales	1,137	-	-	-	-	-	46,107	47,244	-	47,244
Gain on sale of investment in shares	12,718	-	-	-	-	-	-	12,718	-	12,718
Others	863	27,734	6,522	-	6,726	494	20,818	63,067	(4,551)	58,516
Total operating income	1,285,504	12,300,299	299,722	4,324	307,907	990,494	77,691	15,255,941	(1,253,226)	14,012,715
Operating expense	-	11,136,208	-	-	18,866	-	-	11,155,074	-	11,155,074
Interest expense	81	-	55,647	-	78	497,652	-	553,458	(15,650)	537,808
Salaries and employee benefit	772	129,811	68,616	1,629	27,772	103,905	3,241	335,746	-	335,746
General and administrative	2,274	129,570	39,441	337	22,757	150,617	3,636	348,642	(21,553)	327,089
Depreciation and amortization	3,953	24,939	29,318	182	3,559	22,109	873	85,327	(6,598)	78,729
Gain on foreign exchanges - net	30	8,347	743	-	-	-	-	9,120	44,207	53,327
Provision for impairment losses	-	4,926	13,817	253	-	(2,383)	-	16,613	-	16,613
Provision for impairment losses on earning and nonearning assets	-	-	-	-	-	44,934	-	44,934	-	44,934
Other financial charges	-	-	17,293	-	-	-	-	17,293	(13,803)	3,490
Mudharabah in participant	-	213	-	-	-	-	-	213	-	213
Cost of good sold	1,231	-	-	-	-	-	45,966	47,197	-	47,197
Others	4	21,936	5,557	59	2,144	30,118	13,849	73,667	(1,677)	71,990
Total operating expense	8,345	11,455,950	230,432	2,460	75,586	846,946	67,565	12,687,284	(15,042)	12,672,242
Income from operations - net	1,277,159	844,349	69,290	1,864	232,321	143,548	10,126	2,578,657	(1,238,184)	1,340,473
Non-operating income (expense) - net operational - net	618	14,661	(334)	166	19,840	(2,603)	565	32,913	(5,769)	27,144
Tax expense	37	(18,030)	(19,168)	(150)	(13,325)	(39,141)	(26)	(89,803)	-	(89,803)
Minority interest in net income of subsidiaries	-	-	-	-	-	-	-	-	-	-
Net income	1,277,814	840,980	49,788	1,880	238,836	101,804	10,665	2,521,767	(1,243,953)	1,277,814
Segment assets	77,890	14,212,419	1,069,446	18,158	1,220,593	11,232,179	291,273	28,121,958	(671,247)	27,450,710
Investments in subsidiaries and associates companies	4,993,389	-	-	-	-	-	-	4,993,389	(4,611,237)	382,152
Unallocated assets	5,900	-	2,573	221	38	-	3,430	12,162	-	12,162
Total assets	5,077,179	14,212,419	1,072,019	18,379	1,220,631	11,232,179	294,703	33,127,509	(5,282,484)	27,845,024
Segment liabilities	14,072	11,510,617	558,284	1,128	454,898	10,281,461	152,711	22,973,151	(472,540)	22,500,611
Unallocated liabilities	15	31,024	2,086	104	10,837	39,224	115	83,405	-	83,405
Total liabilities	14,087	11,541,641	560,370	1,232	465,735	10,320,685	152,826	23,056,556	(472,540)	22,584,016

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60. Segment Information (Continued)

a. Business Segment (Continued)

2009

	Parent Company Rp '000,000	Insurance underwriting Rp '000,000	Consumer financing, finance lease and factoring Rp '000,000	Shares administration fee Rp '000,000	Stock brokerage, underwriting and investment management Rp '000,000		Development, trading and services Rp '000,000	Total before elimination Rp '000,000	Elimination Rp '000,000	Total after elimination Rp '000,000
					Banking Rp '000,000					
Operating income	-	8,188,171	199,239	2,014	57,892	-	-	8,447,316	12,662	8,459,978
Interest income	33	143,199	-	-	8,771	731,228	746	883,977	(19,479)	864,498
Gain (loss) from investments in units of mutual funds	3,487	1,170,537	2	935	20,685	-	247	1,195,893	-	1,195,893
Gain on sale of short-term investments - net	-	(17,797)	-	-	68,890	514	-	51,607	-	51,607
Sales	286	-	-	-	-	-	154,203	154,489	-	154,489
Administration fee and commissions	-	-	30,900	-	-	106,106	-	137,006	(28,164)	108,842
Equity in net income of the subsidiaries and associated companies - net	699,217	-	-	-	-	-	4,749	703,966	(662,046)	41,920
Gain on foreign exchange - net	-	5,350	26	-	-	9,728	-	15,104	(15,104)	-
Unrealized gain on increase in fair value of securities	-	85,962	-	-	102,852	1,095	-	189,909	-	189,909
Others	392	7,917	2,657	-	3,578	683	15,473	30,710	-	30,710
Total operating income	703,415	9,583,339	232,834	2,949	262,668	849,354	175,418	11,809,977	(712,131)	11,097,846
Operating expenses	-	8,758,811	-	-	6,191	-	-	8,765,002	-	8,765,002
Salaries and employee benefits	798	111,306	34,593	1,464	26,961	72,534	3,079	250,735	-	250,735
General and administrative	820	107,847	21,983	300	20,753	123,034	1,615	276,352	(14,180)	262,172
Interest expense	-	-	46,268	-	30	470,356	-	516,654	(19,944)	496,710
Depreciation and amortization	3,964	25,824	23,203	201	2,698	18,747	486	75,123	(2,913)	72,210
Cost of Goods Sold	257	-	-	-	-	-	153,800	154,147	-	154,147
Provision for possible losses on earning and non-earning assets	-	-	-	-	-	64,527	-	64,527	-	64,527
Provision for doubtful accounts	-	-	8,618	22	-	-	-	8,640	-	8,640
Other financial charges	-	-	7,122	-	-	-	-	7,122	(5,643)	1,479
Mudharabah for participants	-	249	-	-	-	-	-	249	-	249
Unrealized loss on decrease in fair value of securities	-	-	-	-	-	-	-	-	-	-
Equity in net loss of subsidiaries and associated companies - net	-	-	-	-	-	-	-	-	-	-
Loss on foreign exchange - net	845	199,116	1,236	-	7,381	-	3	208,581	(15,104)	193,477
Others	231	20,692	2,451	45	1,810	25,291	10,622	61,233	-	61,233
Total operating expenses	6,915	9,223,835	145,574	2,032	65,824	774,489	169,696	10,398,365	(57,784)	10,330,581
Income from operations - net	696,500	359,504	87,260	917	196,844	74,865	5,722	1,421,612	(654,347)	767,265
Non-operating income (expenses) - net	3,626	11,969	(234)	288	4,481	(4,067)	1,043	17,106	(4,787)	12,319
Tax expense	(28)	4,797	(25,049)	(36)	(3,434)	(22,031)	(77)	(45,858)	-	(45,858)
Minority interest in net income of subsidiaries	-	-	-	-	-	-	-	-	(33,628)	(33,628)
Net income	700,098	376,270	61,977	1,169	197,891	48,767	6,698	1,392,880	(692,762)	700,098
Segment assets	120,765	9,944,103	836,218	15,961	659,237	8,036,015	176,723	19,789,022	(459,318)	19,329,704
Investments in subsidiaries and associated companies	3,485,902	-	-	-	-	-	-	3,485,902	(3,140,905)	344,997
Unallocated assets	6,410	15,528	2,931	294	-	-	473	25,636	-	25,636
Total assets	3,613,077	9,959,631	839,149	16,255	659,237	8,036,015	177,196	23,300,560	(3,600,223)	19,700,337
Segment liabilities	15,625	8,238,891	408,742	930	140,719	7,435,493	64,980	16,305,380	(267,274)	16,038,106
Unallocated liabilities	61	25,141	7,689	59	2,462	29,093	205	64,710	-	64,710
Total liabilities	15,686	8,264,032	416,431	989	143,181	7,464,586	65,185	16,370,090	(267,274)	16,102,816

b. Geographical Segment

Geographical market	2010							
	Insurance underwriting	Consumer financing, finance lease and factoring	Shares administration fee	Stock brokerage, underwriting and investment management	Banking	Development, trading and services	Elimination	Total
	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000
Java and Bali	10,266,088	200,487	3,241	105,543	-	-	10,436	10,585,795
Sumatera	173,501	29,688	-	-	-	-	-	203,189
Kalimantan	104,313	4,539	-	-	-	-	-	108,852
Sulawesi	76,912	6,356	-	-	-	-	-	83,268
Irian	3,438	-	-	-	-	-	-	3,438
Total	10,624,252	241,070	3,241	105,543	-	-	10,436	10,984,542
Geographical market	2009							
	Insurance underwriting	Consumer financing, finance lease and factoring	Shares administration fee	Stock brokerage, underwriting and investment management	Banking	Development, trading and services	Elimination	Total
	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000
Java and Bali	7,825,874	178,051	2,014	57,892	-	-	12,662	8,076,493
Sumatera	190,484	17,753	-	-	-	-	-	208,237
Kalimantan	83,160	2,851	-	-	-	-	-	86,011
Sulawesi	85,690	584	-	-	-	-	-	86,274
Irian	2,963	-	-	-	-	-	-	2,963
Total	8,188,171	199,239	2,014	57,892	-	-	12,662	8,459,978

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
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60. Segment Information (Continued)

b. Geographical Segment (Continued)

Geographical market	Carrying value of consolidated segment assets *				Additions to consolidated property and equipment			
	2010		2009		2010		2009	
	Rp '000,000	%	Rp '000,000	%	Rp '000,000	%	Rp '000,000	%
Java and Bali	25,305,891	92.1	17,783,696	92.1	126,111	72.7	131,966	85.1
Sumatera	1,230,332	4.5	702,216	3.6	40,331	23.3	15,244	9.8
Kalimantan	341,713	1.2	123,248	0.6	4,588	2.6	1,700	1.1
Sulawesi	479,029	1.8	642,585	3.3	2,249	1.3	6,126	4.0
Irian	93,745	0.4	77,959	0.4	202	0.1	73	0.0
Total	27,450,710	100.0	19,329,704	100.0	173,481	100.0	155,109	100.0

* Exclude prepaid taxes and deferred tax assets

61. Risk Management

The main risks arising from the Company and its subsidiaries' financial instruments are interest rate risk, foreign exchange risk, credit risk and liquidity risk. The operational activities of the Company and its subsidiaries are managed in a prudential manner by managing those risks to minimize potential losses.

In practice, implementation of risk management of the Company and its subsidiaries include 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 Company and its subsidiaries will incur a loss arising from the customers or counterparties which fail to fulfill their contractual obligations. Management believes that there are no significant concentrations of credit risk. The Company and its subsidiaries manage and control 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 table below shows consolidated balance sheet exposures related to credit risk as of December 31, 2010:

	Gross amount Rp '000.000	Net amount Rp '000.000
<i>At fair value through profit and loss</i>		
Short term investment - securities - shares and warrants	1,033,109	1,033,109
Short term investment - securities - bonds	53,240	53,240
Short term investment - securities - units of mutual fund	3,128,024	3,128,024
Segregated funds net assets - shares	36,072	36,072
Segregated funds net assets unit link - units of mutual fund	5,929,443	5,929,443
Segregated funds net assets sharia - units of mutual fund	40,413	40,413

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61. Risk Management (Continued)

Credit Risk (Continued)

	<u>Gross amount</u> Rp '000.000	<u>Net amount</u> Rp '000.000
<i>Held to maturity</i>		
Short term investment - securities - bonds	182,159	182,159
Short term investment - securities - credit link note	63,070	63,070
Short term investment - securities - export bill receivables	322,030	322,030
Segregated funds net assets unit link - bonds	34,149	34,149
Segregated funds net assets sharia - bonds	14,085	14,085
<i>Available for sale</i>		
Short term investment - securities - shares	1,190,672	1,190,672
<i>Loans and receivables</i>		
Cash and cash equivalent	913,026	913,026
Securities purchased under agreements to resell	107,141	107,141
Short term investment - placement with other banks	706,189	706,189
Short term investment - time deposits	33,543	33,543
Net investment in finance lease	167,583	163,869
Consumer financing receivables	377,499	376,961
Factoring receivables	192,738	187,558
Segregated funds net assets unit link - time deposits	984,135	984,135
Segregated funds net assets unit link - cash and cash equivalents	35,927	35,927
Segregated funds net assets unit link - investment receivables	2,271	2,271
Segregated funds net assets sharia - time deposits	3,000	3,000
Segregated funds net assets sharia - cash and cash equivalents	4,599	4,599
Segregated funds net assets sharia - investment receivables	504	504
Securities agent receivables	165,481	165,481
Other receivables - net	543,103	542,356
Loans - net	7,011,795	6,934,157
Investment in shares	337,182	337,182
Other assets	22,496	22,496
Total	<u>23,634,678</u>	<u>23,546,861</u>

Market Risk

Market risk is the fair value or future contractual cash flows of a financial instrument held by the Company and its subsidiaries will be affected due to changes in market variables such as interest rates, exchange rates, including derivatives of both risks (risks of derivative instruments).

i. Interest rate risk

Interest rate risk is the potential loss arising from movements in market interest rates as opposed to the position or transaction of the Company and its subsidiaries.

To measure interest rate risk, the Company and its subsidiaries generally use the analysis of net interest income (net interest margin) and the difference (spread) interest rates. In addition, the Company and its subsidiaries also conduct a study analysis report due (maturity gap analysis) and static interest rate gap analysis to provide a static picture on the balance sheet position on a particular date based on the characteristics of back interest rate determination date (repricing time) or the remaining time until due dates of productive assets and savings (remaining maturity).

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
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61. Risk Management (Continued)

Market Risk (Continued)

i. Interest rate risk (Continued)

The table below shows consolidated balance sheet exposures related to interest rate risk as of December 31, 2010:

	Average effective interest rate %	Maturity in 1 year Rp '000,000	Maturity after 1 year Rp '000,000	Maturity after 2 years Rp '000,000	Maturity after 3 years Rp '000,000	Maturity after 4 years Rp '000,000	Maturity after 5 years Rp '000,000	Total Rp '000,000
Assets								
Cash and cash equivalents	1.50%	1,710,322	-	-	-	-	-	1,710,322
Short term investment - time deposits	7.24%	33,543	-	-	-	-	-	33,543
Short term investment - placement with other banks	0.83%	706,189	-	-	-	-	-	706,189
Short term investment - securities - bonds	10.44%	100,389	141,702	89,057	54,259	249,386	761,756	1,396,549
Short term investment - securities - credit link note	8.05%	18,020	45,050	-	-	-	-	63,070
Short term investment - securities - BI Intervention	6.68%	171,273	-	-	-	-	-	171,273
Short term investment - securities - export bill receivables	1.51%	322,029	-	-	-	-	-	322,029
Securities purchased under agreements to resell	16.00%	107,141	-	-	-	-	-	107,141
Net investment in finance lease	17.50%	102,299	73,223	41,152	7,106	-	-	223,780
Factoring receivables	39.50%	198,833	-	-	-	-	-	198,833
Consumer financing receivables	14.50%	323,271	154,957	46,538	7,076	-	-	531,842
Segregated funds in net assets unit link - cash in banks	1.50%	35,927	-	-	-	-	-	35,927
Segregated funds in net assets unit link - time deposits	5.06%	984,135	-	-	-	-	-	984,135
Segregated funds in net assets unit link - bonds	12.25%	3,000	22,729	14,299	-	4,443	-	44,471
Segregated funds in net assets sharia - cash in banks	1.50%	4,599	-	-	-	-	-	4,599
Segregated funds in net assets sharia - time deposits	8.38%	3,000	-	-	-	-	-	3,000
Loans	14.40%	-	2,080	4,725	5,110	9,603	1,073	21,591
Securities agent receivables	22.00%	2,047,852	1,367,850	849,025	1,139,456	327,601	1,280,011	7,011,795
Other receivables	11.00%	40,288	4,892	2,145	1,470	624	16,186	40,288
Liabilities								
Deposits and deposits from other banks	4.71%	9,604,110	-	-	-	-	-	9,604,110
Securities sold under agreements to repurchase	20.00%	32,069	-	-	-	-	-	32,069
Loan received	13.00%	504,818	6,714	733	-	-	-	512,265

ii. Foreign currency risk

Foreign currency risk is the risk that the carrying value or future cash flows of a financial instrument will fluctuate due to changes in currency exchange rate of Rupiah against foreign currencies.

The Company and its subsidiaries handle this risk by always keeping the balance in assets and liabilities denominated in foreign currencies with the matching ratio at least 100% and is guided by regulations.

The following table shows consolidated monetary assets and liabilities as of December 31, 2010:

	2010		2009	
	Equivalent in US\$	Equivalent in Rp '000,000	Equivalent in US\$	Equivalent in Rp '000,000
Assets				
Cash and cash equivalents	60,041,440	540,940	79,041,684	742,626
Short term investments	215,277,103	1,938,162	144,239,854	1,342,803
Securities purchased under agreement to resell	-	-	1,066,242	10,017
Net investment in finance lease	-	-	19,973	188
Factoring receivables	5,111,489	45,957	750,000	7,050
Segregated funds in net assets - unit link	71,178,284	639,964	24,763,386	232,777
Premium and reinsurance receivables	4,137,091	37,197	15,741,490	147,970
Loans - net	88,197,669	794,661	82,153,805	771,835
Other receivables	6,552,016	58,943	3,954,719	37,172
Other assets	144,957	1,303	537,295	5,050
Total assets	450,640,047	4,057,127	352,268,448	3,297,488

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61. Risk Management (Continued)

Market Risk (Continued)

ii. Foreign currency risk (Continued)

	2010		2009	
	Equivalent in US\$	Equivalent in Rp '000.000	Equivalent in US\$	Equivalent in Rp '000.000
Liabilities				
Deposits and deposits from other banks	278,613,049	2,510,303	195,776,401	1,839,319
Accounts payable	7,072,286	63,586	18,466,852	173,589
Premiums received in advance	2,193,827	19,725	472,075	4,438
Liability for future policy benefits	58,851,009	529,129	74,270,326	698,141
Segregated funds contract liabilities	68,126,192	612,523	25,323,684	238,043
Unearned premiums and estimated own retention claims	4,994,135	44,902	2,209,052	20,765
Taxes payable	90,011	811	99,645	936
Accrued expenses	175,916	1,585	138,579	1,302
Other liabilities	8,228,015	74,040	4,841,953	45,502
Total liabilities	428,344,440	3,856,604	321,598,567	3,022,035
Net Assets	22,295,607	200,523	30,669,881	275,453

Liquidity Risk

Liquidity risk is a risk arising when the cash flow position of the Company and its subsidiaries 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 Company and its subsidiaries' 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 summarizes the maturity profile of consolidated financial assets and liabilities based on contractual undiscounted payments as of December 31, 2010.

	> 6 months	> 1 year	> 2 years	> 5 years	Total	Transaction	Total
	s.d 12 months	s.d 2 years	s.d 5 years			cost	
	Rp '000.000	Rp '000.000	Rp '000.000	Rp '000.000	Rp '000.000	Rp '000.000	Rp '000.000
Asset							
Cash and cash equivalents	1,980,945	-	-	-	1,980,945	-	1,980,945
Short term investment - time deposits	33,543	-	-	-	33,543	-	33,543
Short term investment - placement with other banks	706,189	-	-	-	706,189	-	706,189
Short term investment - securities - shares	2,223,781	-	-	-	2,223,781	-	2,223,781
Short term investment - securities - unit mutual fund	3,128,024	-	-	-	3,128,024	-	3,128,024
Short term investment - securities - bonds	100,389	141,702	392,702	761,756	1,396,549	-	1,396,549
Short term investment - securities - credit link note	18,020	45,050	-	-	63,070	-	63,070
Short term investment - securities - BI Intervention	171,273	-	-	-	171,273	-	171,273
Short term investment - securities - export bill receivables	322,030	-	-	-	322,030	-	322,030
Securities purchased under agreement to resell	107,141	-	-	-	107,141	-	107,141
Net investment in finance lease	102,299	73,223	48,258	-	223,780	-	223,780
Factoring receivables	198,833	-	-	-	198,833	-	198,833
Consumer financing receivables	323,271	154,957	53,614	-	531,842	-	531,842
Segregated funds in net assets unit link - cash in banks	35,927	-	-	-	35,927	-	35,927
Segregated funds in net assets unit link - time deposits	984,135	-	-	-	984,135	-	984,135
Segregated funds in net assets unit link - unit mutual funds	5,929,443	-	-	-	5,929,443	-	5,929,443
Segregated funds in net assets unit link - shares	36,072	-	-	-	36,072	-	36,072
Segregated funds in net assets unit link - bonds	3,000	22,729	18,742	-	44,471	-	44,471
Segregated funds in net assets unit link - investments receivable	2,271	-	-	-	2,271	-	2,271
Segregated funds in net assets sharia - cash in banks	4,599	-	-	-	4,599	-	4,599
Segregated funds in net assets sharia - time deposits	3,000	-	-	-	3,000	-	3,000
Segregated funds in net assets sharia - unit mutual fund	40,413	-	-	-	40,413	-	40,413
Segregated funds in net assets sharia - investment receivables	504	-	-	-	504	-	504
Segregated funds in net assets sharia - bonds	-	2,080	18,438	1,073	21,591	-	21,591
Loans	2,057,151	1,374,063	2,326,601	1,285,825	7,043,640	31,845	7,011,795
Securities agent receivables	165,481	-	-	-	165,481	-	165,481
Other receivables	517,786	4,892	4,239	16,186	543,103	-	543,103
Investment in shares	337,182	-	-	-	337,182	-	337,182
Other assets	22,496	-	-	-	22,496	-	22,496
Total assets	19,555,198	1,818,696	2,862,594	2,064,840	26,301,328	31,845	26,269,483

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61. Risk Management (Continued)

Liquidity Risk (Continued)

	> 6 months s.d 12 months Rp '000.000	> 1 year s.d 2 years Rp '000.000	> 2 years s.d 5 years Rp '000.000	> 5 years Rp '000.000	Total Rp '000.000	Transaction cost Rp '000.000	Total Rp '000.000
Liabilities							
Deposits and deposits from other banks	9,604,110	-	-	-	9,604,110	-	9,604,110
Securities sold under agreements to repurchase	32,069	-	-	-	32,069	-	32,069
Loan received	505,526	6,714	733	-	512,973	708	512,265
Accounts payable	2,115	-	-	-	2,115	-	2,115
Securities agent payables	415,650	-	-	-	415,650	-	415,650
Accrued expenses	43,868	-	-	-	43,868	-	43,868
Other liabilities	336,618	-	-	-	336,618	-	336,618
Total liabilities	10,939,956	6,714	733	-	10,947,403	708	10,946,695
Net Assets	8,615,242	1,811,982	2,861,861	2,064,840	15,353,925	31,137	15,322,788

62. Restatement of 2009 Consolidated Statement of Cash Flows

Effective January 1, 2010, cash and cash equivalents component has been modified as described in Note 2a. Therefore, for comparative purpose, the consolidated statement of cash flows for the year ended December 31, 2009 has been restated as follows:

	Before Restatement Rp '000.000	Restatement Rp '000.000	After Restatement Rp '000.000
Net cash provided by operating activities	920,622	277,939	1,198,561
Net cash used in investing activities	(231,163)	-	(231,163)
Net cash provided by financing activities	284,487	-	284,487
Net increase in cash and cash equivalents	973,946	277,939	1,251,885
Cash and cash equivalents at beginning of the year	825,610	-	825,610
Effect on foreign exchanges rate changes	(44,443)	-	(44,443)
Cash and cash equivalents at the end of the year	<u>1,755,113</u>	<u>277,939</u>	<u>2,033,052</u>

63. Other Information

a. PT Bank Sinarmas Tbk (BS)

The Capital Adequacy Ratio (CAR) of BS as of December 31, 2010 and 2009 are 14.92 % and 13.95%, respectively. CAR as of December 31, 2010 and 2009 were calculated in accordance with Bank Indonesia Regulation.

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
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63. Other Information (Continued)

a. PT Bank Sinarmas Tbk (BS) (Continued)

Calculation of CAR as of December 31, 2010 and 2009 is as follows:

	2010	2009
	Rp '000.000	Rp '000.000
I. Capital Stock Component		
A. Core Capital		
1. Paid-up capital	728,050	525,000
2. Additional paid-in capital	75,322	-
3. General reserve	3,000	2,500
4. Unappropriated retained earnings after tax *		
	52,755	44,368
5. Net income after tax during the year (50%) *	52,978	25,749
Total Core Capital	912,105	597,617
B. Supplementary Capital		
Allowance for possible losses on earning assets (general reserve), maximum of 1.25% of risk weighted assets	62,019	51,111
II. Total Core and Supplementary Capital (A + B)	974,124	648,728
III. Risk Weighted Assets		
Credit risk after considering specific risk	6,529,888	4,648,915
Market risk	54,357	38,022
Operational risk	322,267	-
Total risk weight assets for credit, market and operational risk	6,906,512	4,686,937
IV. Capital Adequacy Ratio (CAR)		
CAR with credit risk	14.92%	13.95%
CAR with credit and market risk	14.79%	13.84%
CAR with credit and operational risk	14.22%	N/A
CAR with credit, operational and market risk	14.10%	N/A
V. Minimum Capital Adequacy Ratio	8%	8%

* Excludes deferred taxes

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
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63. Other Information (Continued)

a. PT Bank Sinarmas Tbk (BS) (Continued)

Other ratios:

	<u>2010</u>	<u>2009</u>
	%	%
The ratio of productive assets to total productive assets	1.53	2.94
The ratio of <i>Non-Performing Loan</i> (NPL) at :		
Gross	1.26	2.17
Net	1.11	1.65
The ratio of Loan to Deposits (LDR)	73.64	79.01

b. PT Asuransi Jiwa Sinarmas and PT Asuransi Sinar Mas

Calculation of Solvency margin as of December 31, 2010 and 2009 are as follows:

PT Asuransi Jiwa Sinarmas

	<u>2010</u>	<u>2009</u>
	Rp '000.000	Rp '000.000
<u>Solvency Margin</u>		
Admitted Assets	3,960,921	4,330,141
Liabilities (except subordinated loan)	<u>2,669,330</u>	<u>3,496,503</u>
Total Solvency Margin	1,291,591	833,638
Total Minimum Solvency Margin	<u>275,372</u>	<u>275,752</u>
Excess of Solvency Margin	1,016,219	557,886
Solvency Ratio Attained (%)	469.03%	302.31%

PT Asuransi Sinar Mas

	<u>2010</u>	<u>2009</u>
	Rp '000.000	Rp '000.000
<u>Solvency Margin</u>		
Admitted Assets	2,765,617	2,054,933
Liabilities (except subordinated loan)	<u>1,600,485</u>	<u>1,336,696</u>
Total Solvency Margin	1,165,132	718,237
Total Minimum Solvency Margin	<u>344,953</u>	<u>275,508</u>
Excess of Solvency Margin	820,179	442,729
Solvency Ratio Attained (%)	337.77%	260.70%

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63. Other informations (Continued)

c. PT Sinarmas Sekuritas

Calculation of Net Working Capital Adjusted as of December 31, 2010 and 2009 is as follows:

	2010 Rp '000.000	2009 Rp '000.000
Net Working Capital		
Total Current Assets	1.142.789	588.260
Total Liabilities	466.157	142.318
Working Capital	676.632	445.942
Adjustment		
Related Parties	6.258	-
Adjusted Gross Working Capital	670.374	445.942
Risk Adjustment		
Equity in shares is recorded in BEI	62.681	29.455
Other in shares is recorded in Bapepam	64.363	39.108
Adjusted Net Working Capital	543.330	377.379
Adjusted Net Working Capital Compulsorily	25.200	25.200
Exceed MKBD	518.130	352.179

64. Prospective Accounting Pronouncements

The Indonesian Institute of Accountants has issued the following Revised Financial Accounting Standards (PSAK) and Interpretations (ISAK). These standards will be applicable to financial statements as follows:

Periods beginning on or after January 1, 2011

PSAK

1. PSAK 1 (Revised 2009), Presentation of Financial Statements
2. PSAK 2 (Revised 2009), Statement of Cash Flows
3. PSAK 3 (Revised 2010), Interim Financial Reporting
4. PSAK 4 (Revised 2009), Consolidated and Separate Financial Statements
5. PSAK 5 (Revised 2009), Operating Segments
6. PSAK 7 (Revised 2010), Related Party Disclosures
7. PSAK 8 (Revised 2010), Events after the Reporting Period
8. PSAK 12 (Revised 2009), Investments in Joint Ventures
9. PSAK 15 (Revised 2009), Investments in Associates
10. PSAK 19 (Revised 2010), Intangible Assets
11. PSAK 22 (Revised 2010), Business Combination
12. PSAK 23 (Revised 2010), Revenues
13. PSAK 25 (Revised 2009), Accounting Policies, Changes in Accounting Estimates and Errors
14. PSAK 48 (Revised 2009), Impairment of Assets
15. PSAK 57 (Revised 2009), Provisions, Contingent Liabilities and Contingent Assets
16. PSAK 58 (Revised 2009), Non-Current Assets Held for Sale and Discontinued Operations

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64. Prospective Accounting Pronouncements (Continued)

Periods beginning on or after January 1, 2011 (Continued)

ISAK

1. ISAK 7 (Revised 2009), Consolidation- Special Purpose Entities
2. ISAK 9, Changes in Existing Decommissioning, Restoration and Similar Liabilities
3. ISAK 10, Customer Loyalty Program
4. ISAK 11, Distribution of Non-Cash Assets to Owners
5. ISAK 12, Jointly Controlled Entities – Non monetary Contributions by Venturers
6. ISAK 14 (2010), Website Cost
7. ISAK 17 (2010), Interim Financial Reporting and Impairment

Periods beginning on or after January 1, 2012

PSAK

1. PSAK 10 (Revised 2010), The Effects of Changes in Foreign Exchange Rates
2. PSAK 18 (Revised 2010), Accounting and Reporting by Retirement Benefit Plans
3. PSAK 24 (Revised 2010), Employee Benefits
4. PSAK 46 (Revised 2010), Accounting for Income Taxes
5. PSAK 50 (Revised 2010), Financial Instruments: Presentation
6. PSAK 60 Financial Instruments: Disclosures

ISAK

1. ISAK 13 (2010), Hedges of a Net Investment in a Foreign Operation.
2. ISAK 15, PSAK 24 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
3. ISAK 20, Income Taxes-Changes in the Tax Status of an Entity or its Shareholders

The Company and its subsidiaries are still evaluating the effects of these revised PSAKs, PPSAKs and ISAKs and have not yet determined the related effects on the consolidated financial statements.

65. Reissuance of Financial Statements

In connection with comments from Bapepam-LK on consolidated financial statements, the Company and its subsidiaries have reissued the consolidated financial statements for the years ended December 31, 2010 and 2009 with changes and additional disclosures in Notes 1c, 22, 23, 36, 39, 58 and 63 to the consolidated financial statements.

Attachment



ATTACHMENT 1**PT SINAR MAS MULTIARTHA Tbk
Parent Company Balance Sheets
December 31, 2010 and 2009**

	<u>2010</u> Rp'000.000	<u>2009</u> Rp'000.000
Cash and Cash Equivalents		
Related parties	829	1,003
Third parties	700	329
Total - net	<u>1,529</u>	<u>1,332</u>
Short-term Investments	<u>3,128</u>	<u>21,336</u>
Other Accounts Receivable		
Related parties	360	376
Third parties	1,012	424
Total	<u>1,372</u>	<u>800</u>
Long Term Investments	<u>4,990,944</u>	<u>3,485,902</u>
Fixed Assets		
Cost	238	238
Accumulated depreciation	(202)	(175)
Net Book Value	<u>36</u>	<u>63</u>
Property Under Build, Operate and Transfer Agreement		
Cost	79,041	77,988
Accumulated depreciation	(7,825)	(3,899)
Net Book Value	<u>71,216</u>	<u>74,089</u>
Deferred Tax Assets	<u>1,090</u>	<u>1,053</u>
Other Assets		
Related parties	110	115
Third parties	5,309	28,387
Total	<u>5,419</u>	<u>28,502</u>
TOTAL ASSETS	<u><u>5,074,734</u></u>	<u><u>3,613,077</u></u>

*) Using equity method

ATTACHMENT 1

PT SINAR MAS MULTIARTHA Tbk
Parent Company Balance Sheets
December 31, 2010 and 2009 (Continued)

	2010 Rp'000.000	2009 Rp'000.000
Tax Payable	15	61
Accrued Expenses	336	75
Defined-benefits Post-Employment Reserve	237	168
Other Liabilities		
Related parties	12,750	14,114
Third parties	750	1,268
Total	13,500	15,382
TOTAL LIABILITIES	14,088	15,686
Capital stock - Rp 5.000 par value per Series A share and Rp 100 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 6.081.318.298 Series B shares in 2010 and 142.474.368 Series A shares and 6.037.783.827 Series B shares in 2009	1,320,504	1,316,150
Additional Paid-in Capital - Net	804,900	787,598
Difference Due to Changes in Equity of the Subsidiaries and Associated Companies	121,433	(45,936)
Difference in Value Arising from Restructuring Transactions Among Entities Under Common Control	93,485	93,486
General Reserve	263,230	-
Retained Earnings	2,457,094	1,446,093
Total Equity	5,060,646	3,597,391
TOTAL LIABILITIES AND EQUITY	5,074,734	3,613,077

*) Using equity method

ATTACHMENT 1

PT SINAR MAS MULTIARTHA Tbk
Parent Company Statements of Income
For the Years Ended December 31, 2010 and 2009

	<u>2010</u> Rp'000.000	<u>2009</u> Rp'000.000
Operating income	1,285,504	703,415
Operating expense	<u>(8,313)</u>	<u>(6,915)</u>
Income From Operations - Net	<u>1,277,191</u>	<u>696,500</u>
Non operating income	4,703	4,446
Non operating expense	<u>(4,117)</u>	<u>(820)</u>
Non-Operating Income - net	<u>586</u>	<u>3,626</u>
INCOME BEFORE TAX	1,277,777	700,126
DEFERRED TAX EXPENSE (BENEFIT)	<u>(37)</u>	<u>28</u>
NET INCOME	<u>1,277,814</u>	<u>700,098</u>

*) Using equity method

ATTACHMENT 1

PT SINAR MAS MULTIARTHA Tbk
Parent Company Statements of Changes in Equity
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
	Rp'000.000	Rp'000.000
Capital Stock		
Beginning balance	1,316,150	1,276,891
Additional capital stock from conversion of Series III warrants	160	883
Additional capital stock from conversion of Series IV warrants	4,194	38,376
Ending balance	<u>1,320,504</u>	<u>1,316,150</u>
Additional Paid-in Capital		
Beginning balance	787,598	631,179
Additional paid-in capital from conversion of Series III warrants	529	2,913
Additional paid-in capital from conversion of Series IV warrants	16,773	153,506
Ending balance	<u>804,900</u>	<u>787,598</u>
Difference Due to Change in Equity of the Subsidiaries and Associated Companies		
Beginning balance	(45,936)	(93,601)
Addition (deduction) in current year	167,369	47,665
Ending balance	<u>121,433</u>	<u>(45,936)</u>
Difference in Value Arising from Restructuring Transactions Among Entities Under Common Control		
Beginning balance	93,486	93,493
(Deduction) in current year	(1)	(7)
Ending balance	<u>93,485</u>	<u>93,486</u>
General Reserve		
	<u>263,230</u>	<u>-</u>
Retained Earnings		
Beginning balance	1,446,093	745,995
Effect of first adoption of PSAK 50 (Revised 2006) and PSAK 55 (Revised 2006)	2,599	-
General reserve	(263,230)	-
Dividend	(6,182)	-
Net income for the year	1,277,814	700,098
Ending balance	<u>2,457,094</u>	<u>1,446,093</u>
TOTAL EQUITY	<u><u>5,060,646</u></u>	<u><u>3,597,391</u></u>

*) Using equity method

ATTACHMENT 1

PT SINAR MAS MULTIARTHA Tbk
Parent Company Statements of Cash Flows
For the Years Ended December 31, 2010 and 2009

	2010	2009
	Rp'000.000	Rp'000.000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	39	33
Other operating revenues received	5,665	5,077
Operating expenses paid	(8,298)	(2,615)
Interest charges paid	(81)	-
Loss on foreign exchange	(14)	(845)
Operating cash flows before changes in operating assets and liabilities	(2,689)	1,650
Decrease (increase) in operating assets:		
Short-term investments	19,999	(17,155)
Other accounts receivable	(588)	124
Other assets	3,984	(5,151)
Increase (decrease) in operating liabilities:		
Accounts payable	-	(73)
Taxes payable	(46)	(41)
Accrued expenses	260	(69)
Other liabilities	(320)	(710)
Net Cash Provided by (Used in) Operating Activities	20,600	(21,425)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of long-term investments and other investments	(72,000)	(130,749)
Additions to property under build, operate and transfer agreement	(1,644)	(22,982)
Advances for investment	(500)	(19,600)
Proceeds from sale of investments	38,238	-
Proceeds from sale of property and equipment	-	274
Acquisitions of property and equipment	-	(69)
Net Cash Used in Investing Activities	(35,906)	(173,126)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from additional issuances of capital stock and paid in capital from conversion of Series III warrants	21,656	3,796
Dividend paid	(6,153)	-
Proceeds from additional issuances of capital stock and paid in capital from conversion of Series IV warrants	-	191,882
Net Cash Provided by Financing Activities	15,503	195,678
NET INCREASE IN CASH AND CASH EQUIVALENTS	197	1,127
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,332	205
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,529	1,332
Noncash operating and investing activities:		
Reclassification of advances for investments to long term investments	19,600	-

*) Using equity method

PT Sinar Mas Multiartha Tbk
Notes to Parent Company Financial Statements
December 31, 2010 and 2009 and For the Years then Ended

1. Cash and Cash Equivalents

	<u>2010</u>	<u>2009</u>
	Rp '000.000	Rp '000.000
Cash on hand	<u>5</u>	<u>5</u>
Cash in banks		
Related parties		
Rupiah		
PT Bank Sinarmas Tbk	<u>829</u>	<u>1,003</u>
Third parties		
Rupiah		
PT Bank Internasional Indonesia Tbk	147	67
Foreign currency		
PT Bank Internasional Indonesia Tbk	548	257
Subtotal	<u>1,524</u>	<u>1,327</u>
Total	<u><u>1,529</u></u>	<u><u>1,332</u></u>

All transactions with related parties were done under similar terms and conditions as those done with third parties.

2. Short-term Investments

	<u>2010</u>	<u>2009</u>
	Rp '000.000	Rp '000.000
Mutual fund		
Related parties		
Fixed income - fair value		
Danamas mantap plus	357	322
Danamas stabil	<u>2,484</u>	<u>20,743</u>
Subtotal	2,841	21,065
Money market - fair value		
Danamas rupiah plus	<u>287</u>	<u>271</u>
Total	<u><u>3,128</u></u>	<u><u>21,336</u></u>

As of December 31, 2010, mutual fund of Danamas Mantap Plus, Danamas Stabil, and Danamas Rupiah Plus are managed by investment manager PT Sinarmas Sekuritas, a related party.

PT Sinar Mas Multiartha Tbk
Notes to Parent Company Financial Statements
December 31, 2010 and 2009 and For the Years then Ended

3. Other Accounts Receivable

	<u>2010</u>	<u>2009</u>
	Rp '000.000	Rp '000.000
Loans to associated companies	360	376
Loans to employees	486	255
Others	<u>526</u>	<u>169</u>
	<u><u>1,372</u></u>	<u><u>800</u></u>

As of December 31, 2010 and 2009, loans to associated companies represent unsecured loans given to PT JobStreet Indonesia amounting to US\$ 40,000.

Transactions with related parties were done under similar terms and conditions as those done with third parties.

Management did not provide allowance for doubtful accounts on other accounts receivable since they believe that all such receivables are collectible.

4. Long-term Investments

	<u>2010</u>	<u>2009</u>
	Rp '000.000	Rp '000.000
Investment in shares of stock		
Equity method		
Subsidiaries	4,607,791	3,140,905
Associated companies	204,575	167,419
Subtotal	<u>4,812,366</u>	<u>3,308,324</u>
Available for sale - at cost	<u>178,578</u>	<u>177,578</u>
Total	<u><u>4,990,944</u></u>	<u><u>3,485,902</u></u>

PT Sinar Mas Multiartha Tbk
Notes to Parent Company Financial Statements
December 31, 2010 and 2009 and For the Years then Ended

4. Long-term Investment (Continued)

	Percentage of ownership %	Beginning balance of investment Rp '000.000	Changes during 2010						Ending balance of investment Rp '000.000
			Additional investment Rp '000.000	Adjustment of retained earnings Rp '000.000	Equity in net income (loss) Rp '000.000	Difference in value due to changes in equity of subsidiaries and associated companies Rp '000.000	Difference arising from transactions among entities under common control Rp '000.000	Deduction investment Rp '000.000	
Equity Method									
Subsidiaries									
PT Asuransi Sinar Mas	99.99	781,630	-	-	298,577	84,411	-	-	1,164,618
PT Asuransi Jiwa Sinarmas	99.99	779,073	-	-	548,884	48,790	-	-	1,376,747
PT Bank Sinarmas Tbk	70.79	516,995	-	395	91,907	33,856	-	-	643,153
PT Sinarmas Sekuritas	99.99	516,042	-	-	238,838	-	-	-	754,880
PT Sinar Mas Multifinance	99.99	327,498	37,000	-	31,445	-	-	-	395,943
PT AB Sinar Mas Multifinance	99.99	95,197	-	2,162	18,349	-	-	-	115,708
PT Shinta Utama	99.30	52,515	18,500	42	9,831	3,652	-	-	84,540
PT Jakarta Teknologi Utama Motor	99.90	32,139	15,000	-	391	-	(1)	-	47,529
PT Sinartama Gunita	99.80	15,266	-	-	1,880	-	-	-	17,146
PT Simas Money Changer	99.90	3,115	-	-	149	-	-	-	3,264
PT Wapindo Jasaartha	99.90	1,121	-	-	102	-	-	-	1,223
PT Balai Lelang Sinarmas	99.90	1,116	-	-	111	-	-	-	1,227
PT Arthamas Konsulindo	99.99	754	-	-	57	-	-	-	811
PT Arthamas Solusindo	99.99	245	500	-	(7)	-	-	-	738
PT Komunindo Arga Digital	95.00	53	-	-	17	-	-	-	70
PT Sinar Artha Solusindo	99.60	49	-	-	15	-	-	-	64
PT Arthamas Informatika	99.60	38	-	-	17	-	-	-	55
PT Artha Bina Usaha	92.00	17	-	-	19	-	-	-	36
PT Sinar Artha Inforindo	99.60	9	-	-	25	-	-	-	34
PT Sinar Artha Konsulindo	99.75	3	-	-	-	-	-	-	3
PT Sinar Artha Trading	92.00	2	-	-	-	-	-	-	2
Total		3,122,877	71,000	2,599	1,240,607	170,709	(1)	-	4,607,791
Associated Companies									
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		185,447	19,600	-	28,388	(622)	-	-	204,575
Available for sale - at cost									
PT Oto Multiartha	16.14	176,309	-	-	-	-	-	-	176,309
PT Summit Oto Finance	0.28	1,269	-	-	-	-	-	-	1,269
PT Asuransi Summit Oto	1.00	-	1,000	-	-	-	-	-	1,000
Total		177,578	1,000	-	-	-	-	-	178,578

	Percentage of ownership %	Beginning balance of investment Rp '000.000	Changes during 2009					Ending balance of investment Rp '000.000
			Additional investment Rp '000.000	Dividends paid Rp '000.000	Equity in net income (loss) Rp '000.000	Difference in value due to changes in equity of subsidiaries and associated companies Rp '000.000	Difference arising from restructuring transactions among entities under common control Rp '000.000	
Equity method								
Subsidiaries								
PT Asuransi Sinar Mas	99.99	598,598	-	-	143,933	39,099	-	781,630
PT Asuransi Jiwa Sinarmas	99.99	565,965	8,749	-	201,733	2,626	-	779,073
PT Bank Sinarmas Tbk	90.26	368,450	100,000	-	44,032	4,513	-	516,995
PT Sinarmas Sekuritas	99.99	318,149	-	-	197,893	-	-	516,042
PT Sinar Mas Multifinance	99.99	299,825	-	-	27,673	-	-	327,498
PT AB Sinar Mas Multifinance	99.99	60,891	-	-	34,306	-	-	95,197
PT Shinta Utama	99.00	47,234	-	-	4,794	487	-	52,515
PT Jakarta Teknologi Utama Motor	99.86	11,074	20,000	-	1,072	-	(7)	32,139
PT Panji Ratu Jakarta	99.53	17,902	-	-	126	-	-	18,028
PT Sinartama Gunita	99.80	14,097	-	-	1,169	-	-	15,266
PT Simas Money Changer	99.90	837	2,000	-	278	-	-	3,115
PT Wapindo Jasaartha	99.90	1,020	-	-	101	-	-	1,121
PT Balai Lelang Sinarmas	99.90	1,022	-	-	94	-	-	1,116
PT Arthamas Konsulindo	99.99	696	-	-	58	-	-	754
PT Arthamas Solusindo	99.60	253	-	-	(8)	-	-	245
PT Komunindo Arga Digital	95.00	33	-	-	20	-	-	53
PT Sinar Artha Solusindo	99.60	47	-	-	2	-	-	49
PT Arthamas Informatika	99.60	18	-	-	20	-	-	38
PT Artha Bina Usaha	92.00	4	-	-	13	-	-	17
PT Sinar Artha Inforindo	99.60	10	-	-	(1)	-	-	9
PT Sinar Artha Konsulindo	99.75	12	-	-	(9)	-	-	3
PT Sinar Artha Trading	92.00	4	-	-	(2)	-	-	2
Total		2,306,141	130,749	-	657,297	46,725	(7)	3,140,905
Associated Companies								
PT Asuransi Jiwa Mega Life	50.00	107,294	-	-	43,340	-	-	150,634
PT Certis CISCO	49.00	8,475	-	-	(1,294)	-	-	7,181
PT Super Wahana Tehno	35.19	8,789	-	-	(126)	941	-	9,604
PT JobStreet Indonesia	40.00	-	-	-	-	-	-	-
Total		124,558	-	-	41,920	941	-	167,419
Available for sale - at cost								
PT Oto Multiartha	16.14	176,309	-	-	-	-	-	176,309
PT Summit Oto Finance	0.28	1,269	-	-	-	-	-	1,269
Total		177,578	-	-	-	-	-	177,578

PT Sinar Mas Multiartha Tbk
Notes to Parent Company Financial Statements
December 31, 2010 and 2009 and For the Years then Ended

4. Long-term Investment (Continued)

PT Sinar Mas Multifinance (SMF)

In October 2010, the Parent Company increased its investments in shares of SMF by Rp 37,000 million.

PT Shinta Utama (SU)

In October and December 2010, the Parent Company increased its investments in shares of SU by Rp 3,000 million and Rp 15,500 million, respectively.

PT Jakarta Teknologi Utama Motor (JTUM)

In 2010 and 2009, Parent Company increased its investments in shares of JTUM by Rp 15,000 million and Rp 20,000 million, respectively. The additional investments had increased the ownership interest of the Parent Company in JTUM to 99.90% in 2010 and 99.86% in 2009.

In October 2010, Parent Company and PT Asuransi Sinar Mas established PT Asuransi Sumit Oto, is engaged in loss insurance by investing Rp 1,000 million (1%) and 99,000 million (99%), respectively.

PT Asuransi Jiwa Sinarmas (AJS)

In June 2009, the Parent Company and PT Shinta Utama have purchased shares of AJS from previous shareholders totaling to Rp 8,749 shares and 1 share, respectively, at nominal value of Rp 8,749 million and Rp 1 million, respectively. Ownership interest acquired has book value of Rp 147,123 million, thus, resulted to negative goodwill amounting to Rp 138,373 million and amortization in 2009 amounted to Rp 3,459 million. This purchase increased the ownership interest of the Parent Company in AJS to 99.99%.

PT Bank Sinarmas Tbk (BS)

In November 2010, BS issue 1,600,000,000 shares of stock through initial public offering, which were all sold to the public, so the percentage ownership of the Parent Company was diluted from 90.26% to 70.43%.

In April 2010, BS distributed stock dividends to the Parent Company and PT Shinta Utama totaling to Rp 388,583,650 shares and 41,916,350 shares, respectively.

In 2009, the Parent Company increased its investments in shares of BS by Rp 100,000 million. The additional investments had increased the ownership interest of the Parent Company in BS to 90.26%

PT Simas Money Changer (SMC)

In May 2009, the Parent Company increased its investments in shares of SMC by Rp 2,000 million. The additional investments had increased the ownership interest of the Parent Company in SMC to 99.90%

PT Sinar Mas Multiartha Tbk
Notes to Parent Company Financial Statements
December 31, 2010 and 2009 and For the Years then Ended

4. Long-term Investment (Continued)

PT Panji Ratu Jakarta (PRJ)

In July 2010, Trade United Investments Limited (British Virgin Island), shareholder of PRJ, converted the bonds to shares of PRJ, thus, decreasing the percentage of ownership of Parent Company in PRJ, from 99.53% to 21.02%. Therefore, since July 2010, the Parent Company's investment in PRJ is accounted for using the cost method and PRJ's financial statements are no longer consolidated with the Parent Company's financial statements.

PT Arthamas Solusindo (AS)

In September 2010, the Parent Company increased its investments in shares of AS by Rp 500 million. The additional investments had increased the ownership interest of the Parent Company in AS to 99.99%

PT Certis CISCO

CISCO, domiciled in Jakarta, is engaged in security services. The investment in shares of CISCO was acquired by the Parent Company in April 1997. On June 26, 2009, the Parent Company has made advances for investment in shares amounting to Rp 19,600 million. This investment is effective in April 2010.

In September 2010, the Parent Company has sold its all investment in CISCO to PT Kesara, third party, amounting to Rp 38,237 million, with gain on sale of investment amounting to Rp 12,718 million.

PT Super Wahana Tehno (SWT)

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

In September 2009, Nihon Trim Co. Ltd., increased its investment in shares of SWT by Rp 8,640 million, which resulted in decrease in Parent Company's ownership interest in SWT from 46.44% to 35.19%.

5. Property and Equipment

	January 1	Changes during 2010			December 31
	2010	Addition	Deduction	Reclassifications	2010
	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000
At Cost					
Office equipment	230	-	-	-	230
Vehicles	8	-	-	-	8
Total	238	-	-	-	238
Accumulated Depreciation					
Office equipment	168	27	-	-	195
Vehicles	7	-	-	-	7
Total	175	27	-	-	202
Book value	63				36

PT Sinar Mas Multiartha Tbk
Notes to Parent Company Financial Statements
December 31, 2010 and 2009 and For the Years then Ended

5. Property and Equipment (Continued)

	January 1	Changes during 2009			December 31
	2009	Addition	Deduction	Reclassifications	2009
	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000
At Cost					
Office equipments	162	69	1	-	230
Vehicles	733	-	725	-	8
Workshop equipments	648	-	648	-	-
Total	1,543	69	1,374	-	238
Accumulated Depreciations					
Office equipments	139	30	1	-	168
Vehicles	452	35	480	-	7
Workshop equipments	346	138	484	-	-
Total	937	203	965	-	175
Book value	606				63

6. Property Under Build, Operate and Transfer Agreement

Building under build, operate and transfer agreement pertains to subject of cooperation agreement between the Parent Company and PT Asuransi Sinar Mas (ASM), a subsidiary, with details as follows:

	January 1	Changes during 2010			December 31
	2010	Addition	Deduction	Reclassifications	2010
	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000
At Cost					
Building	77,988	1,053	-	-	79,041
Accumulated Depreciation					
Building	3,899	3,926	-	-	7,825
Book value	74,089				71,216

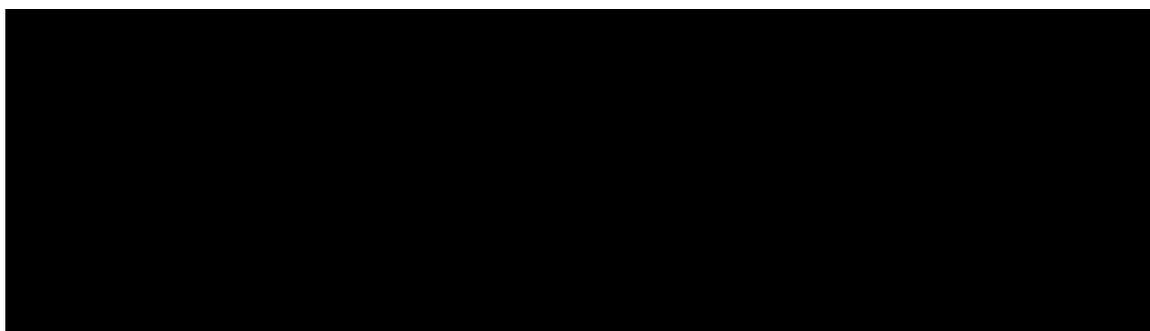
	January 1	Changes during 2009			December 31
	2009	Addition	Deduction	Reclassifications	2009
	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000	Rp '000,000
At Cost					
Building	-	-	-	77,988	77,988
Construction in progress	57,527	20,461	-	(77,988)	-
Total	57,527	20,461	-	-	77,988
Accumulated Depreciation					
Building	-	3,899	-	-	3,899
Book value	57,527				74,089

6. Property Under Build, Operate and Transfer Agreement (Continued)

Building under construction represents the accumulated costs of building construction under the Cooperation Agreement of Build, Operate and Transfer, for Plaza Simas office building which is located at Jl. Fachrudin, Central Jakarta. The Cooperation period is 99 years which will commence at the time of start of operations of the building. The ownership of the building will be transferred to ASM at the end of the Cooperation Agreement.

As of December 31, 2010 and 2009, based on the Company management, there is no impairment in value of property under build, operate and transfer agreement.

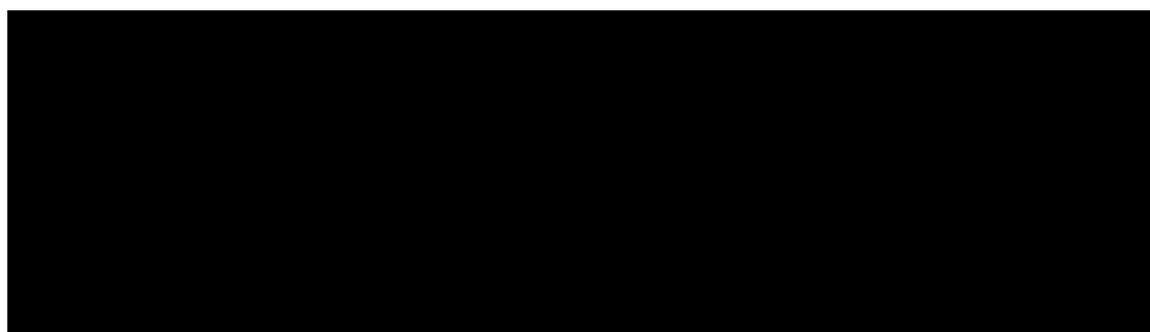
7. Other Assets



As of December 31, 2010, advance for investment represent deposits advance for investment in shares of Golden Health, while as of December 31, 2009, advance for investment represent deposits advance for investment in shares of PT Certis Cisco.

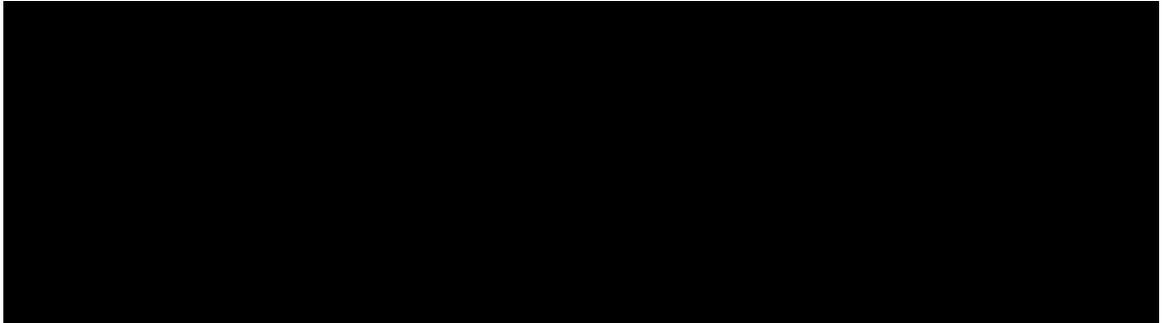
Transactions with related parties were done under similar terms and conditions as those done with third parties.

8. Taxes Payable



The filing of tax returns is based on the Company and its subsidiaries own calculation of tax liabilities (self-assessment). Based on the third amendment of the General Taxation Provisions and Procedures

9. Other Liabilities

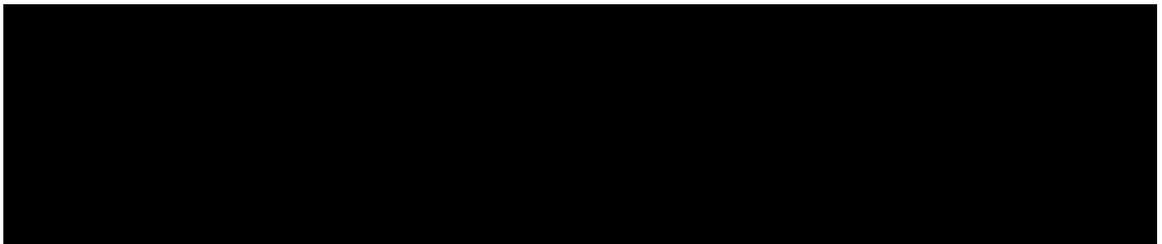


Transactions with related parties were done under similar terms and conditions as those done with third parties.

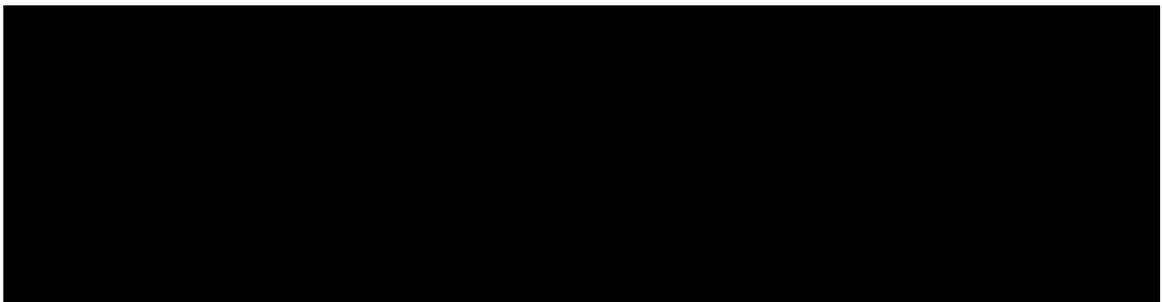
10. Capital Stock

The share ownership in the Company based on the records of PT Sinartama Gunita, share registrar, a subsidiary, is as follows:

By Series of Shares:



By Ownership of Interest:



All capital stock issued by the Company (Series A and Series B shares) are common stock.

PT Sinar Mas Multiartha Tbk
Notes to Parent Company Financial Statements
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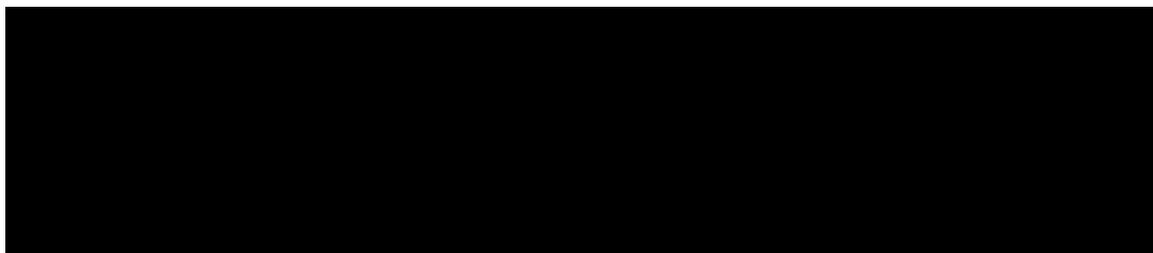
10. Capital Stock (Continued)

The changes in capital stock of the Company from January 1, 2009 up to December 31, 2010 are as follows:

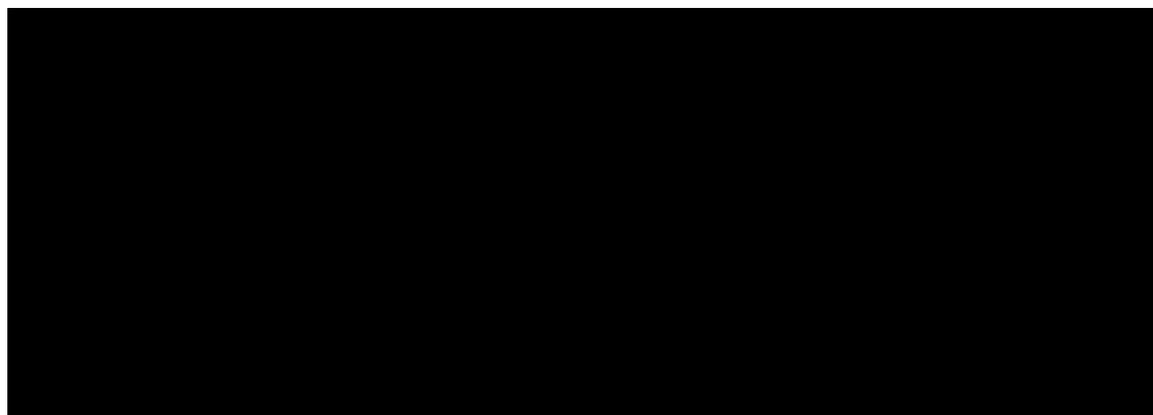
	<u>Number of Shares</u>	<u>Paid up Capital Stock Rp '000.000</u>
Balance as of January 1, 2009	5,787,665,415	1,276,891
Additional issuance of capital stock from conversion of Series III warrants	8,828,686	883
Additional issuance of capital stock from conversion of Series IV warrants	<u>383,764,094</u>	<u>38,376</u>
Balance as of December 31, 2009	6,180,258,195	1,316,150
Additional issuance of capital stock from the conversion of Series III warrants	1,600,804	160
Additional issuance of capital stock from the conversion of Series IV warrants	<u>41,933,667</u>	<u>4,194</u>
Balance as of December 31, 2010	<u><u>6,223,792,666</u></u>	<u><u>1,320,504</u></u>

11. Additional Paid-in Capital

This account consists of additional paid-in capital and equity stock issuance cost, the details are as follow:



Additional paid in capital:



Equity stock issuance cost incurred on Limited Public Offering II, III and IV, amounted to Rp 904 million, Rp 1,060 million, and Rp 1,173 million, respectively.

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11. Additional Paid-in Capital (Continued)

The changes in additional paid-in capital account from January 1, 2009 up to December 31, 2010 are as follows:

	Amount Rp '000.000
Balance as of January 1, 2009	631,179
Additional paid-in capital from the conversion of Series III warrants	2,913
Additional paid-in capital from the conversion of Series IV warrants	<u>153,506</u>
Balance as of December 31, 2009	787,598
Additional paid-in capital from the conversion of Series III warrants	529
Additional paid-in capital from the conversion of Series IV warrants	<u>16,773</u>
Balance as of December 31, 2010	<u><u>804,900</u></u>

12. Difference Due to Change in Equity of the Subsidiaries and Associated Companies

This account represents changes in value of investments of the Parent Company due to changes in equity of the subsidiaries and associated companies which resulted from the change in the Parent Company's ownership interest in PT Certis CISCO and PT Super Wahana Tehno, unrealized loss on decrease in value of securities of PT Asuransi Sinar Mas, PT Asuransi Jiwa Sinarmas and PT Bank Sinarmas Tbk and changes in fair values of derivative instruments of PT Oto Multiartha.

	2010 Rp '000.000	2009 Rp '000.000
Unrealized loss on decrease in value of securities	91,277	(41,978)
Effects of transactions of subsidiary and associated company with other investors	39,255	5,141
Changes in fair values of derivative instruments	(9,037)	(9,037)
Others	<u>(62)</u>	<u>(62)</u>
Total	<u><u>121,433</u></u>	<u><u>(45,936)</u></u>

13. Difference in Value Arising from Restructuring Transaction Among Entities Under Common Control

In December 2006, the Parent Company increased its investment in PT Asuransi Jiwa Sinarmas (AJS) amounting to Rp 15,000 million. The increase in investment resulted to an increase in ownership interest of the Parent Company in AJS 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 million 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.

13. Difference in Value Arising from Restructuring Transaction Among Entities Under Common Control (Continued)

In December 2007, the Parent Company increased its investment in PT Asuransi Jiwa Sinarmas (AJS) amounting to Rp 20,000 million. The increase in investment resulted to an increase in ownership interest of the Parent 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 million 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.

In 2010, 2009 and 2008, the Parent Company increased its investment in PT Jakarta Teknologi Utama Motor (JTUM) amounting to Rp 15,000 million, Rp 20,000 million and Rp 8,000 million, respectively. The increase in investment resulted to an increase in ownership interest of the Parent Company in JTUM to 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) million, (Rp 7) million and (Rp 10) million, respectively, were recorded in "Difference in Value Arising from Restructuring Transactions Among Entities Under Common Control" as part of equity in the consolidated financial statements

The balance of this account as of December 31, 2010 and 2009 amounted to Rp 93,485 million and Rp 93,486 million, respectively.

14. Dividends

Based on the Extraordinary General Stockholders' Meeting dated June 4, 2010, The shareholder approved the distribution of cash dividend for 2009 amounting to Rp 6,182 million or Rp 1 per share of Series A and Series B.

15. General Reserve

Based on the Extraordinary General Stockholders' Meeting dated June 4, 2010, The Company provided general reserve based on the total issued and paid up capital as of December 31, 2010 amounting to Rp 263,230 million. This general reserve was provided in relation with the Law of Republic of Indonesia No. 40/2007 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.

16. Warrants

In July 2005, the Parent Company issued 991,325,341 Series III warrants (detachable warrants), free of charge. These warrants can be exercised during the period from January 12, 2006 to July 13, 2010. Every holder of a Series III warrant has a right to buy one Series B share at an exercise price of Rp 500 per share. In 2010 and 2009, 1,600,804 and 8,828,686 (after adjustment – see paragraph 2) Series III warrants have been converted to Series B shares, respectively.

As of June 30, 2008, the price and total of Series III warrants have been adjusted in relation to Limited Public Offering IV. The new exercise price became Rp 430, and the new total warrants became 10,516,070 warrants.

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16. Warrants (Continued)

In July 2008, the Parent 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. In 2010 and 2009, 41,933,667 and 383,764,094 Series IV warrants have been converted to Series B shares. As of December 31, 2010 and 2009 unconverted Series IV warrants into Series B shares totaled to 1,021,095,665 and 1,063,029,332 warrants.

As of December 31, 2009, total of Series III warrants which have expired and unconverted into shares of stock totaled to 86,580 warrants (after adjustment).

17. Operating Income

	2010	2009
	Rp '000.000	Rp '000.000
Operating income		
Equity in net income of the subsidiaries and associated companies - net	1,268,995	699,217
Gain on sale of investment	12,718	-
Gain from investments in units of mutual funds	1,791	3,487
Sales	1,137	286
Interest income	-	33
Others	863	392
Total	<u>1,285,504</u>	<u>703,415</u>

In September 2010, the Parent Company sold PT Certis Cisco shares to PT Kesara amounting to Rp 38.237 million.

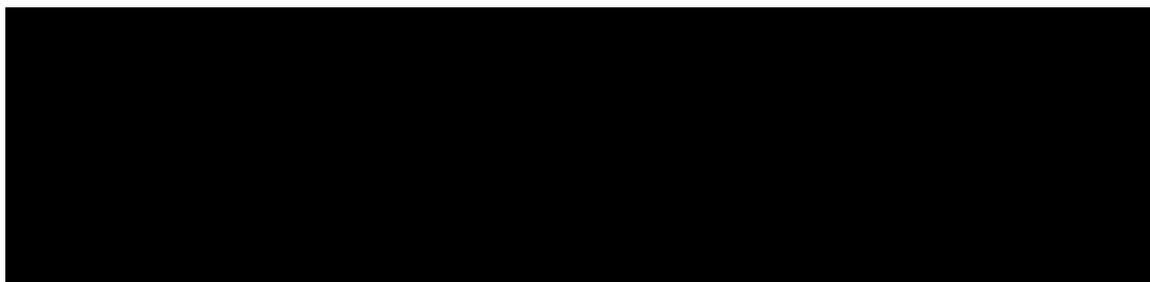
18. Operating Expenses

	2010	2009
	Rp '000.000	Rp '000.000
Depreciation	3,953	3,964
General and administrative expenses	2,274	820
Cost of sales	1,231	257
Salaries and wages	740	798
Interest	81	-
Loss on forex - net	30	845
Other operating expenses	4	231
Total	<u>8,313</u>	<u>6,915</u>

19. Employee Benefits

The Parent Company and its subsidiaries determine post-employment benefits based on the Law No. 13 Year 2003, dated March 25, 2003. No funding of the benefits has been made to date by the Parent Company.

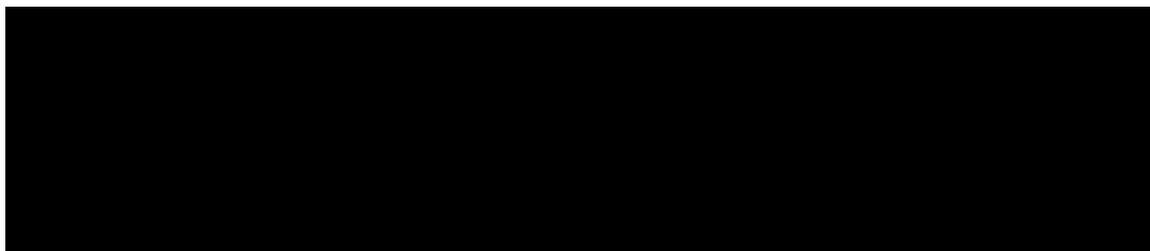
The latest actuarial valuation report on the pension fund and the defined-benefit post employment reserve of the Parent Company and subsidiaries (except PT Asuransi Jiwa Sinarmas) was from PT Rileos Pratama Agnesia, an independent actuary, dated February 17, 2011.



Principal actuarial assumptions used in the valuation of the defined post-employment benefits are as follows:



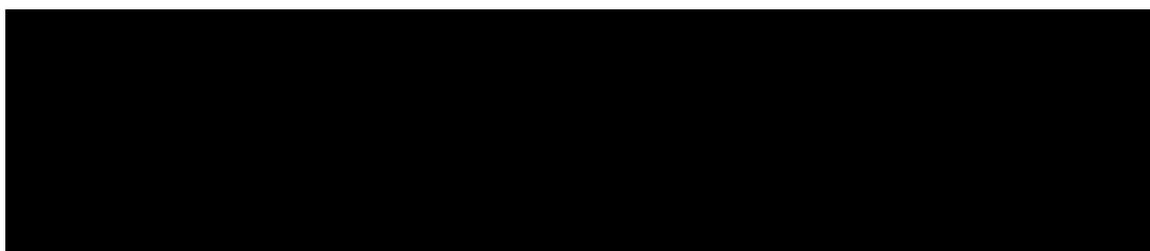
20. Other Non Operating Income



Others consists of income from interest on current account and interest income from loans to employees.

21. Income Taxes

The tax expense of the Company consists of the following:



PT Sinar Mas Multiartha Tbk
Notes to Parent Company Financial Statements
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21. Income Taxes (Continued)

Current Tax

A reconciliation between income before tax per Parent Company's statements of income and accumulated fiscal losses is as follows:

	<u>2010</u>	<u>2009</u>
	Rp '000.000	Rp '000.000
Income before tax per Parent Company's statements of income	1,277,777	700,126
Deduct:		
Equity in net income of the subsidiaries	<u>(1,240,607)</u>	<u>(657,297)</u>
Income before tax of the Parent Company	<u>37,170</u>	<u>42,829</u>
Temporary differences:		
Defined-benefit post-employment expense - net	69	38
Depreciation expense	-	37
Loan to employees	<u>81</u>	<u>-</u>
Net	<u>150</u>	<u>75</u>
Permanent differences:		
Equity in net income of the associated companies	(28,388)	(41,920)
Gain on sale of investment	(12,718)	-
Rent income	(4,143)	(4,143)
Gain from investment in units of mutual funds	(1,791)	(3,487)
Interest income	(15)	(65)
General and administrative expenses	1,437	60
Other income	-	89
Depreciation expense	3,926	660
Other expenses	<u>458</u>	<u>3,899</u>
Net	<u>(41,234)</u>	<u>(44,907)</u>
Fiscal loss	(3,914)	(2,003)
Accumulated fiscal losses in prior years	(14,714)	(12,711)
Adjustment on fiscal losses based on tax assessment letter year 2008	<u>8</u>	<u>-</u>
Accumulated fiscal losses	<u>(18,620)</u>	<u>(14,714)</u>

The Parent Company is in fiscal loss position, thus, no provision for corporate income tax was made as of balance sheet dates. 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.

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Notes to Parent Company Financial Statements
December 31, 2010 and 2009 and For the Years then Ended

21. Income Taxes (Continued)

Deferred Tax

	January 1, 2009 Rp '000.000	Credited to statement of income Rp '000.000	December 31, 2009 Rp '000.000	Credited to statement of income Rp '000.000	December 31, 2010 Rp '000.000
<u>Deferred Tax Assets - Net</u>					
Fiscal losses	1,006	-	1,006	-	1,006
Defined-benefit post- employee reserve	32	10	42	17	59
Depreciation expense	43	(38)	5	-	5
Loan to employees	-	-	-	20	20
Total	<u>1,081</u>	<u>(28)</u>	<u>1,053</u>	<u>37</u>	<u>1,090</u>

In September 2008, Law No. 7 Year 1983 regarding "Income Tax" has been revised with Law No. 36 Year 2008. The revised Law stipulates changes in corporate income tax rates from progressive tax rates to a flat rate of 28% for fiscal year 2009 and 25% for fiscal year 2010 onwards. The Company has recorded the impact of the changes in tax rates in the calculation of the deferred tax assets as of December 31, 2009 and recorded it as part of tax expense in the 2009 statements of income.

As of December 31, 2010 and 2009, the management of the Parent Company estimated that fiscal losses that can be realized in future periods amounted to Rp 4,025 million, hence, the related deferred tax asset recognized on the unused fiscal losses amounted to Rp 1,006 million. As of December 31, 2010 and 2009, the unrecognized deferred tax asset on unused fiscal losses amounted to Rp 3.649 million and Rp 2.672 million, respectively.

Management believes that deferred tax assets on temporary differences can be realized in future periods.

A reconciliation between the total tax expense and the amounts computed by applying the effective tax rate to income before tax per Parent Company's statements of income is as follows:

	2010 Rp '000.000	2009 Rp '000.000
Income before tax per Parent Company's statements of income	1,277,777	700,126
Deduct:		
Equity in net income of the subsidiaries	<u>(1,240,607)</u>	<u>(657,297)</u>
Income before tax of the Parent Company	<u>37,170</u>	<u>42,829</u>
Tax expense at effective tax rates	<u>9,292</u>	<u>11,992</u>

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Notes to Parent Company Financial Statements
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21. Income Taxes (Continued)

Deferred Tax (Continued)

	<u>2010</u>	<u>2009</u>
	Rp '000.000	Rp '000.000
Tax effects of permanent differences:		
General and administrative expenses	359	17
Depreciation expense	982	185
Other income	-	25
Other expenses	115	1,092
Interest income	(4)	(19)
Gain from investment in units of mutual funds	(448)	(977)
Rent income	(1,035)	(1,160)
Gain on sale of investment	(3,179)	-
Equity in net income of the associated companies	<u>(7,097)</u>	<u>(11,737)</u>
Net	<u>(10,307)</u>	<u>(12,574)</u>
Unrecognized deferred tax asset on fiscal loss	978	561
Effect of change in tax rate	-	2
Adjustment on deferred tax asset	<u>-</u>	<u>47</u>
Tax expense (benefit)	<u><u>(37)</u></u>	<u><u>28</u></u>
