



We See The Future
And The Future Is Gold

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COVER STORY



Each individual dreams of different future than others, yet unified in the same desire of building better civilization for mankind. This golden milestone of ADHI inspired the illustration of ADHI's vision and mission carried in a competitive business model that suffice to compete in global market, to support our nation's economy, and furthermore giving the investment for future generations to come. It strongly states ADHI's consistency in creating responsible innovations as global solution as well as improvements to our nation's civilization and sustainable environment towards the future.



INCREASING GROWTH PERFORMANCE THROUGH INNOVATION-BASED

The year 2010 was a year filled with the dynamics of the economy of Indonesia. With the achievement in the capital market that grew by 46% through the level of 3,073 on December 30th, 2010, where that growth is the highest level in the Asia Pacific region. With the capital in-flow of such a large, Indonesia has the potential to grow very well in the future. Of course the financial sector growth must be sustained by the real sector, including infrastructure.

ADHI continues to support the growth of Indonesia's infrastructure through Government programs and the increasing private investment confidence, which is in line with ADHI's mission. Along with welcoming the 50th anniversary, ADHI provide excellence through a patented innovation in the form of monorail design and Adhi Concrete pavement System (ACPS). By continuing to encourage a culture of innovation, ADHI determined to continue building the nation and became a gold partner of Indonesia infrastructure development.

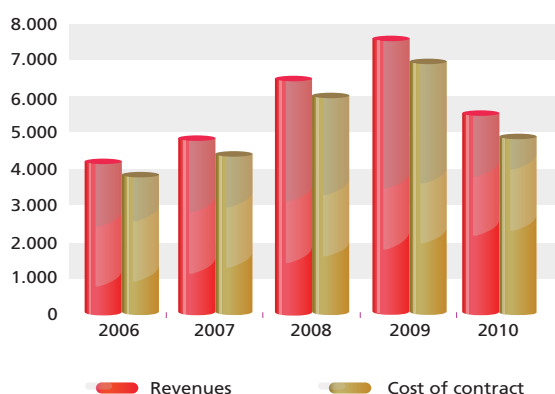
FINANCIAL HIGHLIGHTS

in million IDR unless stated otherwise

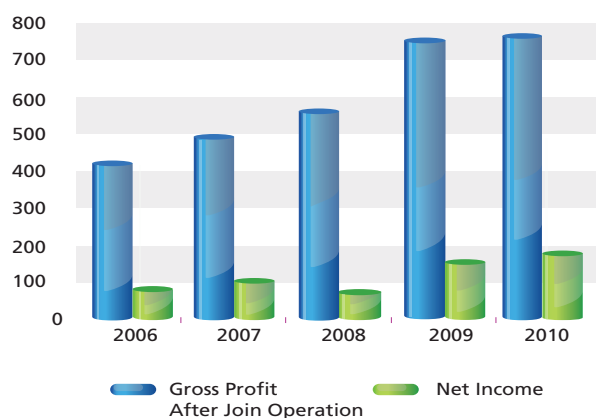
Description	2010	2009	2008	2007	2006
Revenues	5,674,980	7,714,614	6,639,942	4,973,867	4,328,860
Cost of Contract	4,964,348	7,059,135	6,095,669	4,516,924	3,926,033
Gross profit	710,632	655,479	544,273	456,943	402,827
Profit (Loss) from Joint Operation	58,478	96,401	28,248	38,513	34,160
Gross Profit after Joint Operation	769,110	751,880	572,521	495,456	436,987
Income from Operation	550,834	536,819	367,908	291,094	251,700
Income before interest, tax, depreciation, and amortisation	440,387	429,983	258,715	309,492	287,544
Interest Expense	107,312	107,846	106,289	135,061	141,388
Net Income	189,484	165,530	81,482	111,601	95,581
Net Income per Share (in full IDR)	107,83	94,20	46,04	61,96	53,06
Net Working Capital	493,129	287,765	689,926	684,113	419,420
Total Investment	NA	61,545	61,948	73,460	51,260
Total Assets	4,927,696	5,629,454	5,125,369	4,333,167	2,869,948
Total Liabilities	4,059,941	4,888,581	4,525,469	3,787,812	2,425,550
Total Equity	861,113	731,200	584,279	531,235	440,661
Interest Bearing Debt	843,331	852,536	715,563	1,008,516	931,347
Minority Interest in Subsidiaries	6,641	9,673	15,620	14,121	3,737
Outstanding Shares (in thousand IDR)	1,757,226	1,757,225	1,769,847	1,801,320	1,801,320
Dividend per Shares (In full IDR)	28,26	11,51	15,04	12,98	10,61
Operating Cash Flow	(30,756)	(144,106)	(3,306)	605,832	(155,990)
Capital Expenditure	6,411	9,072	51,448	33,966	9,377
Market Capitalization	1,639,201	738,541	477,859	2,449,795	1,441,056
Enterprise Value	2,240,414	1,284,175	828,518	2,688,134	2,260,460
Financial Ratios					
EBITDA Margin (%)	7.8	5.6	3.9	6.2	6.6
Return On Equity (%)	33.2	27.1	19.3	32.3	27.9
Return On Assets (%)	6.5	5.9	1.6	2.6	3.3
Current Ratio (%)	114.3	106.6	117.4	120.9	119.5
Debt to Equity Ratio (%)	97.9	116.6	122.5	180.8	211.5
EBITDA to Interest Expense (x)	4.1	4.0	2.4	2.3	2.0
Price-Earnings Ratio (x)	8.7	4.5	5.9	22.0	15.1
EV/EBITDA (x)	5.1	3.0	3.2	8.7	7.9
Growth Ratios					(in %)
Revenues	(26.4)	16.2	33.5	14.9	43.0
Operating Income	2.6	45.9	26.4	15.7	44.8
EBITDA	2.4	66.2	(16.1)	7.6	27.4
Net Income	14.5	103.1	(27.0)	16.8	22.7
Total Assets	(12.5)	9.8	18.3	51.0	18.9
Equity	17.8	25.1	10.0	20.6	18.8
Others					(in full IDR)
Exchange Rate (IDR/USD)	8,991	9,400	10,950	9,419	9,038

Revenues, Cost of Contract, Gross Profit, and Net Income

(Billion IDR)



(Billion IDR)



Share Price and Trading Movement in 2010 and 2009



Quarterly Share Price and Trading Volume in 2009 and 2010

Quarter	2010					2009				
	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1
Highest (IDR)	1,080	1080	990	620	440	490	490	490	475	315
Lowest (IDR)	370	820	570	420	370	250	390	405	285	250
Closing (IDR)	NA	910	960	620	440	NA	410	460	425	275
Volume (million shares)	2,764	646	840	1,023	254	2,121	571	432	782	334

Information on Number of Bonds

Year of Issuance	Name of Bonds	Emmision Value (million IDR)	Interest Rate/ Equivalent Interest (%)	Maturity Date	Bond Ratings**
2007	Bond Series IV ADHI	375.000	11.00 p.a	6 July 2012	id A-
2007	Sukuk Mudharabah IADHI	125.000	76.39*	6 July 2012	id A- (Sy)

* Equivalent Interest.

** Ratings by PT Pefindo.

BOARD OF COMMISSIONERS' REPORT

Ensuring to become Indonesia's largest Construction Company and meaningful to society.

Our Honorable Shareholders,

Company in Fiscal Year 2010 has been able to improve its performance, based on the evaluation of health level of the Company referring to the indicators used to assess the health level of State-Owned Enterprises (SOE) according to Decree of Minister of SOE No. KEP-100/MBU/2002 dated June 4th, 2002, the level of health of the Company in 2010 was classified as "Healthy" AA category with a score of 80.6 (from scale of 100), with details as follows: financial aspects 52.5, operational aspects 13.1 and administrative aspects of 15.0.

The role of SOE in the development is manifested by many things, but most important are two: First, the direct contribution amount that can be measured quantitatively, the contribution of this example can be given in the form of taxes, dividends, the results of privatization, assistance in the form of PKBL/CSR, the implementation of PSO, contribution from Capital Expenditure, and market capitalization in the Indonesia Stock Exchange.

Another contribution is related to development that can not always be measured in quantitative magnitude. Included in this category is the contribution of SOE in boosting the image and dynamics of Indonesia Stock Exchange, the contribution of SOE in assisting the growth of SMEs through various activities that are not only limited to the PKBL funds, and the contribution of SOE as a major player in the dynamics of the various sectors of the economy.

The two roles were an embodiment of the mandate of Law Number 19 Year 2003 on SOE article 2, particularly with regards to the intention and purpose of SOE establishments.

To realize these roles, the challenges and uncertainties that characterize today's business world is still to be faced, but gave no significant effect on PT Adhi Karya (Persero) Tbk. (ADHI). In 2010, ADHI has recorded a good performance with Net Income after Allowance for several projects amounting to IDR189.5 billion, up 14.5% from year 2009. The increase in Net Income due to the efficiency on Cost of Goods Sold by 4% compared from last year, despite the Revenues decline due to the projects implementation obtained that were shift to the year 2011.

ADHI also continue to consistently develop the ability to produce contracts, revenue, Net Income is sustainable, is

increasing the demand and priority from each activity of the Company.

Going forward, the Company will increase market expansion that is more selective in choosing projects, and enhance construction services market growth with an emphasis on projects in the country which the funds are clear.

Surely the project decision-making has gone through a comprehensive risk assessment and supported by enhancing the competence of Human Resources (HR) and remains based on the principles of Good Corporate Governance.

Good Corporate Governance, namely the management of the Company based on the principles of openness, accountability, responsibility, fairness and independence increasingly institutionalized to form the working culture within the entire ADHI people. To that end, all elements of the Company under the leadership of the Board of Directors and the Board of Commissioners is assisted by committees must simultaneously carry out their duties in order to achieve targets set out in the annual and long-term plans of the Company.

In conducting surveillance, the Board of Commissioners is assisted by committees that work effectively, namely: Audit Committee, conducting review of Company reports and the consolidated results of Internal Audit, Risk Management Committee in collaboration with Risk Management Department perform its risk analysis, and the Committee of Good Corporate Governance, which monitors the implementation of GCG. In addition, the Board of Commissioners in evaluating the performance of Board of Directors and the remuneration for Board of Directors is also aided by the Nomination and Remuneration Committee.

Various potential external threats expected to continue in 2011, and ADHI should be ready with strategic moves in order to anticipate. The government also has set a 10 (ten) guidance to encourage the development of national economy in the next 5 (five) years, such as higher economic development growth, competitiveness should be improved, particularly through improving the economic infrastructure in the country, build connectivity, a major technological innovation magnitude, and improved investment climate and national productivity.

Along with setting the direction intended, it should be a reason for us to be increasingly wary of the impact of all this against the Company. To that end, the Company is expected



to stick to the principle of prudence and always maintain a high level of vigilance in the operations supported by the strengthening of risk management functions in order to minimize potential risks that could occur.

The Board also congratulate the Board of Directors and also all elements of the Company for their accomplishments achieved during the year 2010. With hard work and togetherness we seek the best outcome for all stakeholders.

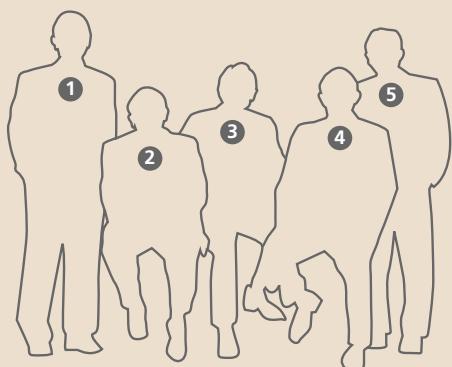
PT Adhi Karya (Persero) Tbk.
Board of Commissioners



Imam Santoso Ernawi
President Commissioner







1. GATOT TRIHARGO

Commissioner

Indonesian citizen, born on August 29th, 1960 (50 years old) in Yogyakarta. Accomplished his Bachelor degree majoring in Accountancy from Indonesian Stage College of Accountancy (STAN), in 1989 and Master of Accountancy and Financial Information Systems (MAFIS) from Cleveland State University, Cleveland, Ohio, USA, in 1993. Served as Commissioner since 2007 to present. Now, he works as a Deputy assistant in Strategic Industrial Business and Manufacture II; Other positions he has occupied were: Deputy Assistant of Information and SOE Property Administration matters, Ministry of SOE (State-Owned Enterprise) (2007-2010), Staff of Minister of SOE (2006-2007); Secretary Staff in the Ministry of SOE (2004-2006); Special Staff in SOE (2002-2004); BPPN (1999-2002); Head of Joint Venture Monitoring Section I in Pertamina BPKP (1995-1999); Head of Monitoring Team for Tax Restitution (1989-1990); Deputy Member of Monitoring Team for Petroleum and Natural Gasses, BPKP (1983-1986).

2. AMIR MUIN

Independent Commissioner

Indonesian citizen, born on December 1st 1943 (67 years old) in Bukittinggi. Accomplished his BME degree from Technique Academy of PUTL majoring in Mechanical Department of PUTL in Bandung in 1967. Achieved his Master of Science (M.Sc) majoring in Industrial Management College in Department of Industry in 1974. Served as Independent Commissioner since 2010 to present. Other position he has occupied were: Independent Commissioner of PT Perkebunan Nusantara VIII (2003-2008); Secretary General of KPKPN Corruption Combating Committee (2000-2004); Assistant of Deputy IV in State Minister on Control of Machinery of the State concerning on Evaluation Matters about Public Service Implementation Task and Performance (2000); Assistant Helper in Policy Section on the Ministry of WASBANGPAN Coordinator on PAN Policy Matters (1998-2000); Assistant Helper in

Administration Section on the State Minister or Control of Machinery of the State concerning on Public Service Matters (1989-1998); Head of Section in Monitoring Result Analysis, Directorate General of Public Works Department (1983-1989); Head of Sub-Section in Analysis & Evaluation of Information Section & Administration of Directorate General of Highway Construction, Public Works Department (1977-1983).

3. IMAM SANTOSO ERNAWI

President Commissioner

Indonesian citizen, born on October 10th, 1955 (55 years old) in Tuban. Accomplished his Bachelor degree majoring in Architecture Engineering from Bandung Technology Institute in 1979, and Master degree majoring in Construction Management, Engineering Policy from Washington University, St. Louis, USA in 1991. Served as the President Commissioner since 2007 to present. Now he also works as Directorate General of Space Layout in the Ministry of Public Works. Other positions he has occupied were: Expert Staff in the Ministry of Public Works in Development Cohesiveness Section (2005-2007); Head of Policy Review Center, Department of Public Works (2003-2005); Director of Technique Development, Directorate General of Housing and Residence, Department of Kimpraswil (2001-2003); Head of Planning and Public Information Bureau, Department of Kimbangwil (1999-2000); Director of Directorate General Program Development. Directorate of Housing, Planning and Urban Development, Department of Public Works (1998-1999); Head of Sub-Audit on Building System, Directorate of Housing, Planning and Urban Development, Department of Public Works (1994-1998). The professional membership includes Indonesian Institute of Architects (IAI), Institute of Planning Experts (IAP), Construction Management Association of Indonesia (HAMKI), Society Value Engineers (SAVE), and Construction Management Association of America (CMAA).

4. MURHADI

Independent Commissioner

Indonesian citizen, born on May 7th, 1950 (60 years old) in Surakarta. Graduated from Land Armed Forces Academy in 1973 and graduated from SESKOAD in 1990. Accomplished his Bachelor degree majoring in State Administration from Malang Islamic University in 2000 and Master degree majoring in State Administration from Brawijaya University in 2002. Served as Independent Commissioner since 2006 to present. Other positions he has occupied were: Regent or Head of Region II Probolinggo (1998-2003); Logistic Assistant of Kodam V Brawijaya (1997-1998); Kazidam V Brawijaya (1995-1997); Pabandya 3/Devisa Paban II Ren Srenad (1993-1995); Head of Inven Sub-Audit Binmatzi



Ditziad (1991-1993); Gumil Golvdepnubika Pusdikzi (1990-1991); Pabanda Renops Sops ABRI/Indonesian Armed Forces (1984-1990); Pasi II/Ops Yonzikon 12 (1981-1984); Dankiziban Yonzikon 12 (1979-1981); Paur Diklat/Traning & Education Program Yonzikon 12 (1977-1979); Danton 1 Kl. A. Yonzikon 12 (1974-1977).

5. HARRY SUSETYO NUGROHO **Commissioner**

Indonesian citizen, born on September 22th, 1955 (55 years old) in Jakarta. Accomplished his Bachelor degree majoring in Industrial Engineering from Bandung Technology Institute in 1980, and Master degree from University of Denver, USA in 1988. Served as Commissioner since 2006 to present. Now, he works as an Expert Staff in the State Ministry of

SOE on Corporate Administration. Other positions he has occupied were: Deputy for Ministry of SOE on Logistics and Tourism Matters (2003-2010), Deputy Assistant on Other Industrial Business Matters (2001-2003); Head of Other Industrial Business Matters (2001-2002); Executive Officer of Shareholder Director Task on Industrial and Trading matters (2000-2001); Executive Officer of Director Task on Mining Matters (1999-2000); Executive Officer of Director Task on Manufacturing Industry and Mining Matters (1998-1999); Executive Officer of Director Task on Public Service Corporation (1996-1998); Director of PT Berikat Nusantara (1995-1996); Head of Sub-Audit on Funding and Resource (1993-1995); Head of Mining and Energy Section (1990-1993).

BOARD OF DIRECTORS' REPORT

Improving the growth of the Company, along with the strengthening of Indonesia economy by prioritizing on quality and encouraging innovative culture.

Dear Shareholders,

In the end of 2010, Indonesia's achievement in economic performance is quite satisfying. Macro economic indicator, such as economic growth, interest rate, inflation, Rupiah exchange rate against foreign currency and stock market and financial performance, shows increasing trend. This indicates Indonesia's economy is in the right track.

Indonesia's GDP per capita has reach USD 3,000 psychological level. This means Indonesia will soon enter the era of accelerated economic growth, and left the predicate as a developing country. However, the implementation of Government infrastructure projects cannot be implemented as planned, and made the realization of budget absorption for Government projects decreased. Nevertheless, the Government continues to improve infrastructure development acceleration throughout Indonesia through various development priority programs

POLICY FOR COMPETITIVE ADVANTAGE

Policy for Competitive Advantage

As a response and anticipation on external business condition, in 2010 ADHI applied several policies, such as accelerated implementation for running EPC projects, especially for Lampung Power Plant Project with capacity of 2x100 MW, which is the largest contributor for EPC project. ADHI also considering the realty market condition which currently is in increasing cycle, ADHI tries to use this momentum by developing new projects, both residential housing and apartments or shop houses and office spaces.

Other policy is to establish new Strategic Business Unit (SBU) namely Asphalt Mixing Plant (AMP) Division as an effort to increase productivity in paving works and remembering the increasing asphalt market in the future along with the Government's infrastructure development program. Previously, AMP assets spread in several areas in Indonesia, and runs by each operation unit in that area to support internal unit production and not to be used for external projects, so if the unit in certain area doesn't have asphalt project yet, the asset cannot be used. With AMP division that integrated every owned AMP, the productivity can be improved so not only fulfill internal paving work

but also external. In 2010, this breakthrough capable of providing result in the form of ADHI additional incremental revenue contribution for IDR70 billion with an additional of IDR3.5 billion net profit.

In procurement material, the policy taken for risk mitigation of supply and material price especially for manufactured main supplies such as concrete and asphalt. The material purchasing is done centrally so that the economic scale becomes larger to ensure the supply and more competitive price. And considering the material price is one of the risk factor that should be managed by the Company, so to keep the material price stable and controlled during the project implementation, ADHI adopted a policy to utilized Surat Kredit Berdokumen Dalam Negeri (SKBDN) facility in payments to vendors. This strategy guarantees the certainty of payments to vendors, while the price remains competitive.

The policy in production is to continue the efficiency program that started since last year through the Efficiency Team establishment. The efficiency remains focused on main material waste reduction such as iron and readymix concrete. In 2010, the efficiency reached on both materials still contributes 0.20% decreased of Cost of Production.

While the policies taken for projects abroad are that temporarily ADHI will not take any new project overseas and will only focused on projects in Oman that will be done by Adhi Oman L.L.C as an affiliated company.

As we all know, the Construction Service technology development is not as fast/dynamic as the information technology. This condition allows new players to enter the business easily, and create a potential condition where the competition increase, and in the end causes a thin margin for the industry. To anticipate the condition, ADHI has made a breakthrough by registering patent for their innovations. In 2010, ADHI has patented two following innovations: the Monorail Design and road implementation method using precast prestressed concrete named Adhi Concrete Pavement System (ACPS). The ACPS method has been successfully applied on the 35 km long Kanci-Pejagan toll road work implementation, which has been officially opened by the President of the Republic of Indonesia in early 2010. Going forward, ADHI will continue to make innovations and this breakthrough expected to be a competitive advantage for ADHI and can also give a premium value for projects done by ADHI using the patented method.



CHALLENGING PERFORMANCE ACHIEVEMENT

As already described, with external condition that are less as expected, ADHI – through applied policies during 2010 as described before – tries to keep achieving its best performance. New contracts obtained during 2010, amounted IDR8.114 trillion, consist of 65% Government and SOE's projects and 35% private projects. The achievement decreased for 17.8% from early year target of IDR9.870 trillion, the decrease caused by the problem in Government's budget absorption as already mentioned above. However the realization of new contract acquisition still increase 22.5% compare to the 2009 realization, amounted IDR6.626 trillion.

Along with this condition, the 2010 revenue also decrease 34.2%, from the target of IDR8.625 trillion achieved IDR5.675 trillion. Compare to the realization in 2009 there is also a 26.4% decrease, amounted IDR7.715 trillion. Although there is a decrease both on Contract Acquired and Revenue, ADHI still able to increase its Net Profit, and could exceed 2.3% from the planned target. From planned for IDR185.3 billion, achieved IDR189.5 billion. This means the Net Profit growth for 14.5% compare to the 2009 Net Profit amounted IDR165.5 billion.

As presented in this Annual Report, especially the Management Discussion and Analysis part and Financial Report part, the Convergence Program of Statement of Financial Accounting Standards (PSAK) with International Financial Reporting Standards (IFRS) began to applied, especially PSAK No. 50 about "Financial Instruments: Presentation and Disclosure" and No. 55 about "Financial Instruments: Recognition and Measurement". The impact of those PSAK implementation is the policy changes in the method of provision calculating for Receivable accounts, that has been applied all this time by the Directors. In 2010 recorded Net profit, ADHI has calculate the Receivable accounts provision based on the new PSAK regulations.

As decided in the General Meeting of Shareholders (GMOS) Financial Year 2009, Public Accountant Firm (KAP) of Aryanto, Amir Jusuf, Mawar & Saptoto (KAP AAJ) defined as the KAP that will audit the Company Financial Report for Financial Year 2010. The audit process has been started in late October 2010 until the mid of March 2011, and resulted the "HEALTHY" health level, "AA" category with 80,6 score.

Regarding the Monorail Project development in Jakarta, we report that in the beginning of the year a Presidential

Instruction (Inpres) No. 1 Year 2010 have been published, concerning the Acceleration of National Development Priority Implementation Year 2010, where the Jakarta Monorail Project continuation plan is mentioned in one of the infrastructure priority program. As we reported on each Annual Report in the previous years, until now we have made IDR122 billion provision for the Monorail Project. However, the project risk exposure for ADHI relatively gone, with support from various parties, especially the Central Government and the Government of DKI Jakarta.

We are also pleased to report the settlement efforts for Qatar project is still being done throughout 2010, by continue to coordinate with the Special Envoy of President of Republic of Indonesia for Middle East Affairs, the Embassy of Republic of Indonesia for Qatar, State-Owned Enterprise (SOE) Ministry on behalf of Majority Shareholders (Republic of Indonesia), and other related parties. Considering the current condition, the negotiation step with employer is still being pursued by keeping the settlement for a win-win solution. Meanwhile, as stated on Financial Report section, and discussed in the Management Discussion and Analysis in this Annual Report, the record for Inventory values and gross account Receivables, reclassified into miscellaneous receivables account including provision on the receivable asset that has been applied in accordance with the PSAK application as described above.

FUTURE STRATEGY AND TARGETS

Infrastructure development in Indonesia will still be the Government priority for the next couple of years. Because the infrastructure development needed to hold Indonesia's economic growth as a whole, which currently growing rapidly. Currently the Government is making various efforts and strategy to boost the infrastructure development in Indonesia evenly through the creation of six economic corridors based on economic strength of each area in Indonesia. The other strategy is the Government





support for the creation of infrastructure projects through the Public Private Partnership (PPP) scheme that gives wide opportunities for private parties to join various infrastructure projects.

ADHI has capture this opportunity signal since 2006, reflected in ADHI's tagline, Beyond Construction, by starting to enter the Engineering, Procurement, Construction (EPC) business, and investment business both in property and in infrastructure as part of ADHI business definition.

The strategy positioned ADHI as a construction SOE that succeed in obtaining EPC projects, especially a quite large capacity power plant project in Indonesia. Looking ahead, ADHI will particularly strengthen the EPC business in power plant field, with target to acquire several

power plant projects in accordance with the phase two of 10,000 MW program. In 2011, ADHI planned to enter the Oil & Gas EPC projects, by considering the market size of the project segment, which is very large, and previously only controlled by several players/foreign contractors. Oil & Gas Project Segment is a quite potential segment for ADHI that previously had experiences in this field although in a smaller scale and had owned EPC organization that can support the plan to enter the Oil & Gas EPC market.

Along with SOE Ministry Policy regarding the synergy among SOEs, ahead ADHI will enhance the synergy cooperation with other SOEs. Cooperation in property field such as cooperation in developing less productive lands owned by other SOEs through subsidiary PT Adhi Realty or cooperation in other field such as investment in infrastructure. The investment strategies taken are especially for investment with relatively fast return in order to get recurring income. This is also consistent with ADHI mission regarding its active involvement in PPP to support the economic growth. It is expected that in the future these efforts will contribute positively for the Company's performance.

Considering the large market in the future, in the next plan, ADHI will still developing the asphalt business that has been initiated previously by implementing a spin-off on AMP Division to become a subsidiary in 2011. It is expected that these business operation can move more swiftly and increase additional contribution for ADHI.

To support the sustainable performance and strengthen the competitive advantage that has been held all this time, ADHI still continue to make efforts in increasing quality of production and service, including continuous innovation culture. In the long term, this effort is expected to make ADHI able to enhance the corporate values and Shareholders. In facing future challenges, ADHI also made a proper preparation by conducting various training programs and the development of Human Resources (HR) both in-house or by searching talents outside the Company to support the Company's performance, including by transfer of knowledge through alliance scheme with global player in the new project implementation that requires sufficient experience. In 2010, we have also prepare a scholarship program to get the best talents in cooperation with the best universities in Indonesia.

The implementation of Good Corporate Governance (GCG) in the Company has been done properly. However, each year there is always an effort to improve and make a better GCG practice implementation with reference to the existing best practices and applicable according to the Company's culture condition that is in accordance with Adhi principles values and Indonesian culture in general. In 2010, ADHI also has reviewed the Company's GCG Soft Structure, such as GCG Code, Board Manual, and Code of Conduct, and started to compile the Whistle Blower System. The appreciation on GCG practice by related organization such as CGPI (Corporate Governance Perception Index) that gives "Trusted Company" predicate with GCG scores 82.23%. In addition, within the SOE community, ADHI has received an appreciation and placed on the Third Rank for Best GCG Implementation category among all existing SOEs through the 2010 BUMN Award.

MANAGEMENT CHANGES

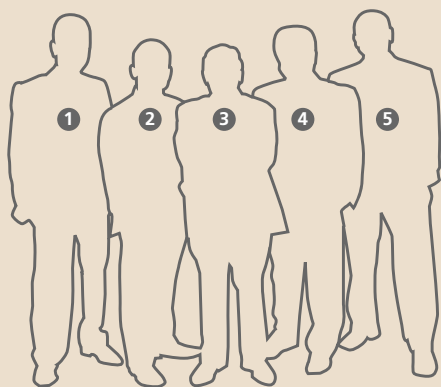
In January 27th, 2010, Extraordinary General Meeting of Shareholders (EGMOS) was held, with management changes agenda, and the decision resulted is the appointment of Bambang Pramusinto, which has been pursuing a career in ADHI for more than 25 years, as Director of Operation II. And Amir Muin, a former State official that has retired for more than ten years, as the Independent Commissioner. Now the total of Independent Commissioners are two persons or 40% of the total



Board of Commissioners member, so the Capital Market Supervisory Agency and Financial Institution (Bapepam-LK) and Indonesia Stock Exchange requirements has been fulfilled. The members of Directors and Commissioners Board can be seen on Company Profile and Corporate Governance in this Annual Report.

ADHI SHARES PERFORMANCE

In 2010, ADHI shares performance indicates an encouraging improvement. The share value increase occupied the best position among other listed SOE shares. In the stock opening early 2010, ADHI share value was IDR410, and in the year end closing ADHI shares jumped to IDR910 or increase 122%. This happens along with the growing trust from investors on ADHI and various communication efforts that ADHI made to the stakeholders.



1. BAMBANG PRAMUSINTO

Direktur Operasi II

Warga Negara Indonesia, dilahirkan pada tanggal 11 September 1959 (51 tahun) di Semarang. Meraih gelar S1 Teknik Sipil dari Institut Teknologi Bandung, pada tahun 1983. Menjabat sebagai Direktur Perseroan sejak tahun 2010 sampai dengan sekarang. Sebelumnya pernah menjabat sebagai: Kepala Divisi Konstruksi II (2007-2010); Kepala Cabang VII Balikpapan (2000-2007); Kepala Bagian Teknik merangkap Kepala Cabang VIII Balikpapan (1998-2000); Koordinator Kepala Proyek-proyek Pengembangan Bandara Pattim (1997-1998).

2. INDRADJAJA MANOPOL

Director of Operation I

Indonesian citizen, born on July 31th, 1958 (52 years old) in Surabaya. Accomplished his Bachelor degree majoring in Civil Engineering from Ten November Technology Institute, Surabaya in 1984. Served as a Director since 2006 to present. Also worked as a President Commissioner of PT Adhi Realty and a Representative Partner of Adhi Oman LLC. Previously, he has worked as: Head of Branch I Medan (2001-2006); Audit Supervisor (2000-2001); Marketing Manager of Adhimix Precast (1998-2000); Marketing Manager of Adhi Beton (1991-1998); Head of Technical Section of Adhi Property Unit (1991-1991); Technical Manager of JO ADHIKMAS (1991-1991); Office Engineer of Projects in Celebes (1988-1991); Operational Manager of Projects in Eastern Lesser Sundas (1986-1988); Head of Projects in East Java (1979-1986).

3. BAMBANG TRIWIBOWO

President Director

Indonesian citizen, born on August 24th, 1953 (57 years old) in Cilacap. Accomplished his Bachelor degree majoring in Civil Engineering from Gadjah Mada University in 1979 and Management Business School (STM) of Prasetya Mulya in 2001. Served as President Director since 2008 to present. Previously, he has worked as: Director of Operation in PT Pembangunan Perumahan (Persero) Tbk. or PTPP (2004-2008); Director of Technique & Marketing in PTPP (2002-2004); Head of Operation Division II (1999-2002); Head of Branch in PT PP (1992-1999); Manager in PTPP (1984-1992); Lecturer Assistant in Civil Engineering Department of Gadjah Mada University in Yogyakarta (1977-1979).

4. M. FAUZAN

Business Development Director

Indonesian citizen, born on the 8th of April, 1953 (57 years old) in Gresik. Accomplished his Bachelor degree majoring in Civil Engineering from Ten November Technology Institute, Surabaya in 1978 and Master degree majoring in Management in STM Prasetya Mulya in 1994. Served as Director since 2001 to present. Previously, worked as: Head of Construction Division I, Jakarta (1998-2001); Head/Manager of Human Resource for Construction Division I, Jakarta (1999-2001); Head of ME Division, Jakarta (1996-2000); Head of Building Division, Jakarta (1996-1998); Head of Construction Division II, Jakarta (1996); Head of Branch IV, Jakarta & West Java (1991-1996); Head of Branch and Head of Technical Section for Branch V & VI, Aceh & North Sumatra at the same time (1990-1991); Vice Head of Branch V & VI (Aceh & North Sumatra) (1989-1990); Head of Technical Section for Branch III, Semarang (1987-1990); Resident Engineer for Branch Lampung (1979-1981); Resident Engineer for Branch West Borneo (1978-1979).

5. SUPARDI

Financial & Human Resource Director

Indonesian citizen, born on the 2nd of March, 1958 (52 years old) in Cirebon. Accomplished his Bachelor's degree majoring in Civil Engineering from Ten November Technology Institute, Surabaya in 1983 and Master degree from STIE IBIL in 2003. Worked as a Corporate Director since 2006 to present. Previously, he has worked as: Head of Manipulating Division (2003-2006); Vice Head of Manipulating Division (2002-2003); Head of ME Division (2000-2003); Vice Head of ME Division (1996-2000); Head of Technical Section (1991-1996); Project Leader (1987-1991).

AWARD AS THE REFLECTION OF TRUST

An award is a form of appreciation from outer party on Company's performance. This year, besides maintaining several award and certification gained before, ADHI also received new awards. Such as Third Rank on Good Corporate Governance (GCG) Award from SOE Ministry of Republic of Indonesia; Indonesia Most Admired Company (IMAC) from Frontier Marketing Group and Bloomberg Businessweek; Indonesia Business Record (REBI) from Tera Foundation and Seputar Indonesia Daily; The Best Contractor Award 2005-2010, from PT Citradata Indonusa, etc.

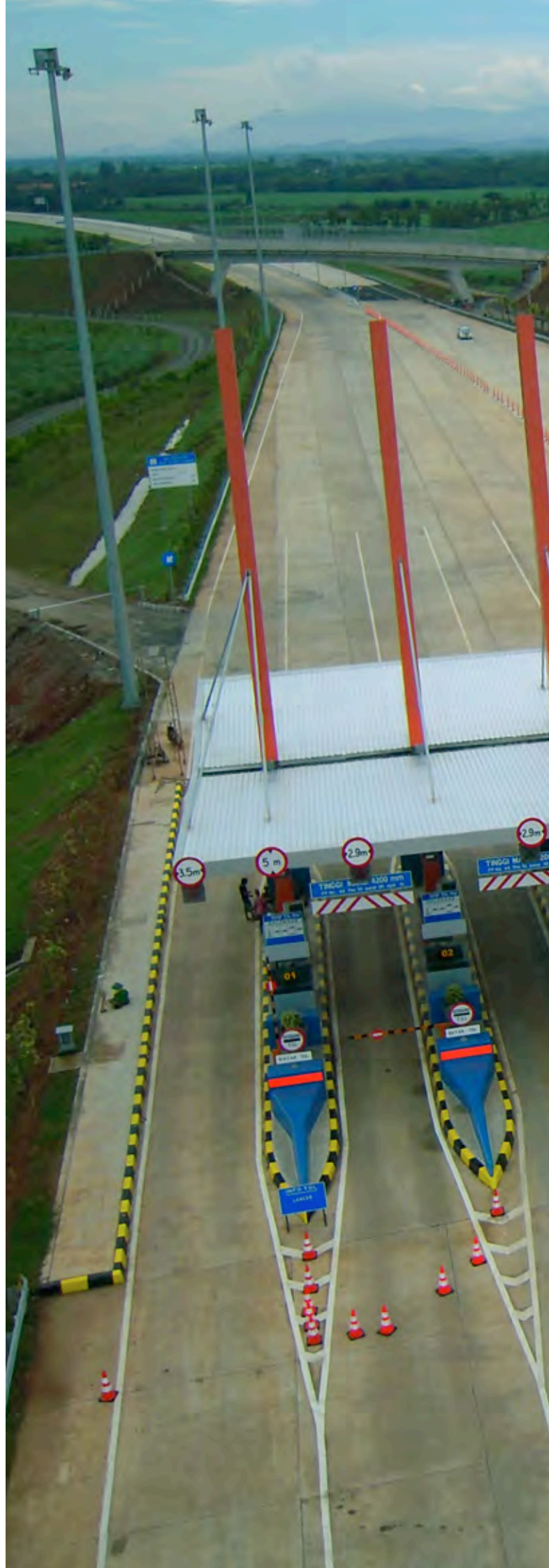
Those awards shows that the Company has been trusted and appreciated by the stakeholders as a professional company that spurred us to become better in the future. Of course all this cannot be separated from the support and cooperation of all stakeholders such as employees, Shareholders, and other related parties.

On this occasion, the Company wanted to thank all and give the highest appreciation to the Shareholders, Employees, and all Management including all Stakeholders. And may the achievements gained can be maintained and become a motivation tool to keep on moving forward and grow. Insya Allah.

PT Adhi Karya (Persero) Tbk.
Board of Directors



Bambang Triwibowo
President Director





AWARDS AND CERTIFICATIONS

Indonesia's Most Admired Company Award (IMAC)

which was held by Frontier Consulting Group in collaboration with Businessweek magazine.

2009 | 2010

Awarded as 'The Best in Building and Managing Corporate Image' in the category of contractor.

2008

Awarded as 'The Best Corporate Image' in the category of contractor.



2010 | Asosiasi Kontraktor Indonesia (AKI) Award

as the Pioneer Market Expansion to Abroad, held by AKI.

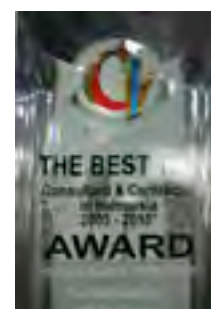
2010 | Fortune 100 Award

ADHI is listed in Fortune 100 and rank top position in Property and Construction sector.



2005-2010 | The Best Contractor Award

which is given by PT Citradata Indonesia.



2009 | Penghargaan sebagai "Perusahaan Terpercaya"

organized by the Indonesian Institute for Corporate Governance (IICG) in cooperation with SWA magazine.





2010 | Rekor Bisnis Indonesia (REBI)

as a Construction Service Company With most innovative technology system, hosted by Tera Foundation working with Seputar Indonesia Daily.



2010 | Anugerah BUMN Award

SOE Award as Best GCG SOE (Listed) Best III, organized by the Ministry of SOE, BUMN Track, and Forum of SOE Public Relations.



ISO 9001:2008

Certificate Of Quality Management System issued by United Register Standard Services on 28 July 2009 and valid until 27 July 2012.



ISO 18001:2007

Certificate Of Quality HSE Management System issued by United Register Standard Services on 28 July 2009 and valid until 27 July 2012.



ISO 14001:2004

Certificate Of Quality Environment Management System issued by United Register Standard Services on 28 July 2009 and valid until 27 July 2012.

SIGNIFICANT EVENTS 2010

26 January

Kanci-Pejagan Toll, was officially opened by President Susilo Bambang Yudhoyono, who was accompanied by First Lady and a number of officials and other relevant Minister.



27 January

Extraordinary General Meeting of Shareholders (EGMOS) held at the ADHI Head Office.



3 March

Adhi Realty inaugurated Menara MTH the new office buildings located at protocol road MT Haryono in Jakarta.

4 March

ADHI CSR activities by planting trees of approximately 1,200 Trembesi trees on the banks of the East Canal Flood Project.

11 March

ADHI Celebrates 50th Birthday which was greeted with celebrations and festive activities.



14-17 April

ADHI participated in Infrastructure Asia 2010 Conference and Exhibition April 14th to 17th, 2010, which was officially opened by President Susilo Bambang Yudhoyono.

22-24 April

ADHI Participated in World Water Day in 2010 this time in addition to following the Seminar on World Water Day also World Water Day Exhibition held at the Auditorium Building SDA and Spatial Planning Ministry of Public Works.

22 April

ADHI held an Annual Public Expose 2010 at IDX Gallery, Indonesia Stock Exchange Building, Jakarta.



9 June

General Meeting of Shareholders (GMOS) for fiscal year 2009 which was held at the Head Office ADHI, Jakarta.



10 June

ADHI won the award of Indonesian Business Record as a Construction Service Company with the most innovative technology systems (Adhi Concrete Pavement System) in Indonesia.

**10 June**

The awarding of Indonesia's Most Admired Company (IMAC) 2010 with the title "The Best in Building and Managing Corporate Image".

**4 August**

ADHI attending the ASEAN BNP Paribas Conference 2010 which took place at the Hotel Marina Bay Sands, Singapore.

5 August

ADHI participated in the event CITI Indonesia Investor Conference 2010 held at the Mandarin Oriental Hotel, Jakarta.

23-26 September

ADHI participated in the Indonesia State-Owned Enterprise-Business Expo and Conference (IBBEX 2010), which took place at the Jakarta Convention Center.

19 October

ADHI promoting superior products on the Uni Arab Emirates Business and Investor Meeting at the Presidential Building Advisory Council.

10 and 18 November

ADHI present at Investor Summit 2010 in Jakarta and Surabaya.

**8-10 December**

ADHI participated in Construction Indonesia 2010 Exhibition held at the Balai Kartini Jakarta.

**9 December**

The awarding of Trusted Company award from IICG (Indonesian Institute for Corporate Governance), held at Hotel Shangri-La Jakarta.



BUILDINGS & PROPERTIES

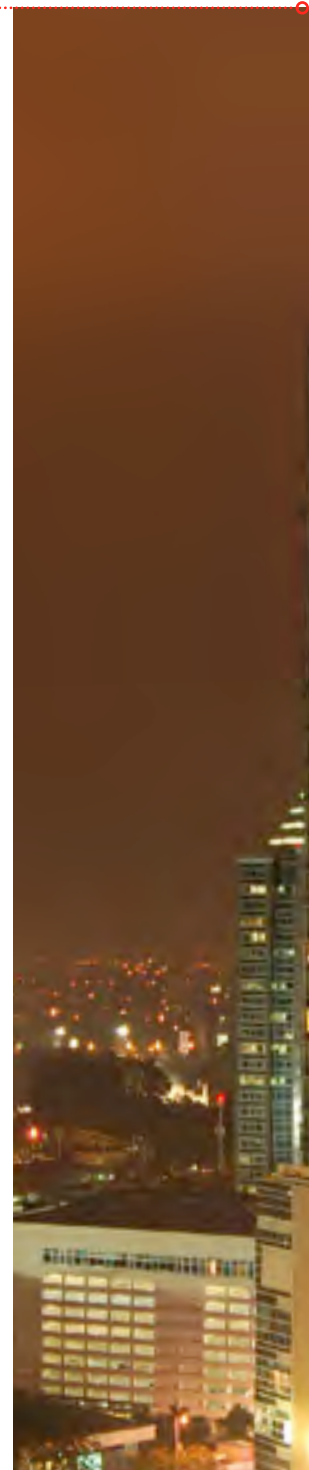
In the middle of Indonesia's rapid economic growth in 2010, the need for high rise buildings has become a necessity to support Indonesia's way of business. Not only in Jakarta, several other big cities such as Surabaya, Medan, Bandung, Makassar, etc, began to feel the need for more office spaces that has become more limited.

Foreign investor interests to invest are not only through the capital markets, but also from Foreign Direct Investment, which are stronger along with the improvements made by Indonesian Government through the Investment Coordinating Board (Badan Koordinasi Penanaman Modal/BKPM).

As one of the State-Owned Enterprise that sustain Indonesia's infrastructure growth, ADHI has a reputation as one of Indonesia's best building contractors. History has proven ADHI strength through various building landmarks, start from Sarinah Building, DPR building, Gelora Bung Karno, etc.

In 2010 and years ahead, along with the economic growth, ADHI is ready to become a part of the skyscrapers buildings growth in Indonesia.

Supporting business cycle through high rise building.





Capital Residences, Jakarta

ENGINEERING, PROCUREMENT, CONSTRUCTION (EPC)

The rise of EPC business throughout 2010 was seen by the presence of several construction companies who took part in EPC business competition. The competition growth in EPC business was encouraged by Government programs through implementation of electricity supply program evenly throughout Indonesia area, called 10,000 MW Program.

ADHI as one of the State-Owned Enterprise in construction services that became a pioneer in entering EPC business has advantage as a leader. With the EPC project achievement of Lampung Power Plant 2x100 MW in 2007 which was part of 10,000 MW Program stage 1, made ADHI has more experience in working on future EPC projects. Owner's trust in ADHI was proven by the new EPC projects achievement throughout 2010 and early 2011, where ADHI was able to left behind the competitors, other State-Owned Enterprise in construction services, both in numbers or in EPC project scale. Currently, several EPC projects handled by ADHI are

2x100 MW Balikpapan Power Plant, 2x7 MW Tanjung Selor Power Plant, 3x7 MW Sintang Power Plant, etc.

Being the leader among other State-Owned Enterprise in construction services in number of power plant EPC projects acquisition, spur ADHI to keep enhancing its competence and be the best. Armed with those achievements, ADHI next strategy is to start its step forward entering EPC services business for Oil & Gas.





Tarahan Coal Fired Steam Power Plant, Lampung



Steam Power Plant, Banjarmasin

INFRASTRUCTURE

The world admits that Indonesia's economy is growing in this globalization era. However, many developing countries are experiencing a similar economic growth.

In 2011, Indonesia is trusted to be the ASEAN leader. This is a good opportunity for Indonesia to attract investors, both domestic and foreign. Therefore, the Government realized that to boost a better economic growth, various solid infrastructure supports is needed. One of the Government strategy is the Expansion and Acceleration Program for Indonesian Economic (Program Perluasan dan Percepatan Ekonomi Indonesia/P3EI), in which one of the discussion topic is the needs for priority infrastructure until 2015, estimated to reach USD76 billion.

The needs cannot be fulfilled by Government only, but also needs support from the private investor, both domestic and foreign. Therefore, the Government encouraged the infrastructure development through Public Private Partnership (PPP) scheme.

ADHI is a trusted partner in Indonesia's infrastructure development, ready to help building the nation. ADHI optimist, with commitment and government policy to cut back bureaucracy and legislation that slows down the infrastructure project realization, various delayed mega projects, including projects done by ADHI, will be immediately carried out again.



Ring Road Utara, Semarang



Jembatan Suramadu, Jawa Timur

COMPANY PROFILE



Kanci-Pejagan Toll Road

ADHI is the first listed construction company in Indonesia Stock Exchange since 2004, where at the end of 2003, Republic of Indonesia has release 49% of its share ownership to public through Initial Public Offering (IPO) mechanism. Previously ADHI was a Limited Liability Company, since June 1st, 1974, based on the approval of Minister of Justice of Republic of Indonesia. While the origins of ADHI came from a Dutch-owned company named Architecten-Ingenieur-en Annemersbedrijf Associatie Selle en de Bruyn, Reyerse en de Vries N.V. (Associatie N.V.), which was nationalized and then designated as PN Adhi Karya on March 11th, 1960. This nationalization is intended to spur the infrastructure development in Indonesia.

STRENGTHENING ADHI COMPETITIVENESS

With the emergence of pressure on construction services, caused by the competition intensity and price rivalry which was the Company's mainstay, then in 2007, through an in-depth study, the Company has decide to have a redefinition on vision and mission.

Integrated in the process, ADHI also design business transformation process by adding EPC sector, which was an extended business and investment sector as the expanded business, with construction service stays as the core business. This transformation strategy was chosen, so

that ADHI able to serve new market in accordance with its resources capabilities, because it is still closely associated with the core competencies that the Company has been built for years. This is done so that ADHI commitment to always give the best service quality can be maintained.

In its operational activity, ADHI was supported by nine divisions spread throughout Indonesia and overseas. Where several divisions directed as specialist division, such as building specialist, EPC specialist and high technology infrastructure specialist.

ADHI has classified the Construction Services projects into two groups, namely:



1. Infrastructure Project

Consist of infrastructure projects such as roads and bridges, irrigation, power plant, ports, etc.

2. Building Project

Consist of jobs that related with high rise buildings/storey buildings such as hotels and office buildings; public facility construction such as hospitals and schools; commercial housing construction; industrial and manufacturing estates; mechanical and electrical works on buildings and industry, electricity transmission and substation, building automation, power generation, air conditioning and sound systems, radio, telecommunication, instrumentation and piping.

As an extended business that closely related with Company's core business, EPC is the selected construction services business extension, chosen by ADHI. ADHI's reputation in construction service sector is a positive provision to win EPC projects tendered by private and Government. Considering the competence and resources owned by the Company is limited, for now ADHI is focused on serving EPC for power plants construction and Oil & Gas. So does with the operation area, which is limited only in Indonesia, although EPC offers bigger profit margin compare than construction services. This policy is determined considering EPC is a new business that requires adaptation in HR sector, system, and infrastructure so as not to disappoint customers who have entrusted their construction project to ADHI.

While the expanded business chosen by ADHI is investment. This business has a high value creation, proportional with the challenges that has to be faced by the Company, particularly related with long term way of thinking and competency requirements which different from the one the Company owned. By entering investment sector, ADHI is expected to create their own EPC business and construction and obtain doubled revenue from building construction service, managing operators and shareholders. The investment business that the Company will enter is limited in the areas of investment which is close to the construction sector alone, such as toll roads, properties, etc.

To support its performance, ADHI has subsidiaries namely PT Adhi Realty, engaged in realty property sector; PT Duri Indah Raya, engaged in property; Adhi Multipower Pte. Ltd. engaged in trade; and PT Adhicon Persada, engaged in maintenance works specialist that supports ADHI's projects.

VISION AND MISSION

Company vision & Mission

ADHI changed its vision and mission in 2007 along with the challenges that has to be faced, particularly in construction services industry sector and the demand that the Company should always perform value creation in order to enhance corporate values:

Vision

To be the ultimate champion in construction services business and a selected partner in engineering services and infrastructure investment in Indonesia and several selected countries.

Mission

To build a Great Infrastructure Enterprise by:

1. Creating sustainable value to customers, employees, shareholders, and several other interested parties.
2. Strengthen the core competence in construction services, expand capabilities in engineering services, and selectively develop capabilities in investment business.
3. Actively engaged in Public Private Partnership (PPP) programs to support the economic growth, running Corporate Social Responsibility (CSR) initiatives within the human development framework.

Those vision and mission organized with considerations that the construction services market still has good prospects, so ADHI is determined to become a true champion in the construction services business. EPC business will grow in the future, so does the investment sector. The Government has issued some regulations that support investment cooperation (Public Private Partnership scheme) in infrastructure sector, so it is not excessive if ADHI define its vision to be the chosen partner in EPC and investment. ADHI realize that in order to ensure the business continuity, the society role is inseparable, so that ADHI will play an active role in CSR programs.



ADHI has Construction Services as a core business that have been the focus on Company's growth, pictured above as starting vector of ADHI business cycle.

In order to accelerate the business cycle growth, currently ADHI is supported by two business segments, which are EPC and Investment, illustrated in two additional vectors to accelerate the cyclical functions.

The three compositions of those vectors are attached in in one synergy that supports one and another, becoming one cycle of sustainable integration, which is in line with the vision of "Beyond Construction."

ADHI PRINCIPLES

Company's Values

In order to do the value creation, ADHI rely on the benefits derived from the company's culture. Therefore, the company's culture is redefined by using the powerful name of "ADHI", and as a result ADHI principles are formulated, with following values:



Advanced, meaning move forward and leading in mind, heart and spirit.



Determined, meaning firm, strong will, solid, focused and consistent in producing Quality, Cost, Delivery (QCD) in the field of construction, up holding values of Health, Safety, and Environment (HSE) in engineering service, and holding the principles of Good Corporate Governance in investment.



Humane, meaning care and having empathy in carrying out company operations by preserving the environment, supporting community development, and promoting sustainable world.



Inspiring, meaning to inspire the people, the customers and the shareholders.

HUMAN RESOURCES DEVELOPMENT

ADHI Human Resources

To support the company vision requires highly productive Human Resources (HR). As a service company, where HR is one of the main resources, made ADHI concern on the HR management through increased competence and continuous motivation. ADHI mapped its employee's competence through the combination between performance and work culture that reflected on behavior. To enhance competence, the conducted development program is based on the employee mapping result, so that the program will be in accordance to the real needs. While to see the employee motivation, Company has conduct an Engagement Survey, and continue with the development program preparation and implementation.

To maintain the continuity for HR availability with high competence and high commitment to the Company, each step of the HR management start from organization design,

planning, recruitment/selection, placement, development until employment termination, always include the competence factor and HR attachment. Therefore, ADHI has HR support with developing competence from time to time.

Management Trainee

Globalization and free trade has a big impact on Company's capability and competitiveness, both regionally and internationally. The competition level is not only against domestic competitors but also against foreign competitors who entered the country. The competitiveness could not be separated from the Company's resources, including HR. As a company with labor intensive character, ADHI must be ready to face those challenges with its HR strength and capabilities. In the future, ADHI will face greater challenges, and that is why ADHI has to prepare and enhance its HR competence. One of the way is through the HR provision and development, start from recruitment through the Management Trainee Program pattern, until the recruit is ready to do his/her job as the key personnel. In HR development and selection process, ADHI not only see the intelligence factor, but also the mental and personality potential, so that the chosen HR are the one who is capable to run the functions and responsibilities as the Company's key person.

Employee Composition

Total of ADHI's employees currently are 1,874 persons, most of them (77%) has technical education back ground. HR development program implemented in 2010 was the continuity of the same program implemented a year before. The HR development is not only focused on the employee individually but also on the related facilities and infrastructures, especially HR system. The HR system completion began in 2007, and in 2010 reached the stage of preparation for Career Plan, Leadership Development Program, Succession Plan, Talent Pool System, and reviewing the Performance Appraisal System.

Education and Training

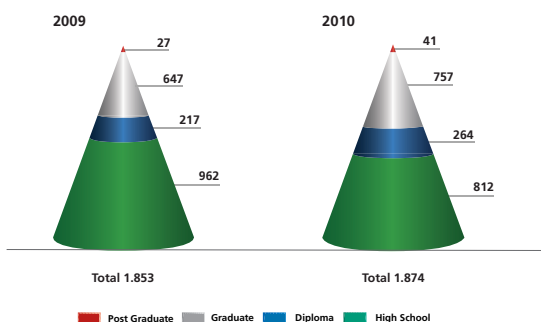
To enhance the employee competence, ADHI implements several internal developments and trainings through On the Job Training, responsibilities addition (enrichment), Coaching & Counseling, etc, that emphasize on technical skill improvement, and the development of managerial insight and competence.

In 2010, the Company sent its employees to follow trainings and expertise certification in Project Management sector, and several other specialties. The training and certification conducted by a credible agency with competence in the concerned areas. This certification program completed the

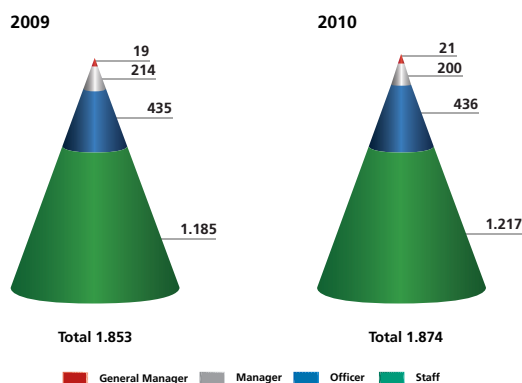


number and type of expertise and skill certification owned by Company's HR. In conducted HR development program, ADHI always give its employees the same opportunities in accordance with each person career path.

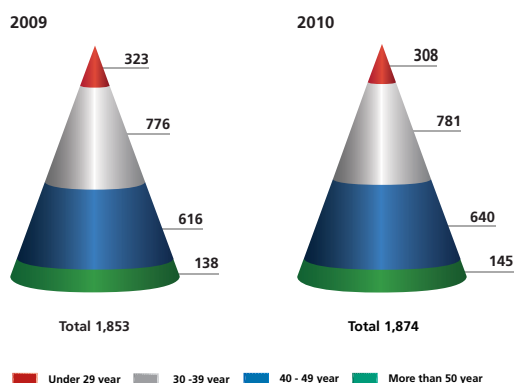
Employee Composition Based on Level of Education



Employee Composition Based on Organization Level



Employee Composition Based on Age



All courses, trainings and expertise & skill certification implemented in 2010 are as following:

Finance Sector

- Financial Management
- Accounting Management
- Banking
- Taxation
- Investment Management
- Financial Management for Engineers
- Cash Management Project

Human Resources Sector

- HR Planning
- HR Management (General)
- Career Management
- Performance Management
- Team Building
- Labor Regulations
- Personnel Development

Production Sector

- Expertise Certification (Project Management, K3, Road, Bridges, Large Dam, Structure, Civil Engineering, Electrical Mechanical, Environment etc.)
- Skill Certification (Building Implementation, Road, Bridges, Heavy Equipment, Image Interpreter, Interpreter Measure, Chemist, etc)
- Project Management
- Construction Work Method
- Microsoft Project
- Scheduling
- Management of Occupational Health & Safety (Keselamatan, Kesehatan Kerja & Lingkungan/K3L)
- Concrete Technology
- Quality Control

Marketing Sector

- Marketing Management
- FIDIC
- Contract Administration
- Negotiation Techniques
- Contract Law
- 2011 Economic Outlook
- Government Regulation
- Construction Contract

Miscellaneous

- Malcom Baldrige
- Green Building
- Internal Auditing
- Business Law Post Graduate
- Risk Management

**Department Head:**

1. Triyoni 2. Soni Yaniarso 3. Adriyanto Karyo Utomo 4. Budhi Hidayati 5. Ferry Febrianto 6. Anis Anjayani 7. Amrozi Hamidi 8. A. Tharmuzie Romlie. 9. Kurnadi Gularso

For 2011, the Company has plan a development program for 1,250 employees with budget of IDR5.5 billion.

The courses and trainings will be conducted are:

General Trainings

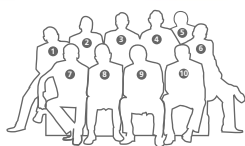
- First Aid
- Disaster Management and Fire
- Employee Competence Increase
- Retirement Preparation (Pension)
- ADHI Values
- MBTI (Myers-Briggs Type Indicator)
- Negotiation Skill
- Public Communication

Managerial Trainings

- Leadership Management
- Financial Management for Staff/Non Financial Manager
- HR Department Management for non HRD Staff or Manager
- Project Management
- Risk Management
- Tax Management
- Customer Relations Management
- Quality Management

Training Budget Realization

No	Training Classification	Type	Time (Hour)	Participant (Person)	Total Time (Hour)	Cost (IDR)
1	General	22	2,772	165	9,600	204,546,574
2	Spesific/Expertise	57	2,869	541	10,372	677,735,000
3	Managerial	12	1,176	63	5,968	310,500,503
4	Certification	28	0	145	0	433,491,400
Total		119	6,817	914	25,940	1,626,273,477



Division Heads:

1. Imam Baehaki 2. Ipuk Nimpuno 3. Hadi Bagus Mudjaka 4. Teuku Bagus M.N. 5. A. Ali Fauzi 6. Djoko Prabowo 7. Dono Purwoko, 8. M. Aprindi, 9. Agus Sulistyio 10. A. Widodo Teguh Santoso.

Special Expertise Trainings

- Contract Administration
- Taxation
- Accounting
- Information Technology
- Cost Control
- Estimation
- FIDIC (International Federation of Consulting Engineers)
- Certification
 - a. Architecture
 - b. Construction Management
 - c. Project Management
 - d. Structure
 - e. Geo Engineering
 - f. Electrical
 - g. K3 (Occupational Health & Safety) Fire Brigade
 - i. Water Resource
 - j. Infrastructure and Transportation
 - k. Civil Engineering
 - l. Electricity
 - m. Machine
 - n. Plumbing
 - o. Internal Auditor

- p. Green Building
- q. Scaffolding
- r. Welding

ORGANIZATION STRUCTURE



INFORMATION ON SHAREHOLDERS

Shareholders Composition as of 31 December 2010

Shareholders	Number of Shares	Ownership
National Shareholders		
Government of the Republic of Indonesia	918,680,000	52.28%
Indonesian citizens	161,486,500	9.19%
Mutual Funds	133,692,000	7.61%
Pension Funds	88,657,500	5.05%
Insurance	2,486,500	0.14%
Companies	17,799,162	1.01%
Foundations	5,914,500	0.34%
Employees	10,000	0.00%
Sub Total I	1,328,726,162	75.62%
Foreign Shareholders		
Foreigns institutions	427,661,838	24.34%
Foreign citizens	812,500	0.05%
Sub Total II	428,474,338	24.38%
Sub Total I + II (shares distributed)	1,757,200,500	100.00%
Treasury Stock*	44,094,500	—
Total (shares issued)	1,801,320,000	—

Description: * Buy Back Program Year 2009 until 2010

Board of Commissioners and Board of Directors Shareholding Composition as of 31 December 2010

Shareholders	Designation	Number of Shares	Ownership
Board of Commissioners			
Imam Santoso Ernawi	President Commissioner	0	0.00%
Harry Susetyo Nugroho	Commissioner	0	0.00%
Gatot Trihargo	Commissioner	0	0.00%
Murhadi	Independent Commissioner	0	0.00%
Amir Muin	Independent Commissioner	0	0.00%
Board of Directors			
Bambang Triwibowo	President Director	44,500	0.00%
Supardi	Finance & HR Director	750,000	0.04%
Indrajaja Manopol	Operation I Director	0	0.00%
Bambang Pramusinto	Operation II Director	0	0.00%
M. Fauzan	Business Development Director	4,110,500	0.23%
Total		4,905,000	0.27%

Shareholders Composition of 5% Ownership or more as of 31 December 2010

Shareholders	Number of Shares	Ownership
Government of the Republic of Indonesia	918,680,000	52.28%
ABN AMRO Bank N.V.	90,000,000	5.12%
Sub Total	1,008,680,000	57.40%
Other Shareholders [Less than 5%]	748,545,500	42.60%
Total [shares distributed]	1,757,225,500	100.00%
Treasury Stock*	44,094,500	—
Total [shares issued]	1,801,320,000	—

Description: *Buy Back Program Year 2009 until 2010

CHRONOLOGY OF SHARES LISTING

Chronology of Shares Listing

ADHI has carried Public Company status since 2003. The Government was initially the sole Shareholder on ADHI shares based on the State Owned Enterprise Minister Decree No. Kep 289/MBU/2003 November 7th, 2003, and release half ownership on ADHI shares through Public Offering and/or special offers through EMBO program.

EMBO Program was implemented on March 4th, 2004, marked by the selling of 441,320,000 (four hundred and forty-one million three hundred and twenty thousand) shares owned by the Government to Adhi Karya Cooperation with IDR100 nominal value on IDR150 per share. While the Public Offering effective on March 18th, 2004, which ADHI shares listed and traded in Indonesia Stock Exchange.

The realization of EMBO Program is 49% of total shares issued and fully paid. EMBO shares set to be lock-up as early as possible by the end of 2006 second quarter and based on the Decree of PT Adhi Karya (Persero) Tbk. Board of Directors No: 014-6/026 dated June 15th, 2006, the lock up have been opened on July 3rd, 2006.

On October 2008, guided by the Bapepam Rule No. XI.B.3 on Shares Issuer Buyback or Public Company in Crisis Potential Market Condition, the Company had buyback 40,001,000 ADHI shares for period of October 13th, 2008 – January 12th, 2009, with amount of IDR8,705,681,000.- (eight billion seven hundred and five million six hundred and eighty one thousand Rupiah).

On January 23rd, 2009 – April 22nd, 2009 period, the Company has done second stage shares buyback, because the share buyback fund has not been used optimally and monitoring the market condition that have not shown a significant improvements.

The Company plan to buyback ADHI shares maximum of 320,263,000 (three hundred and twenty million two hundred and sixty-three thousand) shares. And until the end of the period, ADHI has done buyback for 4,093,500 shares worth IDR1,044,052,500.- (One billion and forty four million fifty two thousand and five hundred Rupiah), so the total of ADHI shares buyback realization since October 13th, 2008, until January 12th, 2009 and since January 23rd until April 22nd, 2009 are 44,094,500 shares or worth IDR9.749 billion.

CHRONOLOGY OF BONDS ISSUENCE AND LISTING

ADHI Bond IV Year 2007

The Company has issued ADHI Bond IV in 2007, worth IDR375,000,000,000.- with 11% fixed interest rate per year. ADHI Bond IV valid for five years commencing July 6th, 2007 until July 6th, 2012. The bond's revenue is used for refinancing and working capital.

ADHI Sukuk Mudharabah I Year 2007

Simultaneously with the issuance of ADHI Bond IV Year 2007, the Company issued ADHI Sukuk Mudharabah I Year 2007 worth of IDR125,000,000,000.- with 76.39% Sukuk holder ratio. Sukuk Mudharabah is valid for five years commencing July 6th, 2007 until July 6th, 2012. All revenue from Sukuk is used for working capital.

ADHI Shares Distributed

Description	Number of Shares
Number of Shares Issued (A)	1,801,320,000
<i>Buyback</i>	
• Period I : (13/10/2008 - 12/01/2009)	40,001,000
• Period II : (23/01/2009 - 22/04/2009)	4,093,500
Total <i>Buyback</i> (B)	44,094,500
Number of Shares Distributed after Buyback (A)-(B)	1,757,225,500
Average Buyback Share Price IDR221	

ADHI Bond IV Year 2007 and ADHI Sukuk Mudharabah I Year 2007 are listed and traded in Indonesia Stock Exchange.

PT Pefindo has rated ADHI Bond IV Year 2007 and ADHI Sukuk Mudharabah I Year 2007 with result: idA- (Single A Minus; Stable Outlook) and idA (Sy)- (Single A Minus Syariah; Stable Outlook). ADHI Bond IV Year 2007 has idA- (Single A Minus; Negative Outlook) rank, while ADHI Sukuk Mudharabah I Year 2007 has idA(Sy)- (Single A Syariah Minus; Negative Outlook) rank, based on the rating monitoring conducted by PT Pefindo for the period of June 3rd, 2010 until June 1st, 2011.

The Negative Outlook rating is caused by the remaining risks related with EPC business segment and Qatar project dispute, and these factors estimated to give negative impact on ADHI. ADHI performance achievement in 2010 has far exceeded the target, and so does the achievement in the future, based on that, the next rating monitoring expected to give a much better result.

Until the end of 2010 financial year, the Company did not have any Corporate Action related with the bond and sukuk issuance, therefore since the beginning of the record until the end of the 2010 financial year, there are no changes on the amount.

Public Accountant Firm

Financial Report of PT Adhi Karya (Persero) Tbk. for 2010 financial year has been audited by Aryanto, Amir Jusuf, Mawar & Saptoto Public Accountant Firm (RSM AAJ Associates), addressed in Plaza ABDA, 10th floor, Jl.Jend. Sudirman Kav.59 Jakarta 12190, with fair opinion in all material respects.

Public Accountant Firm Assignment

The assignment of Aryanto, Amir Jusuf, Mawar & Saptoto Public Accountant Firm (RSM AAJ Associates) as public accountant, is the first assignment for general audit on the Company's Financial Report and audit on Partnership Program and Environmental Development fund management for 2010 financial year. The accountant who audited the Company is Saptoto Agustomo as Partner in Charge. The audit conducted by the person concerned is the first assignment.

The cost for Public Accountant Firm assignment for 2010 year book is IDR598 million (including value added tax). Aryanto, Amir Jusuf, Mawar & Saptoto Public Accountant Firm (RSM AAJ Associates) did not perform other services other than those mentioned above.



CAPITAL MARKET SUPPORTING PROFESSIONALS

No.	Supporting Institution	Name of Institution	Address
Supporting Institution in IPO			
1	Lead Underwriter	PT Ciptadana Sekuritas	Citra Graha Lt. 8, Jl. Jend. Gatot Subroto Kav. 35-36 Jakarta 12950.
2	Notary	Imas Fatimah, SH.	Wisma Danamon Aetna Life Lt. 9 Jl. Jend. Sudirman Kav 45-46, Jakarta Pusat
3	Public Accountant Firm	Soejatna, Mulyana & Rekan	Ruko Taman Meruya Blok M. 78, Jakarta 11620
4	Legal Consultant	Gani Djemat & Partner	Gani Jemat Plaza Lt.8, Jl. Jend Sudirman Kav. 45-46, Jakarta Pusat.
5	Registrar	PT Datindo Entrycom	Jl. Jend. Sudirman 34-35, Jakarta 10220.

Lembaga Penunjang Obligasi IV dan Sukuk Mudharabah I ADHI Tahun 2007

1	Lead Underwriter	PT Mandiri Sekuritas	Plaza Mandiri Lt. 28, Jl. Jend. Gatot Subroto Kav. 36-38 Jakarta 12190.
2	Trustee	PT Bank Mega Tbk.	Menara Bank Mega Lt.16, Jl. Kapten Tendean Kav. 12 -14A Jakarta 12970
3	Notary	Poerbaningsih Adi Warsito, SH.	Jl. Panglima Polim V/11, Jakarta 12160
4	Public Accountant Firm	HLB Hadori & Rekan	Wisma Staco Lt.3, Suite D, Jl. Casablanca Kav. 18, Jakarta 12870.
5	Legal Consultant	Priyadi & Co	Rasuna Office Park IO-10, Jl. HR. Rasuna Said, Jakarta 12960
6	Registrar	PT Datindo Entrycom	Jl. Jend. Sudirman 34-35, Jakarta 10220.
7	Rating Agency	PT Pemeringkat Efek Indonesia	Setiabudi Atrium Lt.8, suite 809-810, Jl. H.R. Rasuna Said Kav. 62, Jakarta 12920, Indonesia

Lembaga Penunjang Tahun 2010

1	Notary	DR. A. Partomuan Pohan, SH., LL.M.	Jl. Wolter Mongonsidi No. 7, Kebayoran Baru, Jakarta 12110.
2	Public Accountant Firm	Aryanto, Amir Jusuf, Mawar & Saptoto (RSM AAJ Associates)	Plaza ABDA, Lt. 10, Jl. Jend. Sudirman Kav. 59 Jakarta 12190
3	Registrar	PT Datindo Entrycom	Jl. Jend. Sudirman 34-35, Jakarta 10220.

SUBSIDIARIES/AFFILIATES



Subsidiaries/Affiliates

Name of Company	Business Type	Location	Remarks
PT Adhi Realty	Developer and other realty related business	Jakarta, Indonesia	Operational
Adhi Multipower, Pte. Ltd.	General Trading	Singapore	Operational
PT Adhicon Persada	Contractor Specialist, building supporting works	Jakarta, Indonesia	Operational
PT Duri Indah Raya	Property and other related business	Pekanbaru, Riau	Development Stage
Adhi Oman LLC.	Building contractor and construction (general construction, residences and non-residences)	Muscat, Oman	Operational
PT Indonesia Transit Central	Investment, transportation, and infrastructure	Jakarta, Indonesia	Not yet in Operational
PT Jakarta Monorail	Investment, transportation, and infrastructure	Jakarta, Indonesia	Not yet in Operational



Tukad Unda Dam, Bali.

MANAGEMENT DISCUSSION AND ANALYSIS



Kuningan City, Jakarta

OVERVIEW

The competition of business is increasingly strict due to the growth of the Indonesian economy, which in the end the Company should be able to compete with other similar companies both locally and globally. This raises its own risks, proved by the various constraints faced by the Company at this time, both at home and abroad.

This condition is a challenge that must be faced by the Company by increasing the competence and professionalism of its resources. The Company should also be able to conduct several of risk assessments for early detections of undesirable things based on the implementation of good corporate governance. The extensification strategy from core business of Construction Service to EPC business that has been made by the Company has made results in 2010, where the Company is able to be the biggest in acquiring EPC contracts among national Construction State-Owned Enterprise (SOE) especially in power plant projects. Furthermore, the Company continued to improve its EPC business performance by starting to enter the

market of EPC Oil & Gas, which is very big and currently still being dominated by foreign contractors. In the future, this will make ADHI more advanced as national construction company in the business.

REVIEW OF OPERATIONS

The Company main business is Construction Services, while the extension of the core business is Engineering Procurement and Construction (EPC), and the expansion of the core business is investment business that aimed as feeder for Construction Services business and EPC, and also as the dampening for Construction Services and EPC business volatility with the presence of recurring income.

The Company main business operates based on the project contract obtained from Employer/Project Owner. The project contract can be as a lump sum price or unit price with various contract projects, such as conventional construction contract, turnkey contract, modified turnkey contract, etc.



The production process of the Construction Services business based on the working drawings approved by the Employer or Employer Representative or the results of the Company's own designs, if the scope of the design jobs is included in employment contracts. Completion of work is recognized as revenue when the business has been approved by Employer or Employer Representative for further processing into invoices and is recorded as Accounts Receivable. This is done with a periodically in accordance with the agreed working contracts. In general, recognition of achievement is done every month or known by the monthly certificate or on the basis of milestones that have been determined by the Employer.

Therefore it is different from the manufacturing industry that enables the recording of Goods In the Process, where in the Construction Services industry it is not such way. Construction Services business Revenues accounting records are based on the Percentage of Completion Method. Especially for projects undertaken by way of a joint operation with other partners, the Company did not record Revenues instead only Net Income of joint operation project.

In addition to the Construction Services and EPC business, the Company also has a Strategic Business Unit (SBU), which is a new Division of Asphalt Mixing Plant (AMP). This business unit is in operation of asphalt works, including the sale of asphalt paving. Asphalt product is a ready-made product and can not be stored in the form of a mixture, resulting in the production process there is no work in progress. So for such SBU it has no record of Goods In Process.

The Company also has a Company Subsidiary and Affiliated Company within the same industry, namely: PT Adhicon Persada, which is recorded as consolidated because 99% of ownership and Adhi Oman LLC, operates in Oman and not consolidated because the ownership of the Company amounted to 48.9%. In addition, the Company also has subsidiaries in different industries, namely: PT Adhi Realty engaged in realty property or developer, PT Duri Indah Raya engaged in property and is currently in focus in developing a mall in Duri - Riau, and Adhi MultiPower

Pte. Ltd. engaged in trade based in Singapore, which was established to support the production of the EPC business.

In contrast to the Construction Services industry, for a consolidated subsidiary that engaged as a developer in particular PT Adhi Realty, there are records of inventory ready for sale. Booking of Revenues based on percentage of completion method for the building units, full accrual method for sales of stores and other similar property with its land plots, and the recording of revenues by straight-line basis over the lease for which is recognized as rental income. To PT Indah Raya Duri, up to date there are no Revenues booked. As for Adhi MultiPower Pte. Ltd., Revenues booking is based on merchandise that has been accepted by the buyer.

Production of realty business property through a subsidiary as developer has increased 44.61% from the year 2009 amounted to IDR390,172 billion to IDR564,227 billion in 2010. This is due to increased demand/demand of office space, shop or place of residence in accordance with the business cycle properties that are in phase of began to increase in 2010. It is expected that up to two or three years into the future, the business is still in the growing phase.

Acquired Contract in total including Joint Operation Project, which is done by the Company in 2010 amounted to IDR13.780 trillion, up 3.1% from the year 2009 amounted to IDR13.363 trillion. Total contract are derived from construction services (construction services parent and its subsidiary PT Adhicon Persada), EPC (EPC Division and Adhi Multipower, Pte., Ltd.), Real Estate (PT Adhi Realty and PT Indah Raya Duri), and Others (Division of AMP/Asphalt Mixing Plant). Achievement of the contract consists of IDR5.649 trillion (41.0%), which is carry over contract from 2009 and IDR8.132 trillion (59.0%) is purely this year contract.

During 2010, the Company booked Revenues of IDR5.675 trillion or 26.4% decrease from the year 2009 amounting IDR7.715 trillion. Revenues decrease was due to budget constraints that delay the absorption of Government infrastructure projects, so the Company achievement of new contracts in 2010 that mostly planned from

Contract Awarded (in million IDR)

Business Segment	Contract 2010	Percentage	Contract 2009	Percentage
Construction Service	8.744	63.4%	12.188	91.2%
EPC	4.672	33.9%	1.035	7.8%
Real Estate	225	1.6%	140	1.0%
Others	140	1.0%	NA	0.0%
Total	13.781	100.0%	13.363	100.0%

Government projects and to contribute to the Company Revenues is not realized.

Revenues come from four business segments, namely Construction, EPC, Real Estate, and Others. Where those segments are based on the products. The contributions of each segment are: 74.9% Construction Services with the largest contribution from building and road projects; EPC 18.6% with the largest contribution from EPC projects such as power plant in Lampung; Real Estate 4.0% with the largest contribution from Apartment Building Salemba and MT Haryono and 2.5% Other segments with the largest contribution from asphalt production of AMP Division. While the contribution in 2009 was 93.5% Construction Services, 4.7% EPC, and 1.8% Real Estate. Revenues from the carry over contract 2009 amounted to IDR2.327 trillion and Revenues of the New Contract 2010 amounted to Rp 3.348 trillion.

Profitability

In the year 2010, Operating Income of the Company amounted IDR550.834 billion increased 2.6% from the year 2009 amounted IDR536.819 billion, even the Net Income increased by 14.4% from the year 2009 amounted IDR165.530 billion to IDR189.484. It is caused by the efficiency of contract expenses and the increase of interest profit.

Profitability Ratio

Ratio (%)	2010	2009
Net Profit Margin	3.3%	2.2%
Return on Assets	6.5%	5.9%
Return on Equity	33.2%	27.1%

The Increase/Decrease in Production Capacity of Each Business Segment

Compared with the year of 2009, the Revenue of EPC segment in 2010 increase of 194.9%. Followed by the increase of 60.9% in Real Estate Segment. While the Construction Service Segment decreased by 41.1%. In the EPC segment, the biggest contribution obtained from Steam Power Plant project in Lampung that in 2010 booked Revenue of IDR1.018 trillion or increased 231.3% compared to the year 2009 amounting to Rp307.330 billion.

The high rate of increase in EPC business and Real Estate segment did not cause the Company Revenue to increase, even decreased. This is because the Construction Services business segment which contributes 75% of the total Revenue decreased by 41.1%.

Revenues (in million IDR)

Business Segment	2010	%	2009	%
Construction Service	4.252	74,9%	7.216	93,5%
EPC	1.058	18,6%	359	4,7%
Real Estate	225	4,0%	140	1,8%
Others	140	2,5%	NA	0,0%
Total	5.675	100%	7.715	100%

FINANCIAL REVIEW

Description of Financial Performance

Total Assets

In 2010, Total Assets of the Company amounted IDR4.927 trillion consisting of 80.0% Current Assets and 20.0% Non-Current Assets. The total value of these assets decreased IDR701.758 billion or 12.5% from IDR5.629 billion in 2009. The decrease that is quite high is on Advance Payment, Inventory, Cash and Cash Equivalents, Account Receivables, and Progress Billings (Gross Receivables) to the Employer, each of 55.3%; 49.8%; 21.1%; 18.0% and 12.1%. Overall, the decrease was caused due to the decrease of Company Revenue.

Current Assets

Current Assets of the Company decreased 14.6% to IDR 3.943 billion in 2010 and this is due to the biggest decrease on Advance Payment, Inventory, Cash and Cash Equivalents, Account Receivables, and Gross Receivables to the Employer.

a. Cash and Cash Equivalents

This post consists of Cash amounting to IDR25.274 billion and IDR216.844 billion Cash Equivalent in Demand Deposit and Time Deposit. This Demand Deposit and Time Deposit composition is 90.5% IDR; 9.5% USD, and the remaining is 0.0039% in Yen. This Cash Equivalent post is scattered in 21 different Banks with an average Interest Rate of 5.2% - 5.8%. Cash and Cash Equivalents decreased 21.1% from IDR306.902 billion last year, this happens because it was used for payment of project operations.

b. Account Receivables

The decrease in Account Receivables is 18.0% from last year IDR1.333 trillion to IDR1.092 trillion (net) in this year that is certainly associated with the increase of collectability of the Company and due to the paid billings of the toll road project of Kanci-Pejagan II and toll road project of Semarang-Bawen.

The composition of Account Receivables in this year comprised of 57.9% Related Party and 42.1% Third Party. In 2010, according to PSAK 50 and 55 the Company reserves IDR85.312 billion as Allowance for Doubtful Receivables. From this IDR85.312 billion amounted 91.6% is from the Account Receivables of Third Party. Furthermore, to write-off Bad Debt can only be performed after obtaining approval from the Board of Commissioners.

The details of Account Receivables of Related Party including IDR332.669 billion (52.6%) PT PLN (Persero), IDR37.640 billion (6.0%) PT Pelindo (Persero), and IDR35.152 billion (5.5%) Provincial Government. While the portion of Third Party is IDR47.828 billion (10.4%) PT Wenang Permai Sentosa, IDR28.378 billion (6.2%) PT Jakarta Kemayoran Properti, and IDR25.635 billion (5.6%) Lapindo Brantas, Inc.

c. Retention Receivable

Retention Receivables increased by 21.8% from last year amounted to IDR373.942 billion to IDR455.587 billion. This increase was caused by the retention of outstanding projects that have completed, therefore not yet billed to the customer.

d. Progress Billings to Customers

Progress Billings (Gross Receivables) to Customers decreased by IDR206.461 billion (12.1%) from 2009 IDR1.708 trillion to IDR1.502 trillion in 2010. With a composition of IDR867.231 billion (57.7%) is Gross Receivables of Related Party Customers and amounted IDR634.773 billion (42.3%) is Gross Receivable of Third Party Customers. This is caused by the good collectability especially on the airport project of Kualanamu ME

In 2010, the Company reclassified the account for the listing of Gross Receivables to Customers Fiscal Year 2009, especially Gross Receivables of Qatar Project after impairment loss provision amounting to IDR198.368 billion to Other Accounts Receivables. The details of the Gross Receivables of Related Party Customers including to PT PLN (Persero) amounting to IDR162.840 billion (18.8%), PT Pelindo (Persero) amounting to IDR137.932 billion (15.9%), the Provincial Government IDR103.597 billion (12.0%), while Gross Receivables of Third Party Customers among others to PT Jakarta Monorail amounting to IDR105.362 billion (16.6%), Total E&P Indonesia amounting to IDR89.068 billion (14.0%), and PT Semesta Marga raya amounting to IDR85.913 billion (13.5%).

e. Inventory

In the Inventory post there was a decrease when compared with the year 2009 of 49.8% from IDR123.036 billion to

IDR61.766 billion in 2010. The decline is the inventory of construction project material. In 2010, the Company reclassified the account for the listing of the 2009 Financial Year Inventory especially Qatar Project after the impairment loss provision amounting to IDR113.629 billion to Other Account Receivables and Subsidiary Inventory of PT Adhi Realty and PT Duri Indah Raya amounting IDR273.507 billion to Real Estate Asset account.

f. Advance Payment

The Advance Payment decreased when compared with the year 2009 of 55.3% from IDR262.274 billion to IDR117.155 billion in 2010. The biggest component in this decline is on the order advance payment amounting to 67.1% from IDR199.772 billion to IDR65.742 billion due to decrease of production in 2010.

Non-Current Assets

In 2010, the Non-Current Assets of the Company decreased by 2.6% from IDR1.010 trillion in 2009 to IDR983.863 billion. This is due to the correction of Deferred Tax Assets amounting to IDR2.745 billion from the application of final income tax of construction services, the correction of Investment of IDR3.432 billion due to impairment application of investment to PT Indonesia Transit Central and the decrease of Net Fixed Assets after accumulated depreciation amounting to IDR60.033 billion or 24.4% because of Adhi Oman L.L.C is no longer consolidated in 2010 as the dilution of Company shares from 70.0% to 48.9%.

Total Liabilities

Total Liabilities of the Company in 2010 amounted to IDR4.060 trillion consisting of IDR3.451 trillion (85.0%) of Current Liabilities and IDR609.238 billion (15.0%) of Long-Term Liabilities. Total Liabilities of the Company decreased 17.0% from the year 2009 IDR4.889 trillion to IDR4.060 trillion. All posts in Liabilities decreased except for the Long-Term Liabilities increased 9.3%

Current Liabilities

In 2010, Current Liabilities of the Company decreased 20.3% to IDR3.451 trillion. The composition of this Current Liabilities of the Company is Account Payable 64.2%; Bank Loans 8.8%; Tax Payable 2.2%; Unearned Revenue 0.5%; Advance Received 15.2%; Accrued Expenses 5.7%; Retention Payable 3.2%; and Other Current Liabilities 0.2%. The posts that have increased/decreased more than 20% is Account Payable decreased 22.3%; Tax Payable Increased 54.9%; Unearned Revenue decreased 46.5%; Accrued Expenses decreased 21.2%; Retention Payable decreased 20.1%; and Other Current Liabilities decreased 85.6%.

Consolidated Balance Sheet (In million IDR)

Description	2010	2009	Increase/ (Decrease)	Growth (%)
Current Assets	3.944	4.619	(675)	-14.6%
Non Current Assets	984	1.011	(27)	-2.6%
Total Assets	4.928	5.629	(702)	-12.5%
Current Liabilities	3.451	4.331	(880)	-20.3%
Non Current Liabilities	609	557	52	9.3%
Total Liabilities	4.060	4.889	(829)	-17.0%
Minority Interest in Subsidiaries	7	10	(3)	-31.3%
Equity	861	731	130	17.8%
Total Liabilities and Equity	4.928	5.629	(702)	-12.5%

a. Account Payable

Account Payable of the Company in 2010 amounted to IDR2.214 trillion, decreased 22.3% from the year 2009 with the value of IDR2.850 trillion. Based on the Nature of Relations, Account Payable of the Company consists of Account Payable to Related Party 3.8%; and Account Payable to Third Party 96.2%. This decrease amounted IDR635.484 is caused by the payment of debt which has matured through Domestic L/C or Trust Receipt Domestic L/C.

b. Bank Loans

Bank Loans decreased by 14.1% from last year from IDR353.741 billion to IDR304.033 billion. This decrease was due to payment of debt by the end of 2010.

c. Advance Received

Advance Received decreased by 13.8% from last year from IDR609.518 billion to IDR525.472 billion. The decline was in line with the delay of new contracts acquired in 2010.

d. Tax Payable

The Tax Payable significantly increases by 54.9%, from the year 2009 amounted to IDR48.080 billion to IDR74.492 billion in 2010. This increase was caused by the increase of Tax Payable on final income tax of Wapu.

e. Unearned Revenue

Unearned Revenue of the Company decreased by 46.5%, from the year 2009 amounted to IDR32.670 billion to IDR17.474 billion in 2010. The decrease was caused by decrease of Unearned Revenue in construction services segment.

f. Accrued Expense

Accrued Expenses Post decreased by 21.2%, from the year 2009 amounted IDR249.233 billion to IDR196.343 billion in 2010, with the composition consists of Project Work Cost 56.8%; Operating Cost 27.8%; Incentive Reserve 7.0%; Bond Interest 6.5% and Bonus Reserve 1.9%. The decrease of Accrued Expense amounting IDR5.890 billion was caused by decline of Operating Cost in 2010 in line with the decline of Revenue.

g. Retention Payable

Retention Payable Post decreased by 20.1% from the year 2009 amounted to IDR139.790 billion to IDR111.706 billion in 2010. This decrease is caused by the debt payment of subcontractors with maturity of less than one year.

h. Other Current Liabilities

Other Current Liabilities Post decreased by 85.6% from the year 2009 amounted to IDR48.348 billion to IDR6.949 billion in 2010. This decrease is caused by repayment of short-term debt in subsidiaries.

Non – Current Liabilities

When compared with the year 2009, Non-Current Liabilities of the Company increased by 9.3% from IDR557.483 billion to IDR609.238 billion in 2010. The composition of Non-Current Liabilities of the Company amounted IDR609.238 billion consists of Bond Payable 82.0%; Bank Loans 6.6%; Other Payables to Third Party 4.5%; Estimated Liabilities for Employee Benefit 4.2%, and Other Long-Term debt 2.7%. The increase was mainly due to additional bank credit loan of subsidiary PT Adhi Realty amounting to IDR40 billion from PT Bank Tabungan Negara (Persero) Tbk. for refinancing investment credit of Menara MTH project.

Minority Interest in Net Assets of Subsidiary Company

Minority Interest in Net Assets of Subsidiary Company in 2010 decreased by 31.3% compared to in 2009 from IDR9.673 billion to IDR6.641 billion. The Decrease of Minority Interest in Net Assets of Subsidiary Company amounting IDR3.031 billion or 31.3% that are caused by no consolidation to Subsidiary - Adhi Oman LLC. because of the change of ADHI ownership portion from 70,0% to 48,9%.

Equity

The Equity of the Company increased by 17.8% from 2009 amounted IDR731.200 billion to IDR861.113 billion in 2010, that is caused by the increase in Unappropriated Retained Earnings from IDR162.178 billion in 2009 to IDR187.036 billion in 2010. And the increase of Appropriated Retained Earnings from IDR366.690 billion 2009 to IDR481.319 billion in 2010.

Revenues

In 2010, ADHI recorded Revenues of IDR5.675 trillion, this result decrease by 26.4% from the year 2009 amounted to IDR7.715 trillion. This decrease is caused by a number of contracts acquired in the fourth quarter of 2010 can only be produced in 2011.

The Revenues in the year 2010 amounted to IDR5.675 trillion, consists of construction services IDR4.252 trillion or 74.9%; EPC (Engineering, Procurement, and Construction) amounted to IDR1.058 trillion or 18.6%; Real Estate amounted to IDR225.346 billion or 4.0%; and Others IDR139.878 billion or 2.5%.

Cost of Revenues

The Cost of Revenues of the Company in 2010 amounted IDR4.964 trillion, decreased 29.7% compared to 2009 amounted to IDR7.059 trillion. The realization of Cost of Revenues in 2010 amounted to IDR4.964 trillion or 87.5% of Revenues, if compared to the realization in 2009 amounted IDR7.059 trillion or 91.5% of Revenues, then there is a decrease of percentage amounting 4%, which is due to efficiency program, production optimization from the establishment of AMP Division, contribution from PT Adhi Realty, etc.

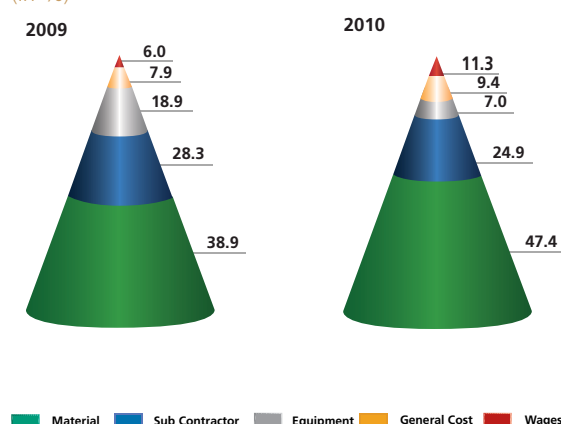
The biggest Cost of Revenues component is the purchase of material IDR2.353 trillion (47.4%), sub-contractor IDR1.237 trillion (24.9%), wage IDR562.826 billion (11.3%), general IDR467.471 billion (9.4%), and equipment IDR344.850 billion (6.9%).

Profit (Loss) of Joint Operation

The Company also established cooperation with other

parties in conducting project. In 2010, income from joint operation projects reached IDR58.478 billion or decreased by 39.3% from the year 2009 amounted to IDR96.401 billion. This is mainly due to decline of number of joint operation projects in 2010 compared to 2009.

Comparison of Cost of Contract Year 2010 and 2009 (in %)



Five Largest Joint Operation Projects in 2010 (in million IDR)

Name of Project	(in million IDR)
Rigid Taxiway Kualanamu Airport	12
Main Stadium UNRI	12
Bojonegoro Barrage LRSIP II	6
Pumping Station	4
Jl. Tohpati-Kusamba EBL-02 stage 2	4

Operating Expenses

In 2010, there was an increase of Operating Expense of 1.5%, if compared to the year 2009 amounting IDR204.613 billion to IDR230.014 billion. The increase of operating expense in 2010 caused by the increase of employee expenses.

Net Income

Consolidate Net Income (after Income Tax) the Company experienced an increase of 14.5% from the year 2009 amounted to IDR165.530 billion to IDR189.484 billion in 2010, it is because in addition to the increase of Gross profit Margin of 8.4%.

Solvency and Collectibility

Compared to the year 2009, the ability of Solvability of the Company improved from 1.17 times to 0.98 times in the year 2010, this is caused by a decline in Bank Loans in 2010. The ability of the Company to pay interest on the loan increased from 3.99 times in 2009 to 4.10 times in 2010.

The level of collectibility of the Company was increased in 2010 amounted to 70 days whereas in 2009 was 62 days, this is mainly due to the new billings will be done in early 2011 for projects that were acquired and produced at the end of 2010.

Profitability Ratio

Ratio (%)	2010	2009
Net Profit Margin	3.3%	2.2%
Return on Assets	9.1%	7.8%
Return on Equity	33.2%	27.1%

The Company Capital Structure

The Company Capital Structure consists of Equity (17.5%), Interest Bearing Debt (Banks and Bonds) (17.1%), Advances Received (10.7%) and the rest of the Account Payable and others (54.7%). Company Capital Structure is still dominated by funding from the supplier.

Policy for Capital Structure

The Company has a policy that Debt to Equity Ratio (DER) should not exceed 3.5 times and must also consider the ability of the Company in paying the Banks Interest or Time Interest Earning (TIE) must be greater than 2.00 times in line with the covenant of Bond Series IV ADHI and Sukuk Mudharabah I ADHI, which still valid until July 2012. The realization in 2010 of DER 0.98 times and TIE amounted to 4.10 times.

Company Liquidity Level

The ability of the Company to pay Current Liabilities of its Current Assets (Liquidity) must be greater than 1.00 times, in line with the covenant of Bond Series IV ADHI and Sukuk Mudharabah I ADHI. The liquidity in 2010 amounted to 1.14 times is still above the specified ratio of the Company.

Liquidity Ratio

Ratio	2010	2009
Current ratio (x)	1.14	1.07
Net Working Capital (million IDR)	867.755	740.873

Material Commitment Related to Capital Goods Investment

There is no material commitment related to capital goods investment.

Financial Information with Extraordinary and Rare Events

There is no Financial Information with Extraordinary and Rare Events.

Assets and Liabilities in Foreign Currency

Transaction of foreign currency is booked after adjusted into currency of Rupiah using the exchange rate at the transaction.

At each balance sheet date:

1. Post of Assets and monetary liabilities in foreign currency are reported in of Rupiah using exchange rate of balance sheet date.
2. Post of non-monetary should not be reported using the exchange rate of balance sheet date but still must be reported using the exchange rate at transaction date
3. Post of non-monetary valued at a fair value in foreign currency should be reported using the exchange rate prevailing at the time of the value is determined.

With the Assets and Liabilities denominated in foreign currencies are as follows:

Consolidated Income Statement (in million IDR)

Description	2010	2009	Increase/ (Decrease)	Growth (%)
Revenues	5.675	7.715	(2.040)	-26.4%
Cost of Contract	4.964	7.059	(2.095)	-29.7%
Gross Profit	711	655	55	8.4%
Gross Profit After Profit (Loss) of Joint Operation	769	752	17	2.3%
Operating Expenses	218	215	3	1.5%
Operating Income	551	537	14	2.6%
Other Income (Expenses)	(123)	(97)	(26)	26.2%
Interest Expense (net)	(107)	(108)	1	-0.5%
Net Income before Tax	321	332	(11)	-3.3%
Tax	(131)	(169)	38	-22.6%
Minority Interest in Subsidiaries	(1)	3	(3)	-127.2%
Net Income	189	166	24	14,5%

Other Income and Expense (net)

In 2010, Other net Expense of the Company is (IDR230.014 billion) increased 12.2% compared to the year 2009 amounted to (IDR205.046 billion), derived from the impairment loss of receivables (IDR96.151 billion) that included a provision for Qatar project (IDR82.882 billion) and from losses on the burden of receivables amounting to (IDR22.409 billion) and the rest is other net Expenses of Operational Division.

Financial Expenses

Beban Bunga Perseroan di tahun 2010 mengalami penurunan 0,5% atau sebesar Rp534 juta dari Rp107,846 miliar di tahun 2009 menjadi Rp107,312 miliar, yang terdiri dari Beban Bunga Kredit Bank sebesar Rp52,312 miliar dan Beban Bunga Obligasi & Sukuk sebesar Rp55,000 miliar.

Material Increase or Decrease of Revenues or Net Income

Decrease Revenues in 2010 amounted to 26.4% due to delayed absorption of Government infrastructure project budget.

Price Change Impacts on Revenues/Net Income and Operating Income (2010 – 2009)

There are price change impacts on Revenues/Net Income during 2010 and 2009. For anticipating the loss resulting from the impact of price changes, the Company submitted revisions to the contract of projects in 2010 and 2009 through escalation to the contracts. The Company recorded profit from the escalation projects amounting to IDR151 Billion in 2010 and IDR248 Billion in 2009.

Events after Balance Sheet Date (Subsequent Event)

There were no significant important events after the balance sheet date which should be disclosed in the notes of Financial Statement.

Business Prospects

As described in the Board of Directors Report in this Annual Report, that the condition and situation of Construction Services industry in 2010 has decreased as a result of the slow absorption of Government infrastructure spending in particular. These conditions are not much different with the low private infrastructure investment climate. Nevertheless, the overall Indonesian economy experienced sustained growth with increased foreign capital flows into Indonesia through the capital market resulting from the financial crisis that occurred in Europe and America. Along with the increase of Indonesia's debt ratings that are targeted next year to reach the level of "Investment Grade", it is expected by many analysts that it would have a significant impact on the infrastructure sector in Indonesia, because at such level, investment will not only flow into the financial sector, but also leads to the real sector.

In addition, the Government's commitment in the development of infrastructure in the future is also very strong, reflected in the master plan of Acceleration and Expansion of the Economic Development of Indonesia (P3EI). In this case the Government is planning to build economic corridors in order to accelerate national development and expansion through the establishment of six economic corridors as areas with different economic activities.

Government through the Coordinating Ministry for Economic Affairs in one of his presentation mentioning the need for infrastructure priorities until 2015 are about USD76 billion. Infrastructure needs include airports, seaports, power resources, roads and other infrastructures that are connected through economic corridors that have been determined.

Asset and liabilities in foreign currency (as per 31 December 2010)

Asset	US Dollar	Japan Yen
Cash and Cash Equivalent	2,555,711	85,833
Account Receivables	32,873,308	NA
Progress Billings to Customers	3,611,780	NA
Related Party Receivables	2,413,593	NA
Total Asset	41,454,392	85,833
Liabilities		
Account Payable of Third Party	11,831,599	NA
Bank Loan	15,910,356	NA
Total liabilities	27,741,955	NA
Net Asset	13,712,437	85,833

Indonesia in 2010 had economy growth by 5.8% with inflation rate of 6.96%. Concerns had struck the Indonesian economy in early 2011, where the rate of inflation reached 0.89% in January, an increase compared to same month the previous year of 0.84%. Coupled with global economic conditions when it was hit by a lot of confusions due to a very high level of deficit in some countries within the European Union that requires a bail out from fellow European Union countries. This raises fears of a deeper crisis than in 2008. In addition, world food prices also increased, so that inflation is an issue that very concern to many parties.

But the inflation report in February and March 2011 respectively 0.13% and -0.32%, lower than the same month compared to previous year. The report provides assurance that economic growth in Indonesia will continue. Moreover, until April, several world rating agencies have given a rating under the "Investment Grade" for Indonesia, so that rating of "Investment Grade" is only a matter of time.

In 2011 it is estimated there would be many projects carry over from previous years, so if coupled with new projects in 2011 alone, there are many market opportunities for infrastructure in Indonesia, which should be part of economic growth in Indonesia.

ADHI has always captured the opportunity of Indonesia's economic growth through increase competence and available resources. New contracts target ADHI IDR12.5 billion in 2011, then in accordance with the hit rate based on historical data of 28-30%, ADHI should at least participate in the tender projects worth a total of IDR40-50 trillion. With national construction budget in 2011 estimated at IDR204 trillion and increasing budget of Ministry of Public Works in 2011 amounted to IDR57 trillion, ADHI expected to meet company targets.

Marketing Aspect

The total of new contracts acquired in 2010 are still dominated by infrastructure projects that generates Revenues with a portfolio of infrastructure projects amounted to 33% followed by building projects by 46% and the remaining amounting to 21% is EPC project.

In terms of projects owner, the private project portfolio increased to 14% compared to Government project amounting to 86%. This is due to the EPC project of Steam Power Plant Lampung owned by the Government amounting to IDR2 trillion.

The position of carry over projects from 2010 that came to the year 2011 is amounted to IDR6.94 trillion that consists

of Non Joint Operation project amounting to IDR4.17 trillion and Joint Operation project of IDR2.77 trillion.

Construction Services Market Share (in %)



Source: company, estimates

Dividend

In fiscal year 2008, ADHI implemented a policy of dividend distribution of 25% of the Net Income IDR81.482 billion to IDR20.371 billion (IDR11.51/share) paid on August 11, 2009. Meanwhile for fiscal year of 2009, ADHI implemented a policy of dividend distribution of 30% of the Net Profit IDR165.530 billion deducted by the profit of the Sale of Assets amounted to IDR44.398 billion, become amounted to IDR49.659 billion (IDR28.26/share) paid on July 19, 2010.

Dividend

Ratio	2009	2008
Net Income (IDR)	165,529,733,252	81,482,495,008
Dividend (IDR)	49,658,900,000	20,370,623,752
Dividend per Share (IDR)	28.26	11.51
Payout Ratio (%)	30	25

UTILIZATION OF FUNDS RESULTED FROM PUBLIC OFFERING

Bonds IV ADHI Year 2007

Realizations of use of funds from Bond IV ADHI Year 2007 are as follows: (i) Repayment of debt of the Company based on Bond III of Adhi Karya which matures on July 13, 2007 about IDR173 billion; (ii) Repayment of Bank Debt of the Company at PT Bank Syariah Mandiri around IDR100 billion. Bank Loans are loans for working capital with the expected revenue sharing that is equivalent to an interest rate of 13.0% per year, in which the debt can be repaid

at any time; and (iii) The remainder is used for working capital, so that the total funds of the issuance of Bond IV have been fully allocated.

There is no change of plan in realizing the use of funds. The bond issuance cost is amounting to IDR1.745 billion amortized every month until the maturity date on July 6, 2012.

Sukuk Mudharabah I ADHI Year 2007

The realization of use of funds from Sukuk Mudharabah I of ADHI Year 2007 is already fully spent for construction service project and no changes in the actual use of funds from the original plan.

Issuance cost of Sukuk Mudharabah I ADHI is amounting to IDR665 million, amortized every month until the maturity date on July 6, 2012.

In addition to the above use of fund from the result of issuance of Bond and Sukuk, the Company has also used the proceeds from the IPO in accordance with prospectus issued on March 9, 2004. The funds obtained by public offering, currently has been fully utilized. This has been delivered by mail No. 062/SP-IV/09 dated April 27, 2009.

Transactions that contain Affiliate Parties Interest

The Company has transactions with the related parties. The definition of related parties used is regulated in accordance with PSAK No. 7 "Disclosure of Related Parties."

The natures of relationship with related parties are as follows:

- Government of the Republic of Indonesia represented by Minister of State-Owned Enterprise which is a shareholder of the Company. Other Company and State-Owned Enterprises have affiliated relations through Capital investment of Government of the Republic of Indonesia.
- The Company placed funds and has funds loan in banks owned by the government or from banks owned by State-Owned Enterprises with the terms and normal interest rate as applicable for third party customers.
- Having the same board members with the Subsidiaries, namely the Directors of the Company as a Commissioner in the Subsidiary.
- The Company entered into an agreement within the framework of the Company with other State-Owned Enterprises and authorized Government bodies/agencies.

The Related Party to the Company with the greatest contribution to the Assets of the Company is PT Perusahaan Listrik Negara (Persero) as an employer of the Company of 6.8% in Account Receivables to Total Assets of the Company. While the relationship in the financing/ capitalization or current account transactions with the Company is PT Bank Mandiri (Persero) Tbk. with the contribution to the total assets of 5.0%.

While the affiliate transaction with subsidiary is a transaction with Adhi Multipower, Pte. Ltd. (ADHI ownership 100%) for the items procurement work for project of Steam Power Plant Lampung.

Material Information On Investment and Divestment

In an effort to improve productivity, the Company has invested in the form of Project equipment, vehicles and office equipment amounting to IDR6.411 billion which the funds come from Accumulated Depreciation of fixed Assets. Fixed Assets Investment amounted to IDR6.411 billion or decreased by 29.3% from the year 2009 which amounted to IDR9.072 billion, so the value of Fixed Assets Investment at end of 2010 is IDR323.993 billion (before deducted by accumulated depreciation). These compositions of Fixed Assets Investment consist of 57.0% Project equipment; 37.4% vehicles; and 5.6% office equipment.

In 2010, the Company have no investment in affiliated company and Subsidiary

Information on Material Transactions Containing Conflict of Interest

There are no material transactions containing conflict of interest.

Other Material Information

In 2010, the Company no longer consolidated the Subsidiary Adhi Oman LLC. Based on the decree of the Ministry of Commerce and Industry Sultanate of Oman, Adhi Oman LLC. has agreed to change each capital ownership of PT Adhi Karya (Persero) Tbk. : Al Madina Real Estate Co. SAOC : Al Madina Financial & Investment Service Co. SAOC, where the original capital ownership of each is 70% : 24% : 6% (RO350.000 : RO120.000 : RO30.000) to 49% : 46.8% : 4.2%. (RO350.000 : RO335.000 : RO30.000), so the investment in shares of the Company in Adhi Oman LLC. has been diluted.

As a result of dilution, the revenues and expenses of Adhi Oman L.L.C are consolidated only until June 30, 2010. Furthermore the Company only recognizes the right of net income of Adhi Oman LLC. as an entity associated with the equity method.

During 2010, the Company received an allocation of income from investment in Adhi Oman L.L.C amounting to IDR11.082 billion, higher than the initial investment period amounting to IDR8.652 billion, so that on December 31, 2010, the Company recorded a decrease over the whole value of investment in Adhi Oman L.L.C.

AMENDMENT OF LAWS/ NEW REGULATIONS THAT SIGNIFICANTLY INFLUENCED THE COMPANY FINANCIAL STATEMENTS

In 2010, no new legislations which have significant influence on the financial statements of the Company, however there are some new regulations that potentially affect future revenues of the Company, namely:

I. Presidential Decree Number 54 Year 2010 Concerning The Procurement Of Goods/Services Of The Government

Presidential Decree 54/2010 represents a change of Presidential Decree 80/2003. Broadly speaking the changes in the Presidential Decree 54 Year 2010 against the previous rules are:

1. Scope

The procurement regulated not only sourced from the State Budget and Regional Budget, but also comes from grants and foreign loans. In addition, procedures for procurement which is a further elaboration of the Presidential Decree will be described in two sets of supporting documents, in the form of Procedures and Procurements Document Standard with a user friendly format, to facilitate users and the providers of goods/services. The two supporting documents will be set out in Decision of Head of LKPP, so it will be easily adjusted if the change in administrative or operations technical is necessary, by still based on the substance of arrangement in the Presidential Decree.

2. The change of procurement organization

Duties and responsibilities of PPK or Officer of Commitment Maker have been considered too hard, from procurement planning stage, the determination of results of the auction,

and must be responsible in terms of administrative, physical, financial, and functional of the procurement implemented. In Presidential Decree 54/2010, duties and responsibilities of procurement will be distributed to the three main parties in accordance with its authority, namely: Budget User or Article User Authority (PA/KPA) as the primary responsible person; PPK as structural official who is authorized by the PA/KPA to carry out the procurement; and Committee/or Procurement Service Unit (ULP) that authorized by the PA/KPA to conduct auctions or selection including approve/determine the result of auctions.

3. The differences or addition to regulations

The existing changes in principle is directed to accelerate the process of procurement, delegating authority to the User of Budget, reducing barrier to entry, and creating healthy competition. Some examples are among others: the value for appointment directly change from 50 million Rupiah to 100 million Rupiah; elimination of bid guarantee; implementation guarantee must be from public banks; the total of account price (HPS) should be announced publicly; must implement E-Procurement beginning in 2011; reduce the price preference; special arrangement for Indonesian Military defense equipment and Indonesian Police special Material Equipment; special arrangement for the abroad procurement; etc.

4. Clarification Of The Rules That Frequently Have Been Interpreted Broadly Or Even Confusing

Among others are about the amount of advances; force majeure; protest and appeal protest; price adjustment that are often regarded as the provisions of escalation; etc.

From all existing changes, the Company assess that the change in the provisions of Price Adjustment is the most potential in affecting the acquisition of Revenues for the Construction Services provider in general including the Company because the adjustment of new prices applied in the 13th month since the implementation of the work, while according to the previous regulation, the price adjustment has is enforced since first month.

II. Government Regulation Number 4 Year 2010 Regarding The Amendment On Government Regulation Number 28 Year 2000 On Business And Role Of Construction Services Community

Government Regulation Number 4 Year 2010 is the amendment of Government Regulation Number 28 Year 2000 on Business and Role of Construction Services Community. The Government made changes in order to

enhance professionalism and accountability of the national Construction Services providers and competitiveness in the current era of globalization.

There are four important points of amendment in Government Regulation 4/2010. The first amendment is to strengthen the institutional of Construction Services by specifying Construction Services Development Institution (LPJK) as the Institution as set forth in Construction Services Law No. 18/1999.

The second is the establishment of the secretariat of LPJK to improve the accountability of the Institution including the sustainability of Construction Services human resources improvement program.

The third amendment is in terms of business sectors that are adjusted with the market needs and international standards. In Government Regulation 4/2010, the classification of business regulated by the products and adjusted to the International classification (Central Product Classification) namely building, civil, and mechanical/electrical.

The fourth amendment is conducted to make improvement of certification system and registration of business entities and expertise with the formation of unit certified by the Institution.

The Role of Construction Services Community set out in Government Regulation 28 Year 2000, has not significantly delivered the achievement of the purpose of Law Number 18 Year 1999 on Construction Services especially in realizing the Construction Services business structure that is solid, reliable, high competitiveness and qualified construction work.

One of the objectives of Government Regulation 4/2010 is not eliminating the role of Construction Services Community, but it puts role of Construction Services Community proportionally. The Government is placed as a regulator for Construction Services because it is a public service, while Community of Construction Services as executor. The Government in its role as fixed regulator and should consider the aspirations of Construction Services Community.

While Construction Services Community, as the executor is always guided by the regulation issued by the government. So it is resulting check and balance in the development of construction services.

From these changes, the new regulations that set out the improvement of certification system and registration of business entities and expertise, may affect the credibility of the Company if it cannot meet these requirements. Therefore, the Company is required to always carry out certification and registration of business entities and expertise in accordance with the regulations applied.

Changes in Accounting Policies

In 2006, Indonesian Accountants Institute issued some Financial Accounting Standard Statement (PSAK). Standard in which will affect the Accounting policies of the Company is PSAK No. 55 on Financial Instrument and PSAK 50 on the Presentation of Financial Instrument. Currently the Company has applied this standard to the financial statements for fiscal year 2010.

Revised PSAK, which became effective on or after January 1, 2011 are as follows:

1. PSAK 1 (Revised 2009) "Presentation of Financial Statements"
2. PSAK 2 (Revised Revised 2009) "Statement of Cash Flows"
3. PSAK 3 (Revised 2010) "Interim Financial Statements"
4. PSAK 4 (Revised 2009) "Consolidated Financial Statements and the Parent Financial Statements"
5. PSAK 5 (Revised 2009) "Operating Segments"
6. PSAK 7 (Revised 2010) "Disclosure of the Related Parties"
7. PSAK 8 (Revised 2010) "Events after the Reporting Period"
8. PSAK 12 (Revised 2009) "The Participation in Joint Venture"
9. PSAK 15 (Revised 2009) "Investments in Associated Entities"
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) "Provision, Contingent Liabilities and Contingent Assets"

16. PSAK 58 (Revised 2009) "Non-current Assets Held for Sale and Discontinued Operations"
17. ISAK 7 "Consolidation of Special Purpose Entities"
18. ISAK 9 "Amendments to Post Operations Liability, Restoration Liability and Similar Liabilities"
19. ISAK 10 "Customer Loyalty Program"
20. ISAK 11 "Distribution of non-cash Assets To Owner"
21. ISAK 12 "Jointly Controlled Entities: Non-monetary contributions by Ventures"
22. ISAK 14 "Intangible Assets-Web Site Costs"
23. ISAK 17 "Interim Financial Statements and Impairment"

Commitments and Contingencies

The Company is facing several legal cases that are currently awaiting a court decision or appeal. The Company has recorded the provisioning of estimated losses and liability for these cases. The Company believes that the decision of the court or an appeal in these cases will have no material impact to the condition of financial and performance of the Company and subsidiary Company.





GOOD CORPORATE GOVERNANCE

General Meeting of Shareholders 2010



In the implementation of Good Corporate Governance (GCG), ADHI management and staff are fully committed to apply GCG in all business activities. Values contained in ADHI Principles are ADHI commitment in implementing GCG principles.

Every person in ADHI has to be firm and consistent to hold the GCG principles, so it will give positive impact in business potential development, strengthen competitiveness, and sustainable ADHI performance improvement.

GCG understanding and implementation in ADHI environment indicated by:

- Implementing Job Descriptions of Member of Board of Commissioners and Board of Directors.
- Completing and implementing the duties of committees and work units that performs internal control function.
- Implementing compliance through internal and external audit function.
- Implementing risk management.
- Implementing transparency on Company's financial and non-financial condition.

GCG implementation result in ADHI environment has been realized by the implementation of standardized GCG assessment in accordance to the SOE Ministry criteria for 2009 period by Sodik, Purwoko & Associates Consulting (SPA) with score of 90,13 or achieved very good qualification. So does the award from other external parties, both from the Government, banking authority, capital market, as well as independent agencies. ADHI won Trusted Company predicate from The Indonesian Institute for Corporate Governance (IICG) in collaboration with SWA Magazine with score acquired 82.23, increase from 2009 score achievement, 81.54. Achieved Best Disclosure and Transparency award from The Indonesian Institute for Corporate Directorship (IICD) in collaboration with Business Review Magazine. Since 2004 fiscal year until 2008 fiscal year ADHI always ranked champion in Non Financial Listed State-Owned Enterprise in Annual Report Award. This shows ADHI commitment as a form of responsibility in transparency and information disclosure.

ADHI's strategy in order to optimize GCG implementation is the availability of Company Manual and other rules and



internal procedures; GCG Manual, Board Manual that governs the relationship between Commissioners, between Directors, and between the Board of Commissioners with the Board of Directors; relationship between Company Board of Directors with Subsidiary Board of Directors/ Board of Commissioners; Committees as a Board of Commissioners tool and Corporate Secretary; and a Code of Conduct document which provides detailed guidance on actions that should and should not be done by employees. This Code of Conduct refers to ADHI cultural values (ADHI Values). A document/manual review was conducted in 2010, and expected to be published in early 2011.

FOUNDATION FOR GCG IMPLEMENTATION

ADHI GCG implementation refers to the Decree of State-Owned Enterprise Minister No. 117/MBU/2002 dated August 1st, 2002. Besides that, ADHI's Corporate Governance principles refers to GCG parameters issued by Organization for Economic Cooperation and Development (OECD) and GCG National Committee (KNGCG) and took the best business practices adjusted with Indonesia's culture.

The parameters are: transparency, accountability, responsibility, independency, and fairness, and can be explained as follows:

- **Transparency:** Is a principle of openness in decision making and information disclosure that material and relevant to the Company.
- **Independency:** Company managed by professionals without any conflict of interest and without any influence/pressure from any parties.
- **Accountability:** Clarity of functions, rights, duties, authority, and responsibility among Shareholders, Commissioners and Board of Directors.
- **Responsibility:** Managing the Company with conformity and compliance on legislation in force and healthy corporate principles.
- **airness:** Fair and equal treatment in fulfilling the Shareholders and stakeholders rights. Both arising from treaties or applicable legislation.

GOVERNANCE STRUCTURE

ADHI governance structure consist of Company's organ namely General Meeting of Shareholders or GMOS, Board of Commissioners, and Board of Directors. In accordance with Law No. 40 year 2007 about Limited Liability

Company, Company's organ has the same position, but have a different authority. The authority of the three organs stipulated in the Articles of Association. While GMOS has the authority that the other two organs doesn't have.

Board of Commissioners is equipped with committee devices consist of Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, and Corporate Governance Policy Committee. While Board of Directors is equipped with Internal Audit, Risk Management Department, System and Information Technology Department, and Corporate Secretary.

GENERAL MEETING OF SHAREHOLDERS (GMOS)

GMOS consist of annual GMOS held once a year and extraordinary GMOS which can be done any time if deemed necessary by the Board of Directors and/or the Board of Commissioners and/or Shareholders. As mentioned earlier, GMOS has the authority that is not owned by two other organs such as hold accountable of company's management to Board of Commissioners and Board of Directors, appoint and dismiss the member of Board Commissioners and member of Company's Board of Directors, determining the Board of Commissioners and Board of Directors compensation, assessing the Company's performance during the fiscal year through a number of evaluations, approve the Articles of Association amendments, approval on annual report, appoint Public Accountant Firm, and decided the amount of company profit utilization.

In order to maintain equal treatment of all Shareholders, ADHI always provide easy access for information about Company at any time through website or news issued by the Company. ADHI articles of association guarantee the Shareholders rights in accordance with the applicable legislation.

During 2010, ADHI has held GMOS two times, i.e.:

1. RUPSLB that held on January 27th, 2010 with Agenda of Management Changes, and the result as follows:

1. The appointment of Mr. Amir Muin, as Independent Commissioner.
2. The appointment of Mr. Bambang Pramusinto, as Director
3. Granting authority and power to the Board of Commissioners to determine the roles and responsibilities distribution between Board of Directors members.
4. Giving power to the Company's Board of Directors

with the substitution right to restate the decision regarding the composition changes of the Company's Member of Board of Commissioners and Board of Directors to the Indonesian Minister of Law and Human Rights, and perform all necessary action in accordance with the law and regulations.

So the composition of Company's Management is as follows:

Board of Commissioners

President Commissioner: Imam Santoso Ernawi
 Commissioner: Harry Susetyo Nugroho
 Commissioner: Gatot Trihargo
 Independent Commissioner: Murhadi
 Independent Commissioner: Amir Muin

Board of Directors

President Director: Bambang Triwibowo
 Director: Indradjaja Manopol
 Director: M. Fauzan
 Director: Supardi
 Director: Bambang Pramusinto

In accordance with the Company Article of Association, Board of Directors member duties distribution decided in Board of Directors meeting after the publication of Board of Commissioners Decree.

II. Annual GMOS held on June 9th, 2010 resulted following decisions:

1. a. Approval of Company's Annual Report for 2009 fiscal year including the Ratification of Company's Financial Statement and the ratification of Partnership Program and Community Development for 2009 fiscal year.
- b. Provides settlement and the release of full responsibility to all Board of Directors members and Company's Board of Commissioner members for the management and supervision implemented during 2009 fiscal year.
2. Approval and establishment of Net Income after tax use for the financial year 2009, namely:
 - a. 30% of Net Profit distributed in form of cash dividend to the Shareholders, amounted IDR49,658,900,000 or IDR28.26 per share.
 - b. 0.50% of Net Profit or IDR828,000,000 allocated for Partnership Program.
 - c. 0.25% of Net Profit or IDR414,000,000 allocated for Community Development Program.
 - d. 68.25% of Net Profit or IDR114,628,833,250 recorded as retained earnings.
 - e. Authorized the Board of Directors to set a timetable and procedure for dividend

distribution in accordance with the provisions of applicable legislation.

3. Approval and establishment of salary and benefit amount for each member of Board of Directors and member of Board of Commissioners and the establishment of the 2009 bonus amount for member of Board of Directors and Board of Commissioners member.
4. a. Determined Aryanto, Amir Jusuf, Mawar, and Saptoto Public Accountant Firm to audit the Company's Financial Statements of fiscal year 2010 and Financial Report of Partnership Program and Community Development for fiscal year 2010.
- b. Delegating authority and power to the Board of Commissioners to appoint, determine honorarium, terms and condition for appointment, and appoint substitute Public Accountant Firm if the appointed Public Accountant Firm cannot proceed or implement its duty due to any reason whatsoever and/or based on the provisions and regulations in the capital market field.

THE ROLE OF THE BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

The board of Commissioners duties and responsibilities as a supervisor and the Board of Directors duties and responsibilities for managing the Company in accordance with their respective functions as mandated by the Articles of Association. Board of Commissioners and Board of Directors also has Board Manual that binds all members of the Board. The Manual contains the duties and responsibilities of Commissioners and Board of Directors Board, mechanism of working relationship between Board of Commissioners with Board of Directors; procedures for decision making in Board of Commissioners meeting, Board of Directors meeting, Board of Commissioners meeting with Board of Directors.

In accordance with the Board Manual and Company's Articles of Association, meeting can be held and has a legitimate right to make decisions through electronic media/ teleconference.

Board of Commissioners

Board of Commissioners collectively responsible to all Shareholders and have an obligation to do supervision and giving advice to Board of Directors and make sure that

the Company implements Good Corporate Governance at every level of organization. The Board of Commissioners does not participate in operational decision-making. In article 17 of the Articles of Association referred to the primary task of the Board of Commissioners are:

- Implement supervision on management policy and giving advice to the Board of Directors.
- Performs duties that specifically granted to them under the Articles of Association, the legislation in force and/or based on the decision of the GMOS.
- In performing their duties, must act in the interests of the Company and responsible to the GMOS.
- Researching and reviewing the Annual Report prepared by the Board of Directors and sign the Annual Report.

Independent Commissioner

Independent Commissioner plays a role in the oversight duties and to uphold the interests of minority Shareholders. Indonesia Stock Exchange Regulation No. Kep-305/BEJ/07-2004 of Regulation No. 1-A about the Registration of Equity Shares besides Shares Issued by Listed Companies, requires minimum number of Independent Commissioner is 30% of the total members of Board of Commissioners. The current composition of ADHI Board of Commissioners is five persons, where two of them is Independent Commissioners. Thus the number of ADHI Independent Commissioners is 40%, which means has exceeded the minimum limit required.

Board of Commissioners Obligation

In detail, the Board of Commissioners has the following obligations:

- Overseeing the implementation of the Work Plan and Budget of the Company and submit the results of evaluations and opinions to GMOS.
- Following the Company's development activities and provide report to GMOS with recommendations and corrective measures if the Company's performance showed a significant setback.
- Providing opinions and advice to the GMOS regarding the various issues that considered important in the Company's management.
- Propose to GMOS the appointment of the Public Accounting Firm, which will conduct the examination of the Company's Financial Statements.
- Propose candidates for members of the Board of Commissioners and Company's Board of Directors to be submitted to GMOS as recommended by Nomination and Remuneration Committee.
- Performs other supervisory duties as determined by GMOS.
- To respond to the Board of Directors periodic reports

(quarterly, yearly) and at each time the Company's development information is required.

During 2010, the Board of Commissioners has conducted oversight of:

- Financial Performance.
- Risk Management Framework.
- Follow-up on the results of internal and external audit.
- Adequacy of internal control system.
- Company Business Plan.

Besides that, the Board of Commissioners also has:

- Propose the Remuneration of the Board of Commissioners and Board of Directors.
- Propose candidates for Commissioners, Independent Commissioners, and Board of Directors member who will replace officers whose term of office expired at the 2010 annual GMOS.
- Propose the Public Accounting Firm that will audit the Company Financial Report for fiscal year 2010

Remuneration of Board of Commissioners Members

Board of Commissioners assigned Remuneration Committee to draft the remuneration proposal. If necessary, Board of Commissioners can appoint Management Consultant who helps the Remuneration Committee in drafting proposals.

In that drafting process, the Remuneration Committee guided by the SOE Ministry legislation No. PER-02/MBU/2009 about the Income Determination Guidelines for Board of Directors, Board of Commissioners, and Board of SOE Trustees and its amendments No. PER-03/MBU/2009, benchmarking with companies in similar industries. And based on that rules, the remuneration amount calculation for Board of Commissioners based on the President Director remuneration percentage calculation.

The procedure in determining remuneration for Members of the Board of Commissioners and Board of Directors are as follows:

- Remuneration committee arranges remuneration recommendation for Members of Board of Commissioners and Board of Directors.
- Board of Commissioners reviews the recommendation proposed by Remuneration Committee.
- Board of Commissioners discuss with Board of Directors in order to obtain inputs.
- Board of Commissioners suggests GMOS remuneration for Members of Board of Commissioners and Board of Directors.
- GMOS set the amount of remuneration for members of the board of Commissioners and Board of Directors.

Board of Commissioners Meeting

Discussion of strategic things and or require immediate decision are discussed in the Board of Commissioners meeting, held at least once a month and at any time when required by one or more members of Board of Commissioners. Quorum of the Board of Commissioners meetings achieved when more than half of total members present or represented by other Commissioners. Meeting's decision arranged by deliberation to reach consensus.

If consensus cannot be achieved, then taken through voting mechanism among the present or represented Board of Commissioners members. And the decision taken by the affirmative votes of more than half the number of valid votes. If the number of votes that agree and disagree is equal, then the proposals submitted was rejected, except if concerning a person then the Chairman of the Meeting will decide the result.

Board of Commissioners has done 17 meetings in 2010, with occurrence frequency as shown on table.

Board of Commissioners Meeting Attendance in 2010

Name	Designation	Attendance
Imam S. Ernawi	President Commissioner	13
Harry Susetyo Nugroho	Commissioner	11
Gatot Trihargo	Commissioner	16
Murhadi	Independent Commissioner	16
Amir Muin	Independent Commissioner	17

Note: Total frequency of Board of Commissioners meeting :17 Time.

Remuneration of Member of Board of Commissioners (in IDR)

Name	Salary	Allowance	Monthly THP	THP 2010	Bonus	Total Income 2010
Imam Santoso Ernawi	24,720,000	5,000,000	29,720,000	356,640,000	205,220,522	561,860,522
Harry Susetyo Nugroho	22,248,000	4,350,000	26,598,000	319,176,000	184,698,470	503,874,470
Gatot Trihargo	22,248,000	4,350,000	26,598,000	319,176,000	184,698,470	503,874,470
Murhadi	22,248,000	4,350,000	26,598,000	319,176,000	184,698,470	503,874,470
Amir Muin*	22,248,000	4,350,000	26,598,000	292,578,000	NA	292,578,000

*Commissioner since 27 January 2010

Note: In addition to above allowances, Member of Board of Commissioners also entitle for health insurance and pension allowance in a form of insurance premium/year amounting to 25% of honorarium.

Board of Directors

Board of Directors Main Duties

- To lead, manage, and control the Company in accordance with Company's objectives and constantly strives to improve Company's efficiency and effectiveness.
- Maintaining and taking care of property of the Company.

Furthermore, the Board of Directors is also responsible for the implementation of Good Corporate Governance (GCG).

To reach the main duty above, Board of Directors in the daily operational divide the tasks as follows:

President Director

Responsible for the activities regarding to the followings:

- Deciding the vision, mission, philosophy, target, and strategy of the Company based on the internal and external studies.
- Preparing Long Term Plan of the Company (RJPP).
- Preparing the Working Plan and Budgeting of the Company (RKAP).
- Conducting General Meeting of Shareholders (GMOS).
- Leading strategic activities in developing the Company.
- Coordinating activities of the Directors.
- Establishing subsidiary company and Joint Venture Company.
- Directing and guiding the implementation of Internal Audit tasks.

Finance and Human Resource Director

Responsible for the activities concerning with the following tasks:

- Leading and managing the financial and account of the Company.
- Arranging the Financial Report of the Company.
- Leading and managing the risk mitigation activities.
- Developing Human Resources as well as managing and developing its system.
- Establishing non structural activities.

Operation Director

Responsible for the activities concerning with the following tasks:

- Coordinating marketing activities (market penetration and service to the customers) especially for general construction services market.

- Leading and managing production activities including quality control and implementation of HSE within its operational area.
- Establishing synergy activities amongst working operational unit and technology development.
- Operation Director is divided into two, the Operation I Director deal with central and east region of Indonesia, while the Operation II Director deal with Sumatra and Java region.

Business Development Director

Responsible for activities concerning with the following tasks:

- Leading and managing research and technology development activities.
- Leading and managing investment and business development activities.
- Coordinating, leading, and managing marketing, production, and human resource activities of EPC division.
- Leading and managing marketing activities concerning with the planning of developing new market.
- Leading and managing systematic and information technology activities of the Company.
- Leading and managing performance activities evaluation of the Company including contract administration.
- Coordinating monitoring activities and performance evaluation of the subsidiary company.

All members of the Board of Directors are responsible in establishing activities of investor relations, Corporate communications, Corporate administration, GCG, legal and compliance, as well as Corporate Social Responsibility (CSR) and Partnership and Community Development Program (PKBL).

Remuneration of Members of Board of Directors

Procedure and mechanism of remuneration for the members of Board of Directors is as in the remuneration of Board of Commissioners.

Remuneration of members of Board of Directors consists of salary, allowances like housing allowances, transportation allowances, telecommunication allowances, and post-service insurance. Furthermore, the member of the Board of Directors is given bonus, which the amount is based on the evaluation result of performance of the Company.

Remuneration of Member of Board of Directors (in IDR)

Name	Salary	Allowance	Monthly THP	THP 2010	Bonus	Total Income 2010
Bambang Triwibowo	61,800,000	18,540,000	80,340,000	964,080,000	513,051,305	1,477,131,305
M. Fauzan	55,620,000	16,686,000	72,306,000	867,672,000	461,746,175	1,329,418,175
Indradjaja Manopol	55,620,000	16,686,000	72,306,000	867,672,000	461,746,175	1,329,418,175
Supardi	55,620,000	16,686,000	72,306,000	867,672,000	461,746,175	1,329,418,175
Bambang Pramusinto*	55,620,000	16,686,000	72,306,000	795,366,000	NA	795,366,000

*Director since 27 January 2010

Note: In addition to above allowances, Member of Board of Commissioners also entitle for health insurance, telecommunication and pension allowance in a form of insurance premium/year amounting to 25% of salary.

Performance assessment of the Board of Directors in 2010 was explained in Balance Score Card (BSC) measure based on the indicators according to the Key Performance Indicator (KPI) Aspects of Ministry of State-Owned Enterprise such as financial, operational, and dynamic aspects. KPI is determined within the Working Plan and Budgeting of the Company fiscal year 2010 which includes:

- Customer aspect consists of New Contract Achievement and Customer Satisfaction Index (CSI).
- Financial aspect consists of Sales, Earning After Tax (EAT), Return On Equity (ROE), Share Price, and Operational Balance Net.
- Internal Process Aspect consists of Cost of Production (HPP), Implementation of Cockpit Management.
- Learning and Growth Aspect consists of Improvement of Human Resource Ratio, Improvement of Employee Engagement Index.

Board of Directors Meeting

Board of Directors meeting is established whenever it is considered necessary on request of one or more members of Board of Directors or on the request of Board of Commissioners by mentioning the items that will be discussed. Quorum of Meeting of Board of Directors is achieved if there are more than half of Board of Directors members attending or represented by another member of Board of Directors. Meeting's decision arranged by deliberation to reach consensus. If consensus cannot be achieved, then taken through voting mechanism among the present or represented Board of Directors members. And the decision taken by the affirmative votes of more than half the number of valid votes. If the number of votes that agree and disagree is equal, then the proposals submitted was rejected, except if concerning a person then the Chairman of the Meeting will decide the result. If there is a member of Board of Directors has different opinion towards the decision that is made, then the opinion must be attached in the meeting notes.

On each establishment, there is an attendance list signed by all meeting participants attending made by Corporate Secretary. Meeting notes that has been signed by the attending Directors in the meeting, would be distributed to all Directors and to the working unit if necessary concerning to the meeting decision.

During 2010, Board of Directors have implemented Board of Directors meeting as many as 50 times with the level of attendance as shown in the following table:

Board of Directors Meeting Attendance 2010

Name	Designation	Attendance
Bambang Triwibowo	President Director	44
Indradjaja Manopol	Director of Operation I	42
Bambang Pramusinto	Director of Operation II	42
M. Fauzan	Director of Business Development	46
Supardi	Director of Finance & HR	47

Note: Total frequency of Board of Director meeting :50 times.

Training Program for Board of Directors

Sharpening the competence is absolutely needed by every ADHI personnel, including the Board of Directors. In improving the quality and competence of the members of Board of Directors for supporting the implementation of their duties, the member of Board of Directors has attended workshop, conference or seminar such as:

- Panel discussion Outlook 2010.
- Seminar on Implementation of Ethics in Modern Business Era.
- Seminar "Alumni Career Support System Universitas Gadjah Mada".
- Talkshow "Motivation from alumni for New

- Students".
- Workshop Implementation of new PSAK/IFRS for State-Owned Enterprise.

Board of Commissioners-Board of Directors Meeting Attendance in 2010

Name	Designation	Attendance
Imam S. Ernawi	President Commissioner	8
Harry Susetyo Nugroho	Commissioner	9
Gatot Trihargo	Commissioner	8
Murhadi	Independent Commissioner	8
Amir Muin*	Independent Commissioner	7
Bambang Triwibowo	President Director	10
Indrajaya Manopol	Director of Operation I	9
Bambang Pramusinto*	Director of Operation II	9
M. Fauzan	Director of Business Development	9
Supardi	Director of Finance & HR	10

Note:

*Served since 27 Januari 2010

Total frequency of meeting is 10 times.

Regarding to the presence a new of Board of Commissioners and Board of Directors, therefore the company must give the description and understanding about the condition within the company such as comprehensive introductory program over the company to the new functionaries. Introductory program is directed for the new functionaries to understand the things related to the organization and company operational, such as: structure of organization, key person, nature of business, as well as job description. To make sure that the new functionaries obtain comprehensive understanding over the company and the duty as well as their obligations, therefore to all new functionaries, it is given a package of document consisting of:

- Law Number 40 year 2007 about Limited Company;
- Article of Association of the Company;
- Structure of organization of the company as well as its functionaries;
- Working Plan and Budgeting of the Company within the year and the Long Term Plan of the Company;
- Periodical reports within the year;
- Problems, strategic ongoing related issues and the existing policies.

- Manual of the company;
- Good Corporate Governance (GCG) Code;
- Board Manual;
- Code of Conduct.

Conflict of Interest

The Company requires that any conflicts of interest that is the condition in which the personal interests of the Board of Commissioners, Board of Directors, management, and/or employees with the interests of the Company are in a conflicting position must be disclosed at any time occurs.

Members of Board of Directors of the Company are prohibited from holding positions as Director or Commissioner on other companies and/or Subsidiary Company. Especially for the post of Commissioner, be allowed during an assignment or approval of Board of Directors of the Company.

The entire Board of Management of the Company is prohibited from holding positions in other companies to avoid any conflicts of interest, except for an assignment or approval of Board of Directors of the Company.

The entire Board of Management of the Company who has a conflict of interest due to the dual positions, obliged to release one positions it bears.

Committees

Audit Committee

Based on Law No. 19 year 2003 about the State-Owned Enterprise and the attachment of decision of Bapepam No. Kep-29/PM/2004 dated on the 24th September 2004 about the rules of Bapepam No. IX.1.5. about the formation and guidelines of Implementation of Work of Audit Committees. Board of Commissioners of PT Adhi Karya (Persero) Tbk., has formed Audit Committee in order to help the implementation of its duties and functions.

Audit Committee of PT Adhi Karya (Persero) Tbk. is chaired by Independent Commissione Murhadi until March 2010, who then be replaced with Independent Commissioner Amir Muin, with members consisting of the following independent professionals:

- Erick
- Syaiful
- Salim Siagian



Audit Committee

Amir Muin, Chairman (center)

Amir Muin brief history is presented in Profile of Member of Board of Commissioners.

Erick, Member (until May 2010)

Born on May 18th, 1973 (37 years) in Jakarta, Obtained Bachelor Degree in Economics and Law from the Universitas Indonesia and Master's Degree in Accounting also from same university.

Syaiful, Member (right)

Born in Pariaman on August 15th, 1958 (52 years). Graduated from STAN Jakarta in 1989. He began his career as an auditor of government at BPKP (1981-2000). Member of the Audit Committee in a number of companies (since 2006 up to now).

Salim Siagian, Member (left)

Born in Padang Sidempuan, February 28th, 1950. Obtained S1 Accounting degree from the Universitas Indonesia in 1975 and Master of Business Administration from the Katholieke Universiteit Leuven, Belgium in 1983. He started his career as a lecturer of Faculty of Economics, Universitas Indonesia (1973-present). Member of the Audit Committee in some of the Company (since 2003 up to now).

Task and Responsibility of Audit Committee

Audit Committee has to give an opinion to Board of Commissioners towards the reports or items mentioned by Board of Directors to the Board of Commissioners, identifying things that need an attention to Board of Commissioners such as:

- a. Doing research over the financial information that will be issued by the company, such as financial report, projection, and other financial information.
- b. Implementing evaluation over the effectivity from the intern control of the Company on the other financial report, including evaluation over the effectivity

of monitoring and security of the information technology used.

- c. Implementing research for the loyalty of the Company to the rules of acts in Marketing capital and other regulations related to the Company activities.
- d. Studying the scope of internal audit study and implementation of monitoring by internal audit over the Financial Report, as well as obtaining the list of discoveries and recommendation, including response from the management's party.
- e. Reviewing, selecting, nomination of Public Accountant Firm including its independence and giving recommendation of reference of public accountant to the Board of Commissioners.
- f. Studying the monitoring by external auditor by making sure the intern control system effectiveness and its implementation effectiveness.
- g. Giving recommendation to the Board of Commissioners about the completion of controlling system.
- h. Reporting to the Board of Commissioners for any risks faced by the Company and implementation of risks management by the Company.
- i. Making sure the loyalty of the Company towards the valid regulation.
- j. Implementing the study and reporting it to the Board of Commissioners over the accusation related to the Company, and
- k. Keeping the document, data and information about the Company secret.

Concerning with the implementation of the duty and responsibility, Audit Committee is in charge to access notes or information about the employees, assets of fund, as well as other Company resources related to its duty. In implementing the authority, Audit Committee must work together with the other Committee of Board of Commissioners as well as the party implementing the function of audit internal.

For the smoothness of implementation of Audit Committee tasks, Board of Commissioners, determining the Audit Committee Certificate, which basically based on the rules valid in stock market. Based on the certainty on the certificate, Audit Committee must hold a meeting at least once in a month.

Audit Committee Level of Attendance

Name	Designation	Attendance
Amir Muin*	Chairman	7
Murhadi**	Chairman	5
Erick***	Member	4
Syaiful	Member	17
Salim Siagian	Member	14

Note:

* Served since March 2010

** Served until March 2010

*** Served until May 2010

Total frequency Audit Committee meeting :19Time.

Within 2010, Audit Committee has held 19 meetings, each meeting has its report and reported to the Board of Commissioners. If there are things that need to have attention from the Board of Commissioners. In the report there is also attachment of the opinion and input from the Audit Committee.

Details of the Audit Committee activities in 2010 are as follows:

- Evaluating Result of Audit Report of Internal Monitoring Unit (SPI) and conveying the result of its assessment to the Board of Commissioners. This activity is done in order to assess the effectiveness of internal controlling of the Company and improving effectiveness of function and follow up of the result of SPI audit.
- Conducting a review on periodic Financial Report.
- Determining TOR and follow the process of appointing Public Accountant Firm (KAP), and involve in arranging the work order letter/contract of audit implementation over the Financial Report year 2010.
- Reviewing and helping the ongoing audit implementation over the financial report of 2010 which is done by the appointed KAP.
- Attending GMOS and EGMOS.
- Implementing study over the financial information published by the Board of Directors and conveys the result to the Board of Commissioners.
- Implementing the study over the Company Working Plan and Budgeting in 2011 and convey the study result to the Board of Commissioners.
- Implementing evaluation of Good Corporate Governance (GCG) practice.
- Implementing study over Company internal control system effectiveness.
- Studying, understanding, and implementing monitoring over the implementation of risks management policy determined by the Company.

- Implementing special tasks given by the Board of Commissioners such as implementing System of Management Controlling of Case Study Project on Kanci-Pejagan Toll Road.
- Studying, understanding and evaluating the level of compliance of the Company towards the regulations of stock market and other rules related to the activities of the Company.
- Implementing the process of appointing Public Accountant Firm for implementing audit over the Company Financial Report year 2010 which includes:
 - Arranging the framework of Term of Reference, selection of Public Accountant Firm as independent auditor over the financial Report of PT Adhi Karya (Persero) Tbk. for the year of 2010.
 - Participating in the selection team of Public Accountant Firm as independence auditor over the Financial Report of PT Adhi Karya (Persero) Tbk. for the year of 2010, as well as giving recommendation to the commissioners about the appointed Public Accountant Firm.
 - Participating and reviewing draft of agreement/contract between Public Accountant Firm with the Board of Directors of PT Adhi Karya (Persero) Tbk.
 - Implement monitoring and evaluation of planning and development of audit activities in the field, as well as helping the smoothness of the implementation and audit completion.

Important things related to the result of analysis or study of audit committee has been communicated and conveyed to the Board of Directors to obtain attention and necessary action as required.

Nomination and Remuneration Committee

Chaired by President Commissioner Imam S. Ernawi with all members are from Board of Commissioners:

- Harry Susetyo Nugroho
- Gatot Trihargo
- Murhadi

Within the membership of Nomination and Remuneration Committee, there is one independent member, Murhadi, which is also Independent Commissioner. Profile and brief history of members of Nomination and remuneration Committee is presented on the profile of Members of Board of Commissioners.

Task and Responsibility of Nomination and Remuneration Committee

Based on the decree of Board of Commissioners No. KEP.087/DKK/2005 dated December 18th 2007, tasks and the responsibilities of Nomination and remuneration Committee are as follows:

- Arranging, analyzing, and implementing the criteria and nomination procedure for the candidates of member of Board of Commissioners and Board of Directors.
- Arranging, analyzing, and implementing criteria and procedure of discharge for member of Board of Commissioners and Board of Directors.
- Arranging performance assessment system by the member of Board of Commissioners and Board of Directors.
- Recommendation related to the quantity of members of Board of Commissioners and Board of Directors.

Within 2010, Nomination and Remuneration Committee has established one meeting, by 100% attendance for all members of the committee.

Committee Activities Detail within 2010 is as follows:

- Making salary/honorarium recommendation, as well as bonus for member of Board of Commissioners and Board of Directors year 2010.
- Reviewing KPI of member of Board of Commissioners and Board of Directors that will be determined in the Working Plan and Budgeting of the Company (RKAP) year 2011.

Arranging long list of prospective candidates of member of Board of Commissioners and Board of Directors that will replace the functionaries who will end their period on annual GMOS fiscal year of 2010.

Risk Management Committee

Risk Management Committee (KMR) is a device of Board of Commissioners to help the implementation of supervising duty in monitoring and risk mitigation of the Company.

Chaired by Independent Commissioners Murhadi with the members:

- Antonius Alijoyo
- Eddy F. Sinaga

To maintain the independence in implementing its tasks. This committee is chaired by an Independent Commissioner with two members chosen from personnel who have no relations either directly nor indirectly with the company.



Risk Management Committee

Murhadi, Chairman (center)

Murhadi brief history is presented in Profile of Member of Board of Commissioners.

Antonius Alijoyo, Member (Right)

Antonius Alijoyo, Member (right)

Born in Jakarta November 25th, 1963 (47 years), obtained an S2 degree from IPPM. Currently serves as the Asia Pacific Group Director of PRMIA, the member of the National Committee on Governance Policy (KNKG), and Leading Consultant in Indonesia in Corporate Governance and Enterprise Risk Management.

Eddy F. Sinaga, Member (Left)

Born in Siantar June 10th, 1958 (52 years), obtained S1 degree from STAN. He began his career as a Government auditor at BPKP. Then work at IBRA until the year 2004 with his last position as Senior Vice President of Asset Management Unit Investment (AMI). Currently working as a private consultant.

Task and Responsibility of KMR includes:

- Reviewing, researching, and evaluating the concept of risk management policy that is prepared by the Board of Directors and give input to the Board of Commissioners before the policy is carried out.
- Reviewing, researching, and evaluating the decision of Company business risk area that is done by the Board of Directors to be agreed together by the Board of Commissioners.
- Reviewing and evaluating the effort of systemic and non-systemic risk prevention over investment activities.

Company has had and implemented integrated risk management information system, so that periodically Board of Directors and Board of Commissioners accept the report of risk map over the activities run such as Risk Mapping Report. Periodically Risk Management Committee discusses Risk Mapping Report in the scope of company entirely arranged by Department of Risk Management constitutes consolidation from the report of all unit which has risks. Next, the result of discussion in the form of mitigation effort which is needed by the company will be the input for the Board of Commissioners.

Within 2010 Risk Management Committee conducted 10 meetings with the attendance of 100 % for all members of committee.

Risk Management Committee Level of Attendance

Name	Designation	Attendance
Murhadi	Chairman	7
Antonius Alijoyo	Member	6
Eddy F. Sinaga	Member	8

Note : Total frequency Risk Management Committee meeting :10Time.

Risk Management Committee Activities Detail within 2010 are as follow:

- Researching the ADHI construction contract abroad, which experiencing problems and creating risk that could affect the performance of the Company. The result of the study was then conveyed to the Board of Commissioners to be discussed with the Board of Directors and became the material for taking the decision about the continuity of ADHI projects abroad either directly, joint operation or joint venture (merger).
- Researching and giving recommendation to the Board of Commissioners over the plan of the Company to publish Corporate Guarantee valued of IDR75 billion to the subsidiary Company PT Adhicon Persada.

- Researching and giving recommendation to the Board of Commissioners over the plan of company to add credit ceiling of Cash Loan and Non Cash Loan from Bank Mandiri each amount of IDR990 billion and IDR4.15 trillion.
- Researching and giving recommendation to the Board of Commissioners over the Company plan to form new division Asphalt Mixing Plant (AMP).
- Researching and giving recommendation to the Board of Commissioners over the plan of the Company to give operational financial loan valued of IDR50 billion to the subsidiary Company PT Adhi Realty.
- Researching and giving recommendation to the Board of Commissioners over the plan of the Company to obtain the loan as much as USD4 million from the subsidiary Company Adhi Multipower Pte. Ltd.

Furthermore, generally Risk Management Committee, through Board of Commissioners also gave the following recommendations: Board of Directors and Management are expected to be able to implement better risk mitigation for the contract of the Company abroad. Besides risk of law and financial risk, contract abroad contains operational risk caused by lack of understanding and governance over the local business climate and cultural aspect. The failure of identifying risks related to the local business climate and cultural aspect could cause international contract could not be finished on time and efficient.

Corporate Governance Policy Committee

Chaired by Commissioner Gatot Trihargo with non-permanent member A.P. Purnomo Widodo.

To maintain independence in implementing its tasks, members of Corporate Governance Policy Committee are chosen from personnel who have no relations either directly or indirectly with the Company. Furthermore, Committee also appointed consultant who did not receive works from the Company to help the implementation of the tasks.

Profile and brief history of members of Corporate Governance Policy Committee are as follow:

Gatot Trihargo

Gatot Trihargo brief history is presented in Profile of Member of Board of Commissioners.

A.P. Purnomo Widodo

Born on August 9th, 1968 (42 years) in Semarang, obtained MBA degree from International University of Japan (UIJ) Nagata in 2001. Start a career as Government auditor at BPKP 1990-1999. Executive at Indonesia Accountant

Association Center for Public Sector Compartment 2005-2008. Since 2001 up to now become the concepthor, writer of GCG guidelines and quality assurance of GCG assesment in SOE.

Tasks from Policy Committee Corporate Governance include:

- Researching over the policy of Corporate Governance arranged by the Board of Directors entirely as well as valuing consistence of its implementation including those related to business ethics and Corporate Social Responsibility;
- Studying and researching Basic budgeting and rules regarding implementation of Corporate Governance including:
 - Compatibility Basic budgeting of the Company with the valid regulations and purpose of the Company;
 - Implication of rules toward the application of Corporate Governance policy.
 - Making sure that each Decision of Board of Commissioners has suited with the valid rules either external or internal rules.
 - Implementing special tasks related to the implementation of Corporate Governance Policy.

Committee of Corporate Governance Policy has conducted four meetings, with the level of presence of 100%.

Committee of Corporate Governance Policy within 2010 has implemented the following activities:

- Evaluating implementation GCG during 2010 including discussing over the gap existing between implementation of GCG year 2010 with the implementation GCG from the result of assessment year 2009, and giving recommendation based on area of its improvement.
- Reviewing Soft Structure, including: CGC Code, Board Manual, Code of Conduct, Whistle Blower System, and socializing over the Soft Structure.
- Preparing related plan of GCG assessment, started from the arrangement of activities of terms of reference to the appointment of Board of Financial and Development Auditor (BPKP) DKI Jakarta Province as party that has been appointed to implement assesment over the implementation of GCG in 2010.

Corporate Secretary

As a public Company and in the effort to obey the law, rules and capital market regulations, as well as to guarantee the implementation of GCG. The Company has a Corporate Secretary. Corporate Secretary constitutes

structural position one level lower under the Board of Directors and responsible directly to the Board of Directors. Corporate Secretary is not only responsible in making sure the compliance to the law, rules and regulations of capital market, but also have to make sure the ease of communication between the Company with the stakeholders; and guarantee the information availability that may be accessed by the stakeholders based on the regular need of the stakeholders. Corporate Secretary is chaired by Kurnadi Gularso.

Task and Responsibility

Tasks and Responsibilities of Corporate Secretary are:

- Making sure the ease of Corporate Communications between the Company and the stakeholders including: stakeholder, employees, business partner, people and customer based on the regular need from the stakeholder.
- Guarantee the information availability that may be accessed by the stakeholders based on the regular need of the stakeholders.
- Organize activities of Investor Relations (such as: GMOS, Public Expose, Analyst Meeting, Investor Meeting, etc.).
- Making sure the compliance towards the valid laws and rules.
- Facilitating the establishment of management meeting at the central level.
- Responsible to the Board of Directors and report the tasks implementation to the Board of Commissioners.
- Administrating as well as recording the Company document, including but not limited to, Special Stakeholders List and Note of Board of Directors Meeting or GMOS.
- Responsible for the implementation of Corporate Social Responsibility (CSR).
- Establishing communications with the Ministry of SOE, Ministry of Finance, State Secretariat, Bapepam, KSEI, BEI, KPEI, BAE, Rating Agencies, House of Representatives, and other related institutions.
- Maintaining Company website and portal www.bumn.go.id/adhikarya.



Corporate Secretary

Kurnadi Gularso

Born in Surabaya on the May 26th, 1966 (44 years), obtained Bachelor degree of Civil Engineering in Institut Teknologi Sepuluh Nopember, Surabaya and graduated Master degree, majoring in Strategic Management from STM Presetiya Mulya. Serves as Corporate Secretary since 2004 to present. Director of Adhi Multipower Pte. Ltd (2008-present). The member of Supervisory Board of Dana Pensiun Bina Adhi Sejahtera (2008-present). Technical director of Dana Pensiun Bina Adhi Sejahtera (2005-2008). Regulator Member of Indonesia Institute of Commissioners and Directors, Presidium of SOE Public Relations Forum (2006-present). Marketing Manager of Contraction Division II (2002-2004). General Manager of Adhi Lao Precast Corporation, Philippines (2001-2002). Head of Adhimix & Precast Technical Division (1996-2001). Plant/Area Manager of Adhimix & Precast Unit (1991-1996). Actively involve and as a speaker in many trainings and seminars both in domestic and overseas.

Besides of those tasks, Corporate secretary also has other tasks, such as:

- In the field of Law, making sure that compliance happens towards the regulations and settle the law issues (consultation, negotiation, mediation, litigation), as well as the establishment of the subsidiary Company.
- In Corporate Communications, creating the positive Company image, through mass media publishing, press conferences, exhibitions, company profile publishing, annual report publishing, advertising, and sponsoring certain events, etc.

In 2010 Corporate Secretary has implemented some activities related to stakeholders, such as:

- Organized Extraordinary General Meeting of Shareholders on January 27th, 2010.
- Organized yearly General Meeting of Shareholders on June 9th, 2010.
- Conducted twice Public Expose during 2010 on April 22nd, 2010 at BEI Gallery, Indonesian Stock Exchange Building, Jakarta and November 10th, 2010 at Ritz Carlton Hotel Pacific Place, Jakarta.
- Participate in Conferences and Exhibitions:
 - BNP Paribas: August 4th, 2010
 - CITI: August 5th, 2010
 - IBEX: September 23rd, 2010
 - Investor Summit: November 10th, 2010
 - etc.

Regular meetings as follow:

- Perform any disclosures as required by capital market regulations.
- Monitor share price within 2010 and evaluate it.
- Respond every request of the Capital Market authority on various informations related to the Company.
- Perform coordination with the related working unit on legal issues in 2010 including to help the litigation process if necessary.
- Helping the Board of Directors in the legal aspects of any decision-making through General Meeting of Shareholders (GMOS) of Subsidiary Company on the actions to be done by the Subsidiary Company along 2010.
- Manage the Company documents based on the Articles of Association, such as the List of Shareholders within 2010, Minutes of Board of Directors meetings, Minutes of Board of Commissioners Meetings, and Board of Directors Meeting with Board of Commissioners.
- Administer Partnership Program and Community Development (PKBL) and Corporate Social Responsibility (CSR) in 2010 as seen in the section explaining about the Corporate Social Responsibility in this Annual Report and ADHI Sustainability Report 2010 that is published individually.

Internal Control

Internal Control of the Company is conducted at all level, from the Project level, Division level, and Company level. The control includes the four functions of control such as finance, production, marketing, and Human Resource, including the system control, Information Technology control, etc.

In the effort to ensure the implementation of internal control, it is conducted through the implementation of Management Review Meeting (MRM), which is done periodically and also gradually, once in a week for project level, once in a month for division project, and once in a year for the Company level.

Furthermore, to ensure the effectivity of the internal control, auditing activity is conducted through several audit such as Quality System Audit, Environmental Management System Audit, Safety and Occupational Health and Environmental (K3L) System Audit and Occupational Health & Safety Advisory Services (OHSAS), Information Technology (IT) System Audit, Good Corporate Governance (GCG) implementation Audit, Performance Excellence Audit, and Internal Audit and also External Audit for operational audit field and accounting/finance.

Also, from the risk aspect in the process of decision in selecting a project to be taken until a project has been finished, monitoring is run by Department of Risk Management and risk supervisors at the project and Division level. The arrangement and implementation of risk mitigation is started when the project is included as target and listed in Division Working Plan and Budgeting, has been determined for the initial risk assessment, followed by the risk management process during PQ, tender process, continued to the project implementation until the project is handed over.

Efficiency Team that was formed in the previous year continually conducts monitoring and evaluation towards the production costs and business costs that have been planned based on the Working Plan and Budgeting (RKAP) 2010 including the interest costs as the base to determine the cost structure target in the Company Long-Term Plan (RJPP) 2011-2015. Furthermore, the Efficiency Team gives recommendations to the Board of Directors in determining the related policy.

Internal Audit

Based on the Board of Directors Decree of PT Adhi Karya (Persero) Tbk. Number: 014-6/033, dated on the June 19th, 2008 about the Organization Structure Completion of PT Adhi Karya (Persero) Tbk. Internal Audit that previously

named as Internal Monitoring Unit has the responsibility in implementing all audit activities, with the priority on the operational audit in addition to the Quality System audit, SMK3 audit, and Environmental audit. Internal audit has a direct responsibility to the President Director.

The Head of Internal Audit that was chaired by Shoful Ulum until March 30th, 2010, who was then replaced by Budhi Hidayati. The appointment of Head of Internal Audit is based on the of Capital Market Supervisory Agency (Bapepam) Regulation N. KEP-496/B5/2008 dated November 28th, 2008, had been reported to Bapepam on April 5th, 2010. The Internal Audit consists of Head of Internal Audit and four members of Internal Auditors who are trained and certified with Qualified Internal Auditor (QIA), helped by an outsourcing auditor who has certificate of Safety, Environmental and Quality Audit, and also one Administration Staff. In the end of 2010, one Auditor is retired, so there were three members of Auditor remaining.

The duties and responsibilities of Internal Audit are:

- Organize the Annual Audit Work Plan (Program Kerja Audit Tahunan/PKAT).
- Perform internal audit on the overall system effectiveness applied in the Company and lead to the Company objectives achievement and the implementation of Good corporate Governance (GCG) in accordance to the PKAT.
- Evaluate the Company's internal control implementation including the internal audit activity quality.
- Convey the Audit Result Report (Laporan Hasil Audit/LHA) together with recommendations and suggestions for the result as part of the effort to improve the Company's performance continuously, which reported to the President Director and the Board of Commissioners through the Audit Committee.
- Monitoring the implementation of approved improvement follow-up, and reported the progress to the President Director and the Board of Commissioners through the Audit Committee.

The audit implemented with risk based audit which refers to the Audit Charter, Company Manual, Audit Standard, Procedure, and Laws. The Company already has the Audit Charter since October 14th, 2005 and renewed on December 22nd, 2010 which consists of vision and mission, authorities, and implementation standard for internal audit work. The Audit Charter established by the President Director through the Board of Commissioners approval.



Chief of Internal Audit

Budhi Hidayati

Born in Bandung on February 12th, 1956 (54 years old). Graduated from Diponegoro University, Semarang, in 1982, with Civil Engineering Bachelor Degree. She has been serving as Chief of Internal Audit since April 2010 until present, as an internal auditor on Internal Audit Unit/ Satuan Pengawas Intern (2003-2010), as Manager of Project Division P3T Control and Development (1997-2003), as Section Head of Project Control in Semarang (1985-1992), as Section Head of Division P3T Quality System Control and Supervision (1992-1997). She started her career as an Estimator in Semarang Branch (1983-1985).

Shoful Ulum

Born in Lamongan on April 13th, 1960 (50 years old). Graduated as Bachelor in Civil Engineering, from Sepuluh November Technology Institute, Surabaya in 1984. Accomplish Post Graduate Program of Jalan Raya PU – ITB in 1986. Started as staff of Estimating Bureau (1984-1987), Project Head (1987-1991), Head of Administration and Finance (1991-1993), Manager in Adhi Realty Division (1993-1999), Branch Head (1999-2008), Chief of Internal Audit (2008-April 2010), President Director of Bina Adhi Sejahtera Pension Fund (2008-2009). Head of Risk Management Department (April 2010-December 2010).

Audit Charter is a document that formally acknowledges the Internal Audit function establishment, which contains the President Director's authorization to obtain information and data related with the audit process and checked every part in the organization including the company's various assets and documents.

In 2010, in accordance to the Annual Audit Work Plan (program kerja Audit tahunan/PKAT), Internal Audit plans 18 (eighteen) times of visits to the work units in Head Office, Operational Division and Projects. As the realization, up to December 31st, 2010, the regular audit visits has been carried out for 14 (fourteen) times. In addition to the regular audit, there are two times of audit performed on the Joint Operation Project, two times of Special Audit and two times of Audit Cut Off.

Total findings/discrepancies in the Audit Report up to December 31st, 2010 are 20 (twenty) discrepancies, with status:

- Four discrepancies have been followed-up (closed);
- Five discrepancies have been followed-up but haven't fulfilled the recommendation (on going);
- Eleven discrepancies are still in follow-up process (open).

CORPORATE RISK

Implementation of Risk Management

Construction services industry has a relatively high risk and uncertainties, which in general can be divided into two risk groups, they are the risks that came from external factors and the risks that came from working relationship with employers (contract risk). The risks that includes in risk from external factors are the risk of material price increase, exchange rate changes risk, government policy risk, economic and social politic condition, and risk of overseas regulation differences. While the risk that comes from working relationship with the employer (contract risk) are bank guarantee withdrawal risk and contract termination risk. And special for EPC projects, there are specific risks such as risk in selecting partner and risk on design failure.

The implementation process of construction projects and EPC starts from planning process to construction completion and use of constructed facilities, the whole process takes quite a long time. Besides the long of time, the construction project and EPC also need a lot of labors with various expertise and skills, and need a lot of coordination for activities which related one to another. The complexity of the construction project implementation is increase due to the presence of external factors that usually is out of the project implementer's control. Some of the uncertainties that commonly happens are the material availability, labor output, policy/regulations changes, social and politic condition, economy and market condition, weather and natural disasters.

Each uncertainty creates a potential risk. To manage the risk, since 2007 ADHI has a Risk Management Department which the duties are based on:

- Directors Decree No. 014-6/053 dated June 22nd, 2007 regarding the application of Enterprise Risk Management on PT Adhi Karya (Persero) Tbk.
- ADHI Risk Philosophy
- Risk Management Manual Work Procedure & Instruction (P000 PM034, P000 PM037)

To support the task implementation, ADHI has increases the personnel competency and skill through CRMP certification (Certified Risk Management Professional) to four personnels of Risk Management Department. Besides that, the Risk Management Department cooperate with the Human Resources Department has organized structured trainings in order to achieve the maturity level of Corporate Risk Awareness Culture.

The management of Risk Management System is done with the Risk Management System software that has been developed since 2007 and has updated in 2008.

In risk management, the Risk Management Department is partnered with the Risk Management Committee (Komite Manajemen Resiko/KMR) under the Board of Commissioners, which chaired by one of the Independent Commissioner. Every time the Board of Commissioners going to perform corporate action, they will have a regular discussion on the Risk Study through KMR with the Risk Management Department.

In 2010 development, the Risk Management is focused on the risk management increase, which has been start since the determination of project target, PQ process and tender. The company determined the risk template for Contract Risk, Funding Risk, Partner Risk and Capability Risk and will be continue for other risks. This will help the Risk Owner to identify, assess and mitigate the risks. To enhance the acuity of identification, assessment and risk mitigation, the Risk Management Department intensively performs case study discussion in discussion group for Project, Department and Division level.

Managed Risk

In 2010, based on the risk level which influences the Company, the risks faced and managed by the Company are as follows:

1. Raw Material Price Increase Risk

The fluctuation on economic, monetary, and politic sector throughout year 2010, raises the risk of material price increase, which in turn can lead to a lower company revenue.

To reduce the risk possibility of material price increase, the Company has performs anticipation measures, such as:

- Create procurement contracts with major supplier with predetermined price, quantity and time.
- Perform an accurate supply planning and management, especially for items that must be ordered in a certain minimum amount.
- Especially for contract with employer, particularly the multi years project, have to included chapters regarding the escalation, while for other project, negotiations are pursued to include provisions regarding the escalation.

2. Payment Risk

In 2010, the payment risk is still exist/occur due to some employers delay or do not pay the project cost on the agreed schedule, which lead to the increase of cost of fund that in turn will give a negative impact on the Company's business activity

To reduce the risk, the Company has set up these following steps:

- Assess the employer's reliability and reputation.
- Requires the project advances and the work implementation is carried out according to the agreed terms.
- Take negotiation steps with the employer to prevent the risk of not being paid.
- Take legal action.

3. Corporate Risk in EPC Business

Tender Failure Risk

The undesirable thing in participate a tender process is when the bidding failed to be won. This failure might happen due to the existence of competitor with better offer or due to the incapability to fulfill the tender requirements.

Compared to the preparation in other conventional project, the cost spent for tender preparation and implementation of EPC project is relatively higher. Thus it can be ascertained, the failure in EPC project tender will impact on the incidence of high cost.

To reduce the risk, in every EPC tender project followed, the Company has to do the followings:

- Increase efficiency.
- Perform a well planned preparation.
- If necessary, formed a consortium with other companies who have competitive advantages, which not owned by the Company.

Risk in Selecting Partner

In 2010, EPC project tenders are still booming, especially the Power Plant projects. The Company realizes the existence of EPC projects as a challenge and a good prospect, but in the other hand is also as the real test, because without a mature and careful preparation the project will inflict a big loss.

Based on the experience of winning the previous Power Plant Project, in participating tender/procurement of EPC projects, the Company will make partners with other companies who have "a good name" and experience in the certain field, by forming a consortium or Joint Operation or the Company does it on its own.

Finding and determining partner for collaboration will be another risk, because the mistake in selecting a collaboration partner, in a form of consortium or Joint Operation, will inflict a direct or indirect loss to the Company, because in partnership there is a unity of responsibility in fulfilling obligations to the Project Owner. The partner incapability in fulfilling its obligations as a direct or indirect partner will impact the Company as partner in cooperation.

To reduce the potential risk loss due to the mistake in selecting collaboration partners, the Company performs due diligence to the collaboration partner candidates in order to know their capabilities, competence, and performance in terms of technical, human resources, and finances.

Risk on Design Failure

On EPC project, besides as construction contractor, EPC contractor is also work as the design engineer and implement its own procurement. Therefore, the responsibility on the whole task in EPC project is on the EPC contractor..

The failure in EPC project as result from design failure can be ascertained as a major disaster due to the design is the initial activity of the whole job series on EPC project, and has major impact on the expected output. The failure to fulfill the output as required in EPC Projects, may impact the Company's performance. Besides the imposed fines, the Company has to repair equipments/system until the agreed output as stated on the contract is achieved.

Considering the big responsibility on EPC project implementation, the Company has done steps to prevent/minimized the risk on design failure possibilities, as followings:

Engaged with partners who have competence/expertise and broad experience in designing EPC projects.

- Insurance the EPC projects to reliable insurance companies;
- Preparing competence engineers;
- Seek for equipment/system with manufacturer's guarantee.

Besides the four risks above, there are other risks that also potential in influencing the Company's performance and has to be managed, such as:

4. Risk on Government Policy Changes, Economic & Social Politic Condition

The Government policy regarding Economic, Monetary and the less conducive Social Politic condition can caused the decrease on Investment and Development. This can result in the projects delay, which has been or will be received by the Company. This risk is systemic, which is when the risk happens, then the whole variable related will be influenced negatively, and made the Company's performance decreased, even a diversification cannot eliminate this risk.

These following efforts can be done to minimize the impact whenever this risk occurs:

1. Immediately reduce unnecessary overhead cost.
2. Reduce high-interest debt, or perform debt restructuring.
3. Increasing efforts to process outstanding bills disbursement.
4. Cautious in selecting projects and avoid potentially stalled projects when the risk occurs.
5. Maintain and conserve cash flow as a "reserve" for business when conditions improved.
6. Discontinue unnecessary investment.
7. Discontinue working on projects with high possibility of not getting paid.
8. Formed a consortium for high value projects.
9. Inserting a clause in the contract regarding price escalation whenever the monetary policy changes occur.

5. Risk of Exchange Rate Changes

Impact of the market movement such as exchange rate differences, interest rate due to the Company taking loans in foreign currency or whenever the Company receiving foreign currency payments in project contract. The Company will mitigate by perform hedging transactions or equate the payment obligation denominations to the third party with job payment term denominations.

6. Contract Termination Risk

The failure of a project contract, include cancellation or termination of an agreement unilaterally, caused by the inability to carry out the job according to the agreement. This condition may decrease the Company revenue.

To reduce the possibility of contract termination risk, the Company performs these following actions:

- The alliance strategy for projects which the implementations are not the Company's competence.
- Prepare an alternative for outsourcing completion solution or transfer to another party, in this case ADHI has technical problem in completing the contract.

7. Business Competition Risk

The competition in construction services business is getting sharper, both by domestic and foreign competitors. Along with the raising of Indonesia economy and the implementations of pending projects, the competitors that engaged in construction services will increase and this could reduce the Company's revenue.

To reduce the possibility of business competition risk, the Company keep monitoring the risk level for identification continuously by perform these following actions:

- Increase efficiency that could suppress the cost of goods sold to increase the Company's competition level.
- Using the latest implementation techniques that can increase efficiency.
- Perform collaboration with other party that has high competitive advantages which not owned by the Company.

8. Risk of Overseas Regulations Differences

This risk happens when the Company conducted business abroad but however not followed by the mastery of the country's applicable regulations, and in the end impact on the obstruction of the business process itself.

To reduce the risk possibility, during the business assessment, the Company prioritizing the mastery of a country's regulation where the business will be implemented, such as the employment regulations, banking regulations, taxing regulations, construction regulations, and litigant regulations. The risk of National Banking Instrument Rejection by the Foreign Banking where the Company Business Implemented.

9. The risk of National Banking Instrument Rejection by the Foreign Banking where the Company Business Implemented.

This risk happens when national banking instrument that will be use by the Company is rejected by the foreign banking where the Company business is running, which impact on obstruction of business process.

To reduce the risk possibilities, the Company tries hard to meet the requirements by giving cross collateral, issued by national bank or foreign bank located in Indonesia that has correspondence relationship with the overseas bank.

10. The Company's Risk in Investment Business

Risk on Pre Construction Phase

The risk on pre construction phase can occur whenever the Company failed to win investment tender process that can be caused by the existence of competitor with better offer, or because the inability to fulfill the tender requirements, which resulted on the emerge of high cost, because the cost spent for investment tender preparation relatively high.

To reduce the risk possibilities on pre construction phase, the Company performs these following actions:

- Increase efficiency.
- Perform a mature preparation for the tender process participation.
- Formed a consortium with other company with competitive advantages which not owned by the Company.

Investment on infrastructure projects, especially for power plant, toll road construction, and ports, requires a quite large funding with a very long construction period. As consequence, this kind of project has a high risk on construction period, which indicated by the longer length of time required in the construction completion. As a result, the cost required also increasing.

To reduce the risk possibility on construction phase, the Company can divert the risk to the contractor that has reputation and high credibility, through working contract in a form of a turnkey project.

Risk at the Operational Phase

Investment projects in the infrastructure field, especially those that are still in monopoly system, are very dependent on the determination of regulation and tariff adjustment by the Government. Based on the existed experience, tariff adjustment is always infirm; moreover, every time there will be conducted any tariff adjusted, it always gets any strong protest from the society and legislative institution, that finally the tariff adjustment is not based on the financial consideration, yet political consideration. Market distortion is much related to the possibility of improperly demand projection of the infrastructure service that is known at the moment of the project operated.

To reduce the risk possibility in operational phase, Company can make negotiation process by asking the Government to give any compensation in the effort of Public Service Obligation (PSO) and requesting on the minimum guarantee of service consumption by the Government to reduce the risk of market failure.

SOCIAL RESPONSIBILITY OF THE COMPANY

Corporate Commitment as the social responsibility in the effort of social and environmental awareness can be seen in the cooperation mission and ADHI Principles. In the article 3 of Adhi's Mission in 2007-2011 mentioned, "Actively taking part in Public Private Partnership (PPP) program to support the economic growth, and conduct Corporate Social Responsibility (CSR) initiatives in the effort of Human Resource development." It means, ADHI must expand in business function, yet persistently aware on the economic growth of the society and participate in improving the living quality of the society. It can be seen from one of the ADHI values, that is in "humane" principle, there is "preserving environment" and "supporting community development" values.

Firmly, ADHI also states that CSR implementation for ADHI aimed to:

- a. Be a partner for the social economic growth that has humanity value and is also sustainable with the commitment to reduce the poverty.
- b. Be an agent of social change in improving the living quality that is related to the education and spiritual life.
- c. Take initiatives in the living environmental preservation.

Corporate Commitment on the Customer Protection and other Stakeholders

The protection of customers' rights by applying Quality Policy and Environmental Maintenance is the Commitment conducted by the Company, those are:

- Trying to use high quality service and products to meet the smoothness, safety, and of the customers.
- Enhancing all lines of the Company to always improve the skills and capabilities and also always be responsible and discipline in doing their duties.
- Completing the work system and environment continuously to be more effective and efficient to support the achievement of service quality.

Establishment of Customer Care Center in Effort of Giving the Best Service for Customers

The Company provides Customer Care Center through the available channel, such as in website www.adhi.co.id, through email corsec@adhi.co.id, telephone and facsimile, weekly coordination meeting with owner that is the media to deliver any complaints.

Costs for customer service improvement have been allocated to overhead costs, started from project level to division level.

Customer Service Improvement Program

In giving service to the customers, ADHI conducts some efforts as follows:

- Conducting survey of customers' satisfaction towards the performance of overall operational division. The survey is conducted by giving questionnaires to the Project Owner with the objective to know the quality level of the corporate performance to Project Owner and the society in general. To keep the objectivity, the survey is conducted by an independent institution and the results will be used as the basic for improving customer service quality.
- In conducting management of Customer Complaint, ADHI appointed some responsibility holders for each organization level, those are project level, Division level, and Central Office level. Rework cost that is spent related to the customer complaint resolving is included in the project cost. The realization of rework cost in 2010 is by IDR13.480 billions or 0.3%.

ADHI has ADHI Database that contains work methods that had been conducted in the projects and innovations, which had been created and tested for its achievement. By the facility and by paying attention to the work quality, it hopefully can prevent from the same defect in the future.

Partnership and Community Development Program (PKBL)

As SOE, the social roles of ADHI are referring to the SOE Minister Decree that is now the Ministry of BUMN Number: PER-05/MBU/2007 concerning on the SOE Partnership Program with Small Business and Community Development Program, and Circular Letter of Minister of State-Owned Enterprise Number: SE433/MBU/2003 dated September 16th, 2003 on Implementation Guidelines for SOE Partnership Program with the Small Business and Community Development Program.

Responsibility for the implementation of Partnership and Community Development Program (PKBL) is all mentioned on a Financial Statement of PKBL management once a year and audited by the Public Accountant Firm that is appointed by the Company through GMOS then conveyed to the Ministry of SOE. Based on the decision of Minister of SOE, PKBL performance report is one of the elements that influence the evaluation on the Company performance.

Partnership Program

Partnership Program is a program to increase the small business capability to be firm and independent through capital loan. In which the loan for the partner will be used in effort of business development. Based on the Decree of the Minister of SOE mentioned above, the budget for the Partnership Program comes from the allowance of some Corporate net income that the value is determined by GMOS.

The loan for the Partnership Program requires that the business to be given any loan is the business that has net property maximum IDR200 million or turnover maximum IDR1 billion per year, has conducted the business activities at least 1 year, and should be Indonesian citizen. Administration service for this loan is 6% per year that will be used for operational cost of distribution, such as field survey, debt collection, development, and public costs.

The funding source for the Partnership Program in 2010 came from the Initial Balance of IDR9 million plus the income from Company Net Income Allowance in the budgeting year of 2009 by IDR828 million that the value is determined based on the decision of GMOS that is 0.50% added by the Basic Installment of the Loan IDR1.512 billions, income from the Loan Administration Service by IDR191 million and income from Clearing Account Service by IDR10 million so the plan for total fund of Partnership Program would be IDR2.551 billion.

In 2010, ADHI had distributed the loan for Partnership Program by IDR2.415 billions for the partners in the regions of DKI Jakarta, West Java, Banten, Central Java, East Java, South Sulawesi. The business sectors that obtained the loan from ADHI in 2010 were industry, commerce, agriculture, farming, fishery, service, and other services.

The funds for Partnership Program were distributed to the regions and the number of partners as follows:

Partnership Program Fund Distribution

Region	Amount (IDR)	Number of Partners
DKI Jakarta	365,000,000	14
West Java	880,000,000	38
Banten	300,000,000	19
Central Java	770,000,000	6
East Java	50,000,000	2
South Sulawesi	50,000,000	2

While the funds for Partnership Program were used for the payment of activities that hopefully could encourage the business development and improved the productivity of the Partners or Research and Improvement. The development could be in the form of education, training, apprentice, marketing and exhibition. In 2010, there had been issued of Funds for Partnership Program IDR78 million that was used for training and exhibition.

Actual Disbursement of Partnership Program 2010

By Sector

Description	Amount (IDR)
Capital Loan	
Industry	915,000,000
Trade	465,000,000
Agriculture	620,000,000
Farming	80,000,000
Plantation	NA
Fisheries	35,000,000
Services	230,000,000
Others	70,000,000
Sub Total I	2,415,000,000
Coaching Expense	
Education & Training	16,582,200
Promotion & Exhibition	62,216,419
Sub Total II	78,798,619
Total	2,493,798,619

Partners that have developed and given loan were targeted to be more independent and firm in business function, so that financially it is expected to be bankable. Up to now, there are three developed partners of ADHI that have been bankable, among of the partners is from Yogyakarta in industrial field of bamboo handicraft (Pring Ijo), one of the partner is from Jakarta that runs its business in the pharmacy commercial business (Dharma Restu), one partner is from Ungaran-Semarang that runs its business

in industrial field of veils. Their achievements in improving their own field should be a good example for other partners to advance in the future.

Actual Disbursement of Partnership Program 2010

By Region

Description	Amount (IDR)
Capital Loan	
DKI Jakarta	365,000,000
Banten	300,000,000
West Java	880,000,000
Central Java	770,000,000
East Java	50,000,000
Sulawesi	50,000,000
Sub Total I	2,415,000,000
Coaching Expense	
Education & Training	16,582,200
Promotion & Exhibition	62,216,419
Sub Total II	78,798,619
Total	2,493,798,619

Beside that, in distributing the Partnership Program, ADHI also makes cooperation with PT Permodalan Nasional Madani (PNM) by the total value of IDR600 million for the chili farmers in Pemalang and Purwokerto that was coordinated by PD BPR BKK Taman.

Community Development Program

Community Development Program is dedicated to improve the social conditions of society that provide benefit to people surrounding the Company Project sites.

Funding source of Community Development Program in 2010 comes from the Initial Balance by IDR161 million, added by the Retained Net Income in the previous year of IDR1.308 billion, then added by Corporate Allowance of Net Income in the Budgeting Year of 2009 amounting IDR414 million in which the value was determined based on the decision of GMOS amounted 0.25% of the Company Net Income then added by Income from Clearing Account Service of IDR2 million, so the total funding for Community Development would be IDR1.886 billion. In that fund of Community Development, there is SOE Care allocation fund amounted 30% of the total existed funds of Community Development.

In 2010, ADHI had distributed Community Development funds in total of IDR1.088 billions that was allocated in West Java, DKI Jakarta, DI Yogyakarta, West Sumatera, Papua, East Java, Banten, Central Java, Kalimantan, Lampung, Sulawesi.

The fund for Community Development Program was given for agricultural sector:

1. Natural Disasters Relief

The Company provide assistance for natural disasters, in the form of food, clothes, and cash money for natural disaster victims of Sinabung Mountain-North Sumatera amounted IDR75 million; Wasior flood-Papua amounted IDR168 million; Earthquake and Tsunami in Mentawai-West Sumatera amounted IDR100 million; eruption of Merapi Mountain – DI Yogyakarta amounted IDR100 million.

2. Education and Training Assistance

The Company provide assistance for school equipment and infrastructure development and scholarships for bright college students in total of IDR207 million.

3. Health Improvement Assistance

The Company provide assistance of supporting facilities for handicapped children by the total of IDR10 million.

4. Equipment and Infrastructure Assistance

The Company gave equipments and infrastructure for the local surroundings in DKI Jakarta by the total of IDR12 million.

5. Religious Facility Assistance

The Company provide assistance for the repair of public religious places by the total of IDR31 million.

6. Natural Preservations

In 2010, ADHI made some efforts to preserve the nature through CSR program:

- Planting 1,100 trees along the toll road of Kanci-Pejagan amounting to IDR150 million.
- Planting 1,800 trees in the East Canal Flood (BKT) plain amounting to IDR150 million.
- Planting 500 trees in the environment of Lampung PLTU project amounting to IDR40 million.

ADHI through Community Development program also work together with PT BUMN Hijau Lestari in planting 2,678 jambon tress in the upstream of Citarum river by 6.7 hectares wide in the effort of One Billion Trees Campaign (OBIT Campaign) with total fund of IDR150 million.

In the effort to help the society to meet their necessity immediately before Idul Fitri holy day, the Company held Cheap Market in the operational environment of the Company all over Indonesia. The total fund that was donated was IDR135 million.

Actual Disbursement of Community Development 2010 By Sector

Aids	Amount (IDR)
Natural Disaster Victims	114,000,000
Education & Training	207,000,000
Health Improvement	10,000,000
Public Facilities	10,000,000
Religious Facilities	33,000,000
Environmental Preservation	150,000,000
SOE Care	564,700,000
Total	1,088,700,000

In implementing the Partnership and Community Development Program (PKBL), the Ministry of BUMN prepares PKBL Information System in the website of www.bumn.go.id/adhikarya with the name of PKBL Portal consisting of: Annual Planning, Quarterly Performance Report, Annual Performance Report, Success Story, Data and Products of the Partners, Community Development Program, News, Press Broadcasting, Paper, Sites, Agenda.

Actual Disbursement of Community Development 2010 By Region

Aids	Amount (IDR)
DKI Jakarta	244,000,000
Banten	8,000,000
West Java	199,000,000
Central Java	19,000,000
East Java	27,000,000
DIY	143,000,000
West Sumatera	100,000,000
North Sumatera	120,000,000
Papua	198,700,000
Kalimantan	15,000,000
Sulawesi	15,000,000
Total	1,088,700,000

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Apart from the implementation of Community Development Program above, ADHI has also conducted CSR program, which its funds come from Corporate costs planned in the Budgetary Planning for Implementation (RAP) of Projects.

The Implementation of CSR program is as follow:

CSR Activity in 2010 at Surrounding ADHI Project

No	Project Name	Region	Description	Amount (IDR)
1	Latumeten City Project	DKI Jakarta	Community and Environmental Assistance	252,932,750
2	Pasar Tanah Abang Blok B	DKI Jakarta	Community and Environmental Assistance	95,000,000
3	The Pakubuwono View	DKI Jakarta	Community and Environmental Assistance	191,445,948
4	Kuningan City Jakarta	DKI Jakarta	Community and Environmental Assistance	220,000,000
5	Bandara Internasional Kualanamu	North Sumatera	Community and Environmental Assistance	66,500,000
6	Jalan Layang Sudirman-Casablanca	DKI Jakarta	Environmental Assistance	78,648,000
7	Road Widening Kb. Jeruk-Tangbar	Jakarta - Banten	Community and Environmental Assistance	56,947,000
8	Irigasi Ciliman Banten	Banten	Environmental Assistance	77,580,000
9	Acces Toll Cimanggis-Nagrak	West Java	Environmental Assistance	52,367,000
10	Resources Unit Rate (LTCS-RUR) Package B	Riau	Community Assistance	17,750,000
11	Main Stadium Pekanbaru	Riau	Environmental Assistance	50,250,000
12	Main Drains and Struktur di Banda Aceh	NAD	Community and Environmental Assistance	142,288,000
13	Housing Pipe Distribution (SR) Dumai City	Riau	Community and Environmental Assistance	20,940,615
14	Container Port Perawang	Riau	Environmental Assistance	11,325,000
15	Mud Flood Sidoarjo	East Java	Community and Environmental Assistance	58,474,250
16	Drainage and Road OASIS Djarum	Central Java	Environmental Assistance	59,652,000
17	Building Kanwil Ditjen. Bea Cukai	Yogyakarta	Environmental Assistance	55,657,500
18	Relocation Arteri Porong	East Java	Community and Environmental Assistance	56,426,400
19	PLTU 3 Tanjung Awar-awar	East Java	Community Assistance	52,379,500
20	Tax Office Balikpapan	East Kalimantan	Environmental Assistance	76,450,000
21	Sangkulirang Bridge Sangatta	East Kalimantan	Environmental Assistance	52,895,000
22	Big Market Palopo City	South Sulawesi	Community and Environmental Assistance	43,350,000
23	Referral Hospital I Kab. Sorong	West Papua	Environmental Assistance	14,600,000
24	Terminal Mengwi Stage II Kab. Badung	Bali	Community and Environmental Assistance	59,180,000
25	Power Plant Lampung 2 X 100 MW	Lampung	tree planting, mosque & school renovation	198,397,187
26	Batching Plant Tarahan	Lampung	Community and Environmental Assistance	128,449,647
27	Aid to Adhi Karya Retiree	DKI Jakarta	Cash donation for life insurance	300,000,000
28	Social Activity ADHI 50 th Anniversary	DKI Jakarta	Scholarship, Pasar Murah, donation, assistance, etc.	350,000,000
Total				2,839,885,797

ADHI Other Social Activities

In the effort of Socio-Cultural preservation, the Corporate perform art activities, in the form of creativity competition, such as theatrical performance with theme of quality, drawing competition, photograph competition, writing competition, aimed to tighten relationship among workers of operational working unit in all over Indonesia and workers in Head Office.

In improving workers' awareness to use domestic products and socio-cultural preservation, the Company suggests to wear Batik clothes every Friday; hold Folk Party of the 50th Anniversary of ADHI located in Senayan, Jakarta where the sellers are the Partners Developed by ADHI. The products sold in the event such as: Batik from Pekalongan and Cirebon, Wooden Souvenirs from Tasikmalaya, Leather Products from Pandeglang, Snacks from Kuningan Regency, etc. In the event above, the Company had donated some funds by IDR239 million.

In the effort to promote the products from Partners of ADHI, the Company invited Partners in part on the Product Exhibition of SOE PKBL, Inacraft in Jakarta Convention Center, and Folk Party of the 50th Anniversary of ADHI in Senayan, Jakarta by supporting the cost amounting to IDR62 million.

Corporate Social Responsibility for Environmental Management

In implementing its business function, the Company that runs in the field of Construction Service Business, everyday keeps in touch with its surrounding. Therefore, the Company should maintain the balance between the jobs and the surrounding nature through keeping the working place clean, providing workers' safety from anything causing unsafe conditions.

Every ADHI personnel commit to implement the activity both in the office and in the project by always paying attention on the environmental aspects, keeping the environmental stability in its surroundings in the effort to participate in maintaining the world existence. The behavior of the superior individuals are formed and built continuously for the ADHI personnel based on the values mentioned on ADHI Principles. ADHI always tries to make every ADHI personnel aware on the environmental preservation to the purpose that ADHI would be the biggest Company that is aware of the environment.

It proves that ADHI has obtained the certificate of Environmental Management based on ISO 14001, in which periodically given assessment by the external party to ensure whether in every ADHI activity has met the standard

requirement of Law and Regulations applied. Since the obtaining of certificate in 2007 to present, there has been no major non-conformance (NC).

Organizationally, it has been determined for the holder of responsibility for environmental management in steps:

- Project Level is the Head of Project assisted by HSE Supervisor;
- Division Level is Head of Division assisted by Production Manager;
- Central Office Level is Financial and Human Resources Director assisted by Department of Operation Supporting & General Affairs.

The Report is also made in steps together with K3 Report from the Project to Division, from the Division to Head Office where each level is given evaluation for improvement.

Implementation of environmental management in the office has been applied by ADHI as follow:

1. Reducing the use of electricity and water for office operations;
2. Assisting Governmental blue sky program by requiring that every vehicle for office operations has passed emission test;
3. Using energy efficient lamp;
4. Using environmentally health freon;
5. Reducing paper usage;
6. Maintaining the standard quality of waste water & standard noisiness.

Implementation of environmental management in projects that have been implemented by ADHI as follow:

1. Maintaining the standard quality of waste water & standard noisiness;
2. Managing the waste of B3;
3. Compliance to Law and Regulations related to the Project Implementation;
4. Managing solid waste;
5. Suggesting the use of energy efficient lamp;
6. Suggesting the use of environmentally health freon;
7. Suggesting to use building system management;
8. Vehicle for project operations has passed emission test;
9. Conducting operational evaluation related to the important environmental aspects.

ENCOUNTERED IMPORTANT LAWSUIT

In 2010, member of Board of Directors and Board of Commissioner had no important lawsuit that is being faced. While the Company faced several lawsuits as follow:

1. Merdeka Square-Cimone Project

On the October 6th, 2010, through the document No. 02 issued by the Notary Agus Riyanto, SH, M.Kn, the Company had made a peace effort with PT Hero Supermarket Tbk. and PT Lumbung Mustika Perkasa; Tangerang Land Institution Office, to make a reconciliation on the Corporate claim:

- j. a. Lawsuit in State Court of South Jakarta. Lawsuit No. 1382/pdt.G/2008/PNSlt, on October 27th, 2008, the Company put on claim of failure to PT Lumbung Mustika Perkasa on the payment (basic plus interest) by IDR52,500,000,000,- of Mall Merdeka Square construction Project in Tangerang.
- k. b. Lawsuit in Tangerang, Cassation on the Verdict No. 84/PDT/2008 on December 2nd, 2008 on the lawsuit No. 409/PDT.PLW/2007, demanded by PT Hero Supermarket, Tbk. and PT Lumbung Mustika Perkasa.

However, on October 4th, 2010, through the Verdict No. 64/Pailit/2010/PN.Niaga Jkt.Pusat, Merchant Court of Central Jakarta decides to bankrupt PT Lumbung Mustika, to avoid the risk for bigger loss, on October 13th, 2010 through Cassation petition No. 75 Kas/Pailit/2010/PN.Niaga.Jkt.Pst. Company made a Cassation effort on the Verdict No. 64/Pailit/2010/PN.Niaga Jkt. Pusat, aimed to cancel the bankruptcy; or made an effort to get any rights on the selling of PT Lumbung Mustika least asset as determined on the Conciliation Deed issued by the Notary of Agus Riyanto.

On December 23th, 2010, the State Property Delivery and Auction Office in Tangerang, auctioned the land and building by 14.888 M² SHGU Number: 131/Cimone Jaya in the name of PT Lumbung Mustika Perkasa, on request of PT Hero Supermarket Tbk. based on the Act of Obligation Rights Delegation (APHT) Number 124/2006 dated on July 13th 2006.

By the sale of land asset and building owned by PT Lumbung Mustika, and referring to the reconciliation agreement, the Company obtained the result of the selling. And finish the Corporate claim to the PT Hero Supermarket Tbk. and PT Lumbung Mustika Perkasa.

2. Goods/Service Procurement Projects

SNVT Construction of Sumbawa Road and Bridge Referring to the Lawsuit Verdict No. 62/KPPU-L/2008, on May 18th, 2009, ADHI METRO JO in which the Company as the Leader. ADHI METRO JO has been claimed to be break Article 22 of Law no. 5 Year 1999, concerning on exclusion of Monopoly Practice and Unhealthy Business Competition, on the Goods/Service Supplying Projects on SNVT Construction of Sumbawa Road and Bridge Development, Improvement Package of Sejong-Tetar Lunyuk Road in Budgeting Year of 2008.

Based on the verdict, the Company made a legal effort to conduct an Objection Claim No. 261/pdt.g/2009/pn.dps on June 24th, 2009, but according to the verdict on October 12th, 2009, Denpasar State Court declined the Objection Claim of the Company, so the Company put on cassation by the Lawsuit No. Perkara 797/KPdt.Sus/2010, dated on September 21th, 2010.

Up to now, there has no legal verdict on the Lawsuit, so it is still in progress.

3. Dalu Dalu Project

The Company together with other Contractors, put on claim for Escalation of Dalu-dalu Project in total of IDR50,446,664,972.48. - (fifty billion four hundred forty six million six hundred sixty four thousand and nine hundred seventy two Rupiah forty eight cents) to Government of Republic of Indonesia in this case Government of the Province of Riau in this case Head of Riau Province Public Works Department on the Road/Bridge Development Program (Multi Years Program), in Indonesia National Institution of Arbitration in Jakarta by Lawsuit No. 352/V/ARB-BANI/2010.

On December 27th, 2010, Judges in the National Institution of Arbitration decided that the Requested (Government of Republic of Indonesia in this case Government of the Province of Riau in this case Head of Riau Province Public Works Department on the Road/Bridge Development Program (Multi-Years Program)) pays for the escalation to the Company as the Requester II by IDR41,215,592,443. - (forty one billion two hundred fifteen million five hundred ninety two thousand and four hundred forty three Rupiah).

4. Land in Randugarut Semarang

To retain the asset owned by the Company located in Semarang, the Company on May 6th, 2009, through lawsuit No. 21/G/TUN/2009/PTUN.Smg, impeach National Institution of Land Affairs in Semarang, in the Issue of Certificates of Building Right of Tenure No. 38 Randugarut

Village, Tugu District, Semarang Municipality, Province of Central Java in the name of PT Simongan Plastic Factory, issued on August 8th, 1996 with the land borders are in the part of land borders owned by the Company based on the HGB No. 2 Randugarut in the name of PT Adhi Karya (Persero) Tbk., to cancel the issue.

In the legal process, the Company obtained the judicial verdict as the followings:

- a. In this lawsuit, by the Lawsuit verdict No. 21/G/TUN/2009/PTUN.Smr, on October 6th, 2009, Judge grants the Company Petition.
- b. National Land Institution, Semarang and Intervien (PT Simongan Plastic Factory) on October 30th 2009 made an appeal effort in Civil Service Arbitration Tribunal in Surabaya. In the Appeal Level, Civil Service Arbitration Tribunal in Surabaya has given a Verdict number: 148/B/2009/PT.TUN.SBY on December 29th, 2009, whose content is to reject the verdict on the first level court.
- c. The Company put on cassation request in Supreme Court of Republic of Indonesia and registered under Register Number: 231 K/TUN/2010.

On December 16th, 2010, the Company, National Land Institution in Semarang and PT Simongan Plastic Factory, signed a peace agreement as mentioned on the Deed No. 8 issued by a Notary, named Agus Riyanto, SH. The contents are the followings:

- a. PT Simongan Plastic Factory are willingly to give and pay the indemnity to the Company as the compensation on the ownership and land utilization by $\pm 207 \text{ M}^2$ (approximately two hundred and seven meter square), that has been contained on the certificate of Building Right of Tenure number: 38, in the name of PT Simongan Plastic Factory.
- b. By signing of Peace Agreement, it is valid and committed for the Parties, the Civil Service Arbitration Tribunal in Surabaya number: 148/B/2009/PT.TUN. Sby on December 29th 2009 and the lawsuit was declared to be finished completely.

CORPORATE DATA AND INFORMATION ACCESS

Transparency to the Shareholder and wide society has been conducted in the form of information transparency through various media and disclosure activities based on the regulations of Capital Market authority. It is in line with Corporate policy to build and encourage the transparency.

All transparency activities are conducted under coordination of Corporate Secretary through Investor Relations and Corporate Communications sections. The Company consistently has conducted press broadcasting, analyst meeting, internal magazines that are also delivered to the partner of ADHI and other necessity stakeholders, exhibitions, domestic and foreign conferences and public expose. Along in 2010, the Company has published press broadcasting containing various materials development such as the new contract acquired and clarification on the news about Monorail projects in media and published four quarterly financial statements. Also, all publication of Corporate activities can also be accessed by wide society through the website of ADHI: www.adhi.co.id and sub-portal on www.bumn.go.id/adhikarya.

COMPANY ETHICS

To survive and continue to grow, every Company should have business ethics that is the behavior guidelines for management and all workers. The tightest system and monitoring in a Company, does not guarantee that there will no deceitfulness or breaches, so everything is returned back on the etiquette that is owned and understood by all lines in the Company.

ADHI is one of the biggest construction companies in Indonesia that has been operated for more than 51 years. In 2007, referring to the good business practices that has been conducted up till now and good universally business practices, it has established/arranged business called as "ADHI" culture (Advance, Determined, Humane, Inspiring) or ADHI Principles that is further explained in the form of 78 kinds of behavior that must be conducted by the overall Corporate lines. The ADHI Principles have been socialized to all workers.

ADHI personnel in doing their duty are not allowed to turn aside the business ethics, though it is conducted to reach the profit of the Company. In the effort to make ADHI Principles obeyed and implemented consistently, the Management makes any evaluation on the behavior of the Corporate lines in applying ADHI Principles.

In 2010, the Corporate made a completion on ADHI Principles to be Code of Conduct containing the moral and ethical behavior for every workers of ADHI that would be implemented in the year after.

Information Disclosure

Month	Activity	Media
January	Invitation of Extraordinary General Meeting of Shareholders (EGMOS)	Newspaper
	Submission of advertisement copy of announcement of EGMOS	Newspaper
	Submission of the results of EGMOS	BEI, Bapepam-LK
	Submission of advertisement copy of the result of EGMOS	Newspaper
February	Information disclosure on new project awarded, Mangkuluhur	BEI
	Information disclosure about Board of Directors' Duty Allotment	BEI
March	Information disclosure on the 11 th profit sharing payment of Sukuk Mudharabah I	BEI, Bapepam-LK
	Submission of advertisement copy of Financial Statement per 31 st December 2009 (Audited)	BEI, Bapepam-LK
	Submission of Financial Statement per 31 st December 2009 (Audited)	BEI, Bapepam-LK
April	Announcement of Public Expose event	BEI
	Announcement of Correction on Public Expose event	BEI, Bapepam-LK
	Information disclosure on Particular Shareholders	BEI, Bapepam-LK
	Submission of Public Expose Materials	BEI, Bapepam-LK
	Submission of Public Expose results	Newspaper
	Submission of Financial Statement per March 2010 (Unaudited)	BEI, Bapepam-LK
	Delivery of Annual Report	BEI
May	Submission of announcement advertisement copy of General Meeting of Shareholders (GMOS)	BEI
	Announcement of GMOS	Newspaper
	Information disclosure on Affiliation Transaction	BEI, Bapepam-LK
	Invitation of GMOS	Newspaper
	Submission of advertisement copy of invitation of GMOS	Newspaper
June	Delivery of the Result of GMOS	Newspaper
	Submission of advertisement copy of the result of GMOS	Newspaper
	Submission of advertisement copy of Annual Rating Monitoring	Newspaper
	Information disclosure on the 12 th profit sharing payment of Sukuk Mudharabah I	BEI
	Information disclosure on Salary and Allowance of Board of Directors and Board of Commissioners	Newspaper
July	Information disclosure on Particular Shareholders	BEI, Bapepam-LK
	Information disclosure on Affiliation Transaction	BEI, Bapepam-LK
	Submission of Financial Statement per June 2009 (Unaudited)	BEI, Bapepam-LK
August	Information disclosure on BNP Conference Materials	BEI, Bapepam-LK
	Information disclosure on Citi Indonesia Investor Conference Materials	BEI, Bapepam-LK
	Information disclosure on new project awarded in Aceh	BEI
	Information disclosure on new project awarded, Chevron	BEI
September	Information disclosure on CIMB Conference Materials	BEI, Bapepam-LK
	Information disclosure on the 13 th profit sharing payment of Sukuk Mudharabah I	BEI, Bapepam-LK
	Explanation on volatility transactions	BEI, Bapepam-LK
October	Information disclosure on Particular Shareholders	BEI, Bapepam-LK
	Submission of Financial Statement per September 2010 (Unaudited)	BEI, Bapepam-LK
	Information disclosure on Certain Shareholders	BEI, Bapepam-LK
November	Announcement of Public Expose event	BEI, Bapepam-LK
	Submission of Public Expose Materials	BEI, Bapepam-LK
	Submission of Correction on Public Expose Materials	BEI, Bapepam-LK
	Submission of Public Expose result	BEI, Bapepam-LK
	Monthly report of registered Shareholders per October 2010	BEI
	Information disclosure on new project awarded, Terminal 3	BEI
	Information disclosure on new project awarded, PLTU Project in East Borneo	BEI
December	Information disclosure on new project awarded, Non-Toll Project	BEI
	Information disclosure on Particular Shareholders	BEI, Bapepam-LK
	Monthly report of registered Shareholders per October 2010	BEI
	Information disclosure on Affiliation Transaction	BEI, Bapepam-LK
	Information disclosure on the 14 th profit sharing payment of Sukuk Mudharabah I	BEI, Bapepam-LK
	Pemberitahuan Informasi Perolehan Proyek Sentul Final Eng	BEI

Code of Conduct is arranged as a seriousness of ADHI to respond daily ethical issues generally occurred. Every procedures needed in implementing Code of Conduct refers to standard and operational procedure that is relevant to the Company.

PRUDENT PRINCIPLES

To protect the interests of Shareholders, the Company has always put forward the principles of prudence. Examples of application of the precautionary principles for the fiscal year 2010 are as follow:

1. Affiliation Transaction

On December 9th, 2010, the Company made an affiliation transaction with a Subsidiary Company PT Adhi Realty in the form of giving loan amounting to IDR50 billion. The ownership of Corporate share in PT Adhi Realty is 97.93% while the remaining shares owned by Adhi Realty Worker Cooperation. Neither the member of Board of Directors nor the Board of Corporate Commissioners has shares in PT Adhi Realty.

Based on the Bapepam Rule number IX.E.1 about Affiliation Transaction and Conflict of Interest on Certain Transactions, the transaction between the Corporate and PT Adhi Realty includes affiliation transaction that does not need any assessment by independent parties; however, to protect the value of the Shareholders, the Company has to persistently do assessment on the transactions that is done by independent parties.

2. Adhi Oman Dilution

Adhi Oman is a Subsidiary Company domiciled in Oman. The ownership of Company shares is 70% while the others are owned by the local partners.

To support its operation, Adhi Oman requires additional capital from its Parent Company. After having business review, the Company has no plan to add its equity so the position was diluted to be \pm 48.95% while the local partners \pm 51.05%.

Based on the rule on the Company Article of Association, the Board of Directors firstly has to obtain written approval from the Board of Commissioners in taking part or joining to the Company or establishing a new Company, releasing a part or all Corporate Equities on the Company made by the Company.

The Company Article of Association does not determine the obligation of the Board of Directors in case their shares ownership has been diluted. However, for the accountability and transparency in taking decision, the Board of Directors explains their Ownership Dilution Plan in Adhi Oman and also results of some reviews on the plan and further the Board of Directors asks approval from the Board of Commissioners.

INNOVATION & PATENT CULTURE

Development of technology in Construction Service world can be stated as the slow one, because all people can imitate the working methods existed for a long time. Therefore, many people can be contractors without a long period of time. ADHI as one of the biggest Construction Service Company in Indonesia has the idea in developing Construction Services technology, by establishing Research and Development Department that has to conduct researches, development of Construction Service technology and business. The presence of RDD hopefully can give an added value for ADHI primarily to make innovation on technology that can be patented, with the purpose of that ADHI has competitive advantage in Construction Service business competition.

In 2010, ADHI has obtained a Patent Right on Monorail Design and ACPS (Adhi Concrete Pavement System) that is the first toll road construction technology in Indonesia. With this achievement, further ADHI will continually support the growth of Innovation culture, so ADHI can position itself in different level among its rivals.

Responding to the challenge, ADHI persistently encourage its entire lines to be creative and do any development towards the working methods.

ADHI appreciates the creativity of the workers through various competitions:

1. Innovation Work

Aimed to explore innovation work created by the Workers. The innovation work is a work that is proved and implemented well, can improve effectiveness, efficiency or provide another added value.

2. Project Quality

Conducted in effort to evaluate the best project quality as the appreciation on the project implementation towards ADHI culture with BEST QCD (Quality, Cost, and Delivery) elements.

3. Paper Work

Based on the various projects problem solving, both the succeeded and the failed, and will be the learning point for ADHI to get the better result in finishing the similar problems.

ORGANIZATION PROFESSIONALISM AND EFFECTIVENESS

To be more focus in conducting their duty and prevent any conflict of interest, the worker appointed to be a Company Director and Subsidiary Company Director is dismissed from his work as a worker.

To enhance the ability in Information Technology (IT) & System management, the Company makes a new working unit of System Management & IT Department. Previously, this System Management & IT was joined with Human Resources Department. After being a separated Department, hopefully the organization of System Management & IT will be more focused and can meet the Company necessity.

Prestigious Projects Completed in 2010

No	Name of Project	Type of Project	Project Owner	Value (billion IDR)
1	Project Latumeten City	Building	PT Cakrabirawa Bumi Mandala	633.146
2	Surabaya Sport Centre	Building	Dinas Tata Kota Surabaya	400.268
3	Toll Road Semarang - Bawen	Infrastructure	Jasa Marga	377.645
4	Pasar Tanah Abang Blok B	Building	PT Putra Pratama Sukses	376.313
5	Renovation RJA DPR Kalibata	Residences	DPR RI	338.624
6	Puspem Badung	Building	Pemkab Badung	304.904
7	The Pakubuwono View	Building	PT Bona Widjaya Gemilang	231.691
8	Mall Ciputra Surabaya	Building	Ciputra Group	218.457
9	Water Treatment Instalation (IPAM) Karang Pilang III Surabaya	EPC	PDAM Kota Surabaya	158.030
10	Power Plant Pelabuhan Ratu (3 x 350 mw)	EPC	PT PLN	153.000

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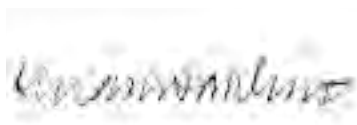


Constructing for the future.

RESPONSIBILITY OF REPORTING

The accuracy on the contents of this Annual Report and its Financial Statement and other related information, is fully the responsibility of Board of Commissioners and Board of Directors by applying the below signatures.

BOARD OF COMMISSIONERS



Imam Santoso Ernawi

President Commissioner



Harry Susetyo Nugroho

Commissioner



Gatot Trihargo

Commissioner



Murhadi

Independent Commissioner



Amir Muin

Independent Commissioner

BOARD OF DIRECTORS



Bambang Triwibowo

President Director



Indrajaja Manopol

Director of Operation I



M. Fauzan

Director of Business Development



Bambang Pramusinto

Director of Operation II



Supardi

Director of Finance & HR

FINANCIAL STATEMENT



Ministry of Finance Building.

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**PT ADHI KARYA (Persero) Tbk.
AND SUBSIDIARIES**

**Independent Auditors' Report
and
Consolidated Financial Statements
For the Years Ended
December 31, 2010 and 2009**



(Persero) Tbk

**DIRECTOR'S STATEMENT LETTER
RELATING TO
THE RESPONSIBILITY ON THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009
PT ADHI KARYA (Persero) Tbk AND SUBSIDIARIES**

We, the undersigned :

- | | | | |
|----|------------------------------|---|---|
| 1. | Name | : | Bambang Triwibowo |
| | Office Address | : | Jl. Raya Pasar Minggu KM 18 Jakarta – 12510 |
| | Domicile as state in ID Card | : | Jl. Kelapa Nias II PA-7/1, Kelapa Gading, Jakarta Utara |
| | Phone Number | : | 021 – 4516767 |
| | Position | : | President Director |
| 2. | Name | : | Supardi |
| | Office Address | : | Jl. Raya Pasar Minggu KM 18 Jakarta – 12510 |
| | Domicile as state in ID Card | : | Jl. Kimia Farma II/22, Duren Sawit, Jakarta Timur |
| | Phone Number | : | 021 – 86604722 |
| | Position | : | Finance Director |

State that :

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

This statement letter is made truthfully.

Jakarta, May 25, 2011

Finance Director


SUPARDI

President Director


BAMBANG TRIWIBOWO

This report is originally issued in Indonesian language

Number : R-1/079.AGA-E/4.1/2011

Lead Auditor(s):
Aryanto, Amir Jusuf, Mawar & Saptoto
RSM AAJ Associates
Pondok Aren, RT 1/10
Jl. Jend. Sudirman Km 38 Jakarta 12791 Indonesia
T +62 21 900 1942 F +62 21 5881280
www.rsm-ajj.com/ajj.com

Independent Auditors' Report

The Shareholders, Board of Commissioners and Directors
PT Adhi Karya (Persero) Tbk

We have audited the accompanying consolidated balance sheet of PT Adhi Karya (Persero) Tbk ("the Company") and its Subsidiaries as of December 31, 2010, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the year then ended. The consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Subsidiaries for the year ended December 31, 2010, which statements reflect total assets constituting of 22.14% of consolidated total assets and total revenues constituting of 19.54% of consolidated total revenues. Those financial statements were audited by other independent auditors whose report, with unqualified opinion, have been furnished to us, and our opinion, in so far as it relates to the amounts included for such Subsidiaries, is based solely on the reports of such other independent auditors. The consolidated financial statements of PT Adhi Karya (Persero) Tbk and its Subsidiaries for the year ended December 31, 2009 were audited by other independent auditors whose report dated March 26, 2010, before restatement, expressed an unqualified opinion.

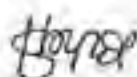
We conducted our audit in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An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

In our opinion, based on our audit and the report of independent auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial positions of PT Adhi Karya (Persero) Tbk and its Subsidiaries as of December 31, 2010 and the results of their operations, changes in shareholders' equity and their cash flows for the year then ended in conformity with generally accepted accounting principles in Indonesia.

This report is originally issued in Indonesian language.

As disclosed in Note 2.c to the consolidated financial statements, effective on January 1, 2010, the Company adopted Statement of Financial Accounting Standard (SFAS) No. 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures" and SFAS No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement". The implementations of those SFAS have been applied prospectively.

Before this report, we have issued an independent auditors' report Number: R/079.AGA/4.1/2011 dated March 14, 2011 on the consolidated financial statements of PT Adhi Karya (Persero) Tbk and its Subsidiaries for the year ended December 31, 2010 with an unqualified opinion. Due to the reissuance of the consolidated financial statements of PT Adhi Karya (Persero) Tbk for the year ended December 31, 2009 which have been audited by other independent auditors whose report Number: LAI/GA/11031 dated March 26, 2010, except for Notes 38 and 58 dated May 25, 2011 due to the reclassification of Fixed Assets Revaluation Reserve to Retained Earnings to conform with SFAS 16 (Revised 2007): "Property, Plant and Equipment", as discussed in Notes 40 and 58 to the consolidated financial statements, we have reissued our report on the consolidated financial statements of PT Adhi Karya (Persero) Tbk and its Subsidiaries for the year ended December 31, 2010.



Saptoto Agustomo

Public Accountant License Number: 98.1.0202

Jakarta, March 14, 2011,

except for Notes 40 and 58 dated May 25, 2011

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

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**PT ADHI KARYA (Persero) Tbk.
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

As of December 31, 2010 and 2009

(in Full Rupee)

	Notes	2010 **) Rp	2009 Rp
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	2.c. 3	242,117,020,040	309,872,807,057
Temporary Investments	2.d. 4	2,428,811,315	280,651,677
Accounts Receivable:			
Related Parties			
<i>(Net of allowance for impairment of Rp 1,135,531,052 and Rp 5,996,632,363 as of December 31, 2010 and 2009)</i>	2.f. 11.5	852,875,502,112	379,121,069,521
Third Parties			
<i>(Net of allowance for impairment of Rp 76,172,495,930 and Rp 46,086,348,624 as of December 2010 and 2009)</i>	2.c. 2.d. 5	459,855,763,471	953,928,642,061
Retention Receivables			
Related Parties	2.e. 2.f. 2.g. 8	179,261,010,174	147,021,440,533
Third Parties	2.e. 2.f. 8	276,326,798,876	226,811,031,372
Gross Amount Due from Customers:			
Related Parties			
<i>(Net of estimated loss of Rp 11,509,284,942 as of 31 December 2010 and 2009)</i>	2.e. 2.g. 21.7	887,730,971,657	964,937,443,706
Third Parties			
<i>(Net of estimated loss Rp 91,509,549,916 as of 31 December 2010 and 2009)</i>	2.c. 2.g. 8	694,773,213,796	743,027,700,536
Other Receivable from Third Parties	2.c. 8	109,085,380,906	82,256,357,000
Inventories	2.h. 2.m. 9	81,786,216,479	123,037,642,082
Advanced Payment	10	117,155,249,552	262,274,229,803
Prepaid Expenses	2.i. 11	124,974,546,640	84,314,953,102
Prepaid Taxes	2.k. 24	236,421,213,194	344,309,437,173
Total Current Assets		3,943,832,511,662	4,518,062,740,761
NONCURRENT ASSETS			
Receivable from Related Parties	2.k. 21. 12	7,847,369,012	3,811,541,013
Other Receivable from Third Parties	2.c. 13	246,090,997,851	311,906,873,116
Real Estate Assets	21. 21. 14	294,653,470,110	250,110,622,089
Property and Equipment:			
<i>(Net of accumulated depreciation of Rp 137,301,143,945 and Rp 150,116,633,928 as of December 31, 2010 and 2009)</i>	2.k. 2.m. 15	166,401,376,036	246,434,350,456
Investment Properties	21. 2.m. 16	44,227,625,066	—
Investment in Joint Operations:	2.m. 17	169,621,913,030	138,983,113,021
Deferred Charges	2.o. 18	15,447,946,585	17,796,488,764
Investment in Shares of Stock	2.o. 2.e. 18	—	3,432,516,288
Undeveloped Land	21. 20	11,685,761,634	23,356,225,307
Deferred Tax Assets	2.k. 24	—	2,745,561,549
Other Assets	21	8,386,178,100	5,883,692,149
Total Noncurrent Assets		983,863,690,612	1,010,591,594,632
TOTAL ASSETS:		4,927,696,202,275	5,528,654,335,393

**) Adhi Citra L.L.C. is no longer consolidated in 2010 (Note 11)

**PT ADHI KARYA (Persero) Tbk.
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)**

As of December 31, 2010 and 2009

(In Full Rupiah)

	Notes	2010** Rp	2009 Rp
LIABILITIES, MINORITY INTEREST AND EQUITY			
CURRENT LIABILITIES			
Accounts Payable			
Related Parties	24, 21, 22	85,248,708,913	128,185,237,843
Third Parties	24, 22	2,130,867,238,163	3,121,531,177,858
Bank Loans	24, 23, 28	304,032,612,798	353,740,440,321
Taxes Payable	24, 24	74,492,267,233	48,079,807,415
Advances	25	525,472,089,150	609,517,525,904
Unearned Revenues	24, 26	17,474,200,768	32,678,385,889
Accrued Expenses	26	185,242,541,974	149,232,718,288
Revenues Payable	24, 31	111,708,093,835	136,788,565,628
Other Current Liabilities	28	8,949,442,440	48,348,490,636
Total Current Liabilities		3,450,703,172,062	4,331,097,927,759
NONCURRENT LIABILITIES			
Payable to Related Parties	24, 21, 12	3,705,204,704	—
Long-Term Bank Loans	24, 29	40,000,000,000	—
Bonds Payable	24, 29, 30	499,258,167,669	498,795,243,340
Retention Payables	31, 31	10,898,139,263	10,631,837,500
Guarantee Deposits	24, 32	2,519,480,587	—
Other Payable to Third Parties	33	27,518,872,679	25,281,285,708
Estimated Liabilities for Post-Employment Benefits	34, 34	25,788,691,637	22,775,239,827
Total Noncurrent Liabilities		609,238,056,719	557,493,397,383
TOTAL LIABILITIES		4,059,941,228,781	4,888,591,325,142
Minority Interest in Net Assets of Subsidiaries	24, 35	6,641,489,449	9,673,350,312
SHAREHOLDERS' EQUITY			
Capital Stock - Rp100 per Value per Share	36	180,182,000,000	180,182,000,000
Authorized - 5,440,000,000 Shares			
Subscribed and Paid Up - 1,401,320,000 Shares			
Additional Paid-in Capital	24, 37	19,143,631,204	19,143,631,204
Treasury Stock	38	(9,749,733,500)	(9,749,733,500)
Difference in Value of Restoring Transmission - Between Entities under Common Control	24, 39	3,232,427,011	3,232,427,011
Difference in Foreign Currency Translation	24	(95,863)	8,688,648,822
Retained Earnings			
Appropriated	40	481,318,807,376	366,653,974,126
Unappropriated**	40	187,036,417,557	163,082,912,196
Total Shareholders' Equity		661,113,484,045	731,199,659,939
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY		4,927,696,202,275	5,629,454,335,393

* As restated (Notes 40 and 58)

** Adhi Group L.L.C. is no longer consolidated as 2010 (Page 10)

**PT ADHI KARYA (Persero) Tbk.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME**

(For the Years Ended December 31, 2010 and 2009)

(In Full Rupiah)

	Notes	2010*) Rp	2009 Rp
REVENUES	2.9.11	5,074,000,000,000	7,114,013,040,000
COST OF REVENUES	2.9.12	4,354,346,100,000	7,000,734,634,000
GROSS PROFITS		<u>719,653,900,000</u>	<u>625,478,406,000</u>
PROFIT FROM JOINT OPERATIONS	2.9.13	<u>90,476,145,000</u>	<u>60,401,400,000</u>
GROSS PROFIT AFTER JOINT OPERATIONS		<u>810,130,045,000</u>	<u>685,879,806,000</u>
OPERATING EXPENSES	2.9.14		
Administration and General		(201,300,766,000)	(190,372,120,240)
Marketing		(10,975,162,000)	(10,669,730,360)
Total Expenses		<u>(212,275,928,000)</u>	<u>(201,041,850,600)</u>
INCOME FROM OPERATIONS		<u>597,854,117,000</u>	<u>484,837,955,400</u>
OTHER INCOME (CHARGES)			
Interest Income	2.4.45	13,327,010,000	2,400,740,000
Interest Charge	2.4.46	(107,312,481,400)	(107,845,679,600)
Other Financial Charge	2.4.48	(25,420,110,444)	(25,444,760,600)
Gain (Loss) on Foreign Exchange - Net	2.4.49	(2,091,070,370)	0,754,627,000
Allowance for Impairment of Receivables	2.4.2.m.47	(90,151,180,000)	(51,432,150,000)
Gain on Sale of Fixed Assets	15	-	44,316,400,174
Other Charges - Net	46	(12,257,200,021)	(15,910,900,400)
Total Other Changes - Net		<u>(232,014,075,723)</u>	<u>(209,045,001,996)</u>
INCOME BEFORE TAX		<u>365,840,041,277</u>	<u>275,792,953,404</u>
Tax Expenses			
Current Tax	2.4.54	(128,427,480,700)	(158,337,610,510)
Deferred Tax	2.4.55	(2,169,307,000)	(12,061,771,384)
Total Income Tax Expenses		<u>(130,596,787,700)</u>	<u>(170,399,381,894)</u>
INCOME BEFORE MINORITY INTEREST		<u>235,243,253,577</u>	<u>105,393,571,510</u>
MINORITY INTEREST IN NET INCOME OF SUBSIDIARIES	2.4.56	<u>(709,923,732)</u>	<u>2,605,374,346</u>
NET INCOME		<u>165,319,529,845</u>	<u>102,788,197,164</u>
BASIC EARNING PER SHARE	2.4.6.10	<u>107.83</u>	<u>94.20</u>

* Adjusted in L.L.C.H. no longer consolidated in 2010 (Note 1.9)

PT ADHI KARYA (Persero) Tbk.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended December 31, 2010 and 2009

On Fun Run!!!

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See accompanying Notes to consolidated financial statements.

**PT ADHI KARYA (Persero) Tbk.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2010 and 2009
(In Rupiah)

	2010 ^(a) Rp	2009 Rp
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts from Customers	8,197,750,471,064	6,683,069,274,889
Received from Current Accounts and Time Deposits Interest	13,327,019,038	2,430,749,640
Received from Tax Refunds	113,800,341,091	11,750,126,872
Total Cash Receipts	6,324,877,831,193	6,599,214,151,394
Payment to Suppliers and Other Expenses	(5,976,368,620,605)	(6,022,087,805,096)
Payment to Employees	(1,274,474,053,109)	(1,19,091,515,541)
Payment for Financial Charges and Interest Expenses	(21,243,794,011)	(133,280,748,347)
Income Tax Paid	(130,626,788,366)	(168,849,588,903)
Total Cash Payments	(6,955,633,786,039)	(5,743,319,673,686)
Net Cash Used in Operating Activities	(30,755,924,656)	(144,105,528,292)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Fixed Assets		(60,000,000,000)
Acquisition of Fixed Assets	(6,410,656,722)	(46,185,974,057)
Purchase of Short Term Investments	(7,355,573,517)	(47,529,083,806)
Payment in Joint Operations	(31,002,144,060)	(6,661,670,888)
Net Cash Used in Investing Activities	(144,768,374,332)	(40,371,648,781)
CASH FLOWS FROM FINANCING ACTIVITIES		
Received from Bank Loans	1,618,252,261,778	(84,410,103,880)
Payment for Bank Loans	(1,568,259,209,569)	(105,143,012,908)
Cash Dividend Paid	(49,658,800,000)	(20,870,623,702)
Net Cash Provided By Financing Activities	10,334,152,207	116,602,250,230
Net Decrease in Cash and Cash Equivalents	(55,190,146,781)	(57,874,906,843)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	306,892,360,957	364,904,002,740
Revised Cash in Banks	2,486,486,652	13,687,450
Effect of Foreign Exchange - Net	(2,091,079,379)	9,794,627,600
CASH AND CASH EQUIVALENTS AT END OF YEAR	242,117,620,949	306,902,360,957
Ending Balance of Cash and Cash Equivalents consist of:		
Cash on Hand	25,024,003,834	26,117,729,250
Cash in Banks	63,343,587,115	85,667,029,867
Time Deposits	153,500,000,000	194,989,102,845
Total	242,117,620,949	306,902,360,957

^(a) Adhi Karya L.L.C. is no longer consolidated in 2010 (Note 19).

**PT ADHI KARYA (Persero) Tbk.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
For the Years Ended December 31, 2010 and 2009
(In Full Rupiah)

1. General

1.a The Company's Establishment

The name of Adhi Karya for the first time was stated in Decree of the Minister of Public Works and Labor on March 11, 1960. Subsequently, based on Government Regulation (GR) No. 65 of 1961 Adhi Karya was determined as a state owned company (Pernyataan Negara) Adhi Karya. In the same year, based on the same GR, a former Dutch-owned construction company that has been nationalized, Associate NV, was merged into the Company.

PT Adhi Karya (Persero) Tbk (the Company) was established under a notarial deed No. 1 dated June 1, 1974 of Kartini Mulyadi, SH, notary in Jakarta, which has been amended by deed No. 2 dated December 3, 1974 from the same notary. The Deed was approved by the Minister of Justice of the Republic of Indonesia in his Decree No. YA55/13 dated January 17, 1975, and was published in State Gazette of the Republic of Indonesia No. 65 dated October 24, 1975, Supplement No. 600.

The Articles of Association have been amended several times, most recently by deed No. 13 dated August 5, 2006 of Imas Fatmahi, notary public in Jakarta to conform with Act No. 40 Year 2007 regarding Limited Liability Company. This deed was approved by the Minister of Justice and Human Rights Republic of Indonesia in his Decree No. W7-563-HT.01.04 dated September 12, 2006 and was published in State Gazette of the Republic of Indonesia No. 27 dated March 16, 2007 Supplement No. 281.

The Company's scope of business comprises of:

1. Construction;
2. Management consultation and industrial engineering (Engineering Procurement and Construction/EPC);
3. General trading, procurement services, manufacturing, services in information technology, real estate and agro-industry.

Currently the Company's main activities are in construction, EPC, real estate and procurement services. The Company started its commercial operations in 1960.

The Company is located at Jl. Raya Pasar Minggu KM 18, Jakarta.

1.b Public Offering of the Company's Securities

Shares

On March 8, 2004 the Company obtained an effective notice from the Chairman of the Capital Market Supervisory Agency / Bapepam (currently the Capital Market Supervisory Agency and Financial Institution- Bapepam-LK) through Decision Letter No.5-494/PM/2004 for its initial public offering of 441,320,000 common shares with a par value of Rp. 100 per share and an offering price of Rp. 150 per share.

From the total shares offered in the initial public offering, an amount of 10% or as much as 44,132,000 new common shares are allocated specifically to the Company's management and employees through stock option program for employees of the Company (Employee Stock Allocation (ESA)).

On March 18, 2004, all shares of the Company of 1,801,320,000 shares were listed at the Jakarta Stock Exchange (currently the Indonesian Stock Exchange).

**PT ADHI KARYA (Persero) Tbk.
AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009
(In Full Rupiah)

Bonds

a. Bond IV

On June 27, 2007, the Company obtained an effective notice from the Chairman of Bapepam-LB by the Decree No. S-318/BL/2007 for its Bond Public Offering of ADHI Bond IV Year 2007 with a principal amount of Rp 375,000,000,000, fixed interest rate of 11% per annum and a term of 5 years.

b. Sukuk Mudharabah I

On June 27, 2007, the Company obtained an effective notice from the Chairman of Bapepam-LB by the Decree No. S-318/BL/2007 for its Public Offering of Sukuk Mudharabah I ADHI Year 2007 with a principal amount of Rp 125,000,000,000, Sukuk Holders Ratio of 75.38% and a term of 5 years.

1.c. Subsidiaries' Structure

The Company has more than 50% shares of the subsidiaries as at December 31, 2010 as follows:

Subsidiaries	Domicile	Main Business Activity	Percentage of Ownership	Start of Commercial Operation	Total Assets December 31, 2010	Total Revenue 2010
			%		Rp	Rp
PT Adhi Karya	South	Real Estate	91.81	2007	4,058,898,810	209,443,039,444
PT Adhi Karya Perdana	South	Construction	99.00	2008	10,281,820,982	141,173,038,941
PT Sanjaya Raya	East	Real Estate	92.92	1998	158,584,628,637	-
Adhi Mulawarman Pte Ltd	Singapore	EPC	100.00	2008	122,786,949,071	762,323,813,088

1.d. Work Area of Operating Division

The work areas are as follows:

Operating Division	Work Areas	Domicile
Construction Division I	All over the Indonesia and Foreign (Building Specialist)	South Jakarta
Construction Division II	All over the Indonesia and Foreign (Infrastructure Specialist)	Central Jakarta
Construction Division III	All over the Sumatera	Medan
Construction Division IV	Central Java & DI Yogyakarta, East Java	Surabaya
Construction Division V	All over the Kalimantan	Balikpapan
Construction Division VI	All over the Sulawesi & Papua	Malena
Construction Division VII	Bali, West Nusa Tenggara, East Nusa Tenggara and Maluku	Dempasar
Construction Division VIII	Monorail Specialist	South Jakarta
Foreign Country Division	Foreign Country	South Jakarta
EPC Division	All over the Indonesia	South Jakarta
AMP Division	All over the Indonesia	Surabaya

1.e. Board of Commissioners, Directors and Employees

The Company's Board of Commissioners and Directors as of December 31, 2010 and 2009 are as follows:

Board of Commissioners	2010	2009
President/Chairman	Ir. Imam Santoso Erman, MCM, M.Si	Ir. Imam Santoso Erman, MCM, M.Si
Commissioner	Ir. Harry Suroyo Nugroho, MSc	Ir. Harry Suroyo Nugroho, MSc
Commissioner	Gatot Trihargo, Ak., MAHS	Gatot Trihargo, Ak., MAHS
Independent Commissioner	Muhammad R. Suro, M.Si	Muhammad R. Suro, M.Si
Independent Commissioner	Arwa Nuri, MSc	-

**PT ADHI KARYA (Persero) Tbk.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
For the Years Ended December 31, 2010 and 2009
(In Full Rupiah)

Board of Directors	2010	2009
President Director	Ir. Bambang Triandono	Ir. Bambang Triandono
Operation Director I	Ir. Indrajit Minopri	Ir. Indrajit Minopri
Operation Director II	Ir. Bambang Pramujo	-
Business Development Director	Ir. M. Fauzan, MBA	Ir. M. Fauzan, MBA
Finance and Human Resources Director	Ir. Supardi, MBA	Ir. Soedadi, MBA

Total remuneration received by the Board of Commissioners for the years ended on December 31, 2010 and 2009 amounted to Rp 1,671,770,000 and Rp 1,307,676,666, respectively while for the Board of Directors amounted to Rp 5,386,870,000 and Rp 4,536,000,000 for the years ended December 31, 2010 and 2009, respectively.

As of December 31, 2010 and 2009, the number of the Company's permanent employees were 1037 and 986 people, respectively (unaudited).

1.f. Audit Committee

In accordance with the decree of the Board of Commissioners No. KEP/029/DK-AK/2010, dated April 26, 2010, regarding Dismissal and Appointment of the Audit Committee Members of PT Adhi Karya (Persero) Tbk, the Company has appointed member of the Audit Committee of PT Adhi Karya (Persero) Tbk. The composition of the audit committee on December 31, 2010 is as follows:

Chairman concurrently Member	Amir Muin, MSc
Secretary concurrently Member	Syaiful, Ak
Member	Drs. Salm Siagian MBA, Ak

2. Significant Accounting Policies

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

The consolidated financial statements have been prepared in conformity with generally accepted accounting principles in Indonesia, i.e. the Statements of Financial Accounting Standards (SFAS) established by the Indonesian Institute of Accountants, the Capital Market Supervisory Agency (Bapepam) regulation No.VIII.G.7 (revised 2000) regarding "The Guidelines for Presentation and Disclosures of Financial Statements" and Circular Letter of Chairman of Bapepam No.SE-02/PM/2002 dated December 27, 2002 regarding "The Guidelines for Presentation and Disclosures of Financial Statements For Public Listed Company Engaged in Construction Industry".

The basis used in preparing the consolidated financial statements is historical cost, except for certain accounts which are measured based on another basis described in the related accounting policies for those accounts.

The consolidated financial statements are prepared under the accrual basis of accounting except for the statement of cash flows.

The consolidated statement cash flows are prepared using the direct method with classifications of cash flows into the operating, investing and financing activities.

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

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2.b. Principles of Consolidation

The consolidated financial statements incorporate accounts of the Parent Company and Subsidiaries. The account of "Minority Interests in Subsidiaries" account represents interest of the minority shareholders in the Subsidiaries. All significant intra-group transactions have been eliminated in the consolidated financial statements.

The consolidated financial statements incorporate the entire Companies controlled by PT Adhi Karya (Persero) Tbk. as the Parent Company regardless of whether the business lines are the same or different, except for the Subsidiary which:

1. Control is intended to be temporary, because the shares of such Subsidiary are purchased for the purpose of sales or transfer in a short term.
2. The Subsidiary is limited by long-term restrictions that significantly affected their ability to transfer funds to the Company.

Control is considered to exist when the Parent Company owns directly or indirectly (through the Subsidiaries), more than 50% of the voting rights in a company. Even if a company has the right to vote 50% or less, control is still presumed to exist if the existence of any of the following can be proven:

1. Having more than 50% of the voting rights by virtue of an agreement with other investors;
2. Having the right to govern the financial and operating policies of the investee under the articles of association or an agreement;
3. Ability to appoint or remove the majority of the company's management;
4. Ability to control the majority votes at a meeting of the company's management.

The consolidated financial statements are prepared using uniform basis, i.e. similar accounting policy for similar transactions, events and circumstances.

In preparing the consolidated financial statements, the financial statements of the Parent Company and Subsidiaries are combined on a line by line basis by adding together similar elements of assets, liabilities, equity, income and expenses. All balances and material transactions between the Parent Company and the Subsidiaries have been eliminated.

2.c. Financial Assets and Liabilities

In implementation of the SFAS 50 (Revised 2006) 'Financial Instruments: Presentation and Disclosures' and SFAS 55 (Revised 2006) 'Financial Instruments: Recognition and Measurement' which are applied prospectively for the financial statements cover a period beginning on or after January 1, 2010, the Company have classified the financial instruments as follows:

Financial Assets

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

(i) Financial assets at fair value through profit and loss

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

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In 2010, the Company has no financial asset classified as financial assets at fair value through profit and loss.

(ii) Loans and receivables

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

In 2010, the Company has cash and cash equivalents, accounts receivable, retention receivable, employee receivable and other receivables which are classified as loans and receivables.

(iii) Held to maturity financial assets

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

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

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

In 2010, the Company has no financial assets classified as investments held to maturity.

(iv) Available for sales financial assets

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

Available-for-sale financial assets are initially recognized at fair value, plus transaction costs, and measured subsequently at fair value with gains and losses being recognized in the consolidated statement of changes in equity, except for impairment losses and foreign exchange gains and losses, until the financial assets is derecognized. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognized in the equity section will be recognized in the consolidated statements of income.

However, interest income is calculated using the effective interest method, and foreign currency gain or losses on monetary assets classified as available-for-sale is recognized in the consolidated statements of income.

(v) Share investments measured at cost

Investments in shares of stock with ownership interest of less than 20% that do not have readily determinable fair values and intended for long-term investments are stated at cost (the cost method). The carrying amount of the investments is written down to recognize a permanent decline in the value of the individual investments which is charged directly to current consolidated statements of income.

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In 2010, the Company has financial assets classified as investments measured by the cost method.

(9) Provision for impairment loss of financial assets-

The Company assessed individually if there is objective evidence of impairment to the financial assets. If there is objective evidence of individual impairment, the impairment calculation is made using discounted cash flow method and/or the fair value of collateral.

For financial assets that have no any objective evidence of impairment, the Company will provide a provision for impairment loss collectively. This collective impairment is calculated by a certain percentage. Every year the Company will review the basis of such percentage until the Company obtained adequate historical data.

The effect on the impairment occurred before the application is charged to the current year, once the separation of such impact can not be done by the Company and is not practical.

Financial Liabilities

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

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

The fair value of financial liabilities measured at fair value through profit and loss are financial liabilities that are designated for trading. Financial liabilities are classified as trading if acquired primarily for the purpose of sale or repurchase in the near future and there is evidence of the current short-term profit taking pattern. Derivatives are classified as trading liabilities unless specified and effective as hedging instruments.

In 2010, the Company has no financial liabilities at fair value through profit and loss.

(ii) Financial liabilities at amortized costs

Financial liabilities which are not classified as financial liabilities at fair value through profit and loss are categorized and measured by amortized cost using the effective interest rate method.

In 2010, the Company has a financial obligation in the form of bonds and sukuk measured by the amortized cost.

Fair Value Determination

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

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

The fair value for other financial instruments not traded in the market is determined using certain valuation techniques.

Financial assets and liabilities at amortized costs are presented at carrying value which is close to fair value at December 31, 2010.

2.d. Cash Equivalents

Cash equivalents consist of short-term deposits with maturities equal to 3 (three) months or less from the date of placement and are not covered as collateral.

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2.6. Investments

Investments consist of investments in time deposits and investments in shares.

(i) Time deposits

Time deposits with maturities more than 3 (three) months and/or are pledged as loan collateral are stated at their nominal values.

(ii) Investments in associated companies

Investments in shares of stock wherein the Company and/or Subsidiaries have ownership interest of 20% to 50% are accounted for using the equity method. Under this method, investments are stated at acquisition cost, adjusted for the Company or the Subsidiaries' shares in net earnings or losses of the investee the date of acquisition, deducted by dividends received.

2.7. Retention Receivables

Retention receivables is receivables from customer that cannot be paid after fulfilling certain conditions specified in the contract.

2.8. Gross Amount Due From Customer

Gross amount due from customer is receivables arising from construction contracts undertaken by the customers but the work undertaken is in progress. Gross receivables are stated at the difference between costs incurred plus recognized profits, less the sum of recognized losses and progress billings.

Gross receivables are recognized as revenue in accordance with the percentage of completion method as stated in the work completion minutes that have not been issued an invoice due to the difference between the date of physical progress certificates and the submission of billing on the balance sheet date.

2.9. Inventories

Procurement of building materials for construction services are directly recorded in the Cost of Material account. The remaining unused materials are recorded in the Construction Material Inventory account with acquisition costs based on FIFO (First In First Out) method and transferred in the Cost of Materials account at the beginning of following month.

2.1. Prepaid Expenses

Prepaid Expenses are the costs which have been paid but will be charged in future periods when the benefits received.

2.1. Real Estate Assets

Real estate assets consist of land and buildings ready for sale, buildings under construction, land under development and land not yet developed, are stated cost or net realizable value, whichever is lower.

The cost of buildings under construction consist of the cost of developed land, construction costs and borrowing costs, and is transferred to the building when it is completed and ready for sale by using the specific identification method.

The cost of land under development consist of land that has not been developed yet plus direct and indirect development cost that might be attributable to real estate assets development and borrowing costs (interest expense and foreign exchange).

Land under development will be transferred to buildings under construction when the land has been completed developed or transferred to the preparation of land lots if the land is ready for sale, based on measurement of the area method.

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Borrowing costs which can be attributable to development activities are capitalized to development projects. Capitalization is discontinued when the development projects are substantially ready for its intended use or the development activities is delayed or deferred for a sufficient long period.

2.h. Property and Equipment – Direct Ownership

Property and equipment, after initial recognition, are measured based on cost method and stated at cost less accumulated depreciation and provision for impairment. Land rights are not depreciated and are stated at cost. Under the implementation of SFAS-16 (Revised 2007) "Property Plant and Equipment" which will commence effectively since January 1, 2008, the amount of Fixed Assets Revaluation Reserve recorded before 2008 was reclassified to Retained Earnings.

Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

	Tahun/Years
Buildings	10-20
Project Equipments	2-8
Vehicles	3-5
Office Equipments	3-4

Land is stated at cost and not depreciated.

The cost of maintenance and repair is charged to the statements of income as incurred, significant renewals and betterment are capitalized. When assets are retired or otherwise disposed of, carrying value and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the statements of income for the years.

Property and equipment in progress are presented as part of property and equipment and stated at cost. All costs, including borrowing costs, incurred in connection with the construction of assets are capitalized as part of the cost of property and equipment in progress. The accumulated cost will be reclassified to the appropriate fixed asset account when the asset is completed or ready for use and depreciated since the operation.

2.i. Investment Properties

Investment properties are properties owned by the owner or lessee under a finance lease to earn rentals or for capital appreciation or both, and not to be used in the production or supply of goods or services or for administrative purposes or sale in the daily business activities.

Investment properties is stated at the cost method accounted for at cost less accumulated depreciation and accumulated impairment losses. Land rights are not depreciated and are carried at cost. Buildings are depreciated using the straight-line method over their estimated useful lives (20 years). Maintenance and repairment costs are charged to the consolidated income statements as incurred, while renewals and betterments are capitalized.

2.m. Impairment of Non Financial Assets

Total value of the receivable assets is estimated at the time of events or changes in circumstances indicating that the carrying value may not be recoverable. Impairment of asset value is recognized as loss in the consolidated income statements.

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2.n. Accounting for Joint Operations

The Company notes that funds for Joint Operations (or Joint Operations Funding Amount group, while claims on the profit (loss) of the Joint Operations are recorded in Other Receivables group. Income and expense are presented on a net basis under Profit (Loss) of Joint Operations Project.

Joint Operations of the Company is a common construction cooperation, not the Joint Operations as defined in SFAS No 39 on Accounting for Joint Operations.

2.o. Deferred Charges

Deferred cost are amortized using the straight-line method over the useful lives of such deferred expenses.

2.p. Share and Bond Issuance Costs

Share issuance costs are deducted from additional paid in capital and not amortized.

Issued bonds are grouped in the category of financial liabilities, which are measured by amortized cost (see Note 2.c), so that direct bond issuance costs are deducted from the issuance proceeds in order to show the net proceeds of the bonds. The difference between the net proceeds and the nominal value represents a discount or premium amortized over the term of such bonds with an effective interest rate method.

2.q. Revenue and Expense Recognition

Construction Services

Revenue of construction services is recognized using the percentage of completion method as measured on the basis of physical progress.

Sales of Building Units

- (i) Revenue from the sales of building units and the like, which construction is carried out more than one year are recognized using the percentage of completion method, when all the following conditions are met:
- + the construction process has exceeded the initial stage, where the building foundation has been completed and all requirements to begin construction have been met;
 - + the amount paid by the buyer is at least 20% of the agreed sale price and the amount is non-refundable by the buyer; and
 - + the amount of sales revenue and cost of building units can be reasonably estimated.
- (ii) Revenue from sales of store and other similar property and the land lots is recognized by the full accrual method when all the following criteria are met:
- + sales process has been completed;
 - + selling price will be collected;
 - + seller billing will not be subordinated in the future against another loan to be obtained by the buyer, and the seller has transferred the risks and rewards of ownership to the buyer through a transaction that is substantially a sale transaction and does not have a significant involvement with the property.

If the above conditions is not met, all money received from the buyer is treated as advances and recorded with the deposit method until all conditions are met.

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Rental Income

Rental income from operating leases is recognized as revenue on a straight line basis over the term of lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to carrying amount of the leased assets and recognized on a straight-line basis over the lease term. Rental income received in advance are recorded as unearned revenue account and recognized as income regularly over the rental periods.

Interest Income

Interest income is recognized on time basis, by reference to the principal amount of deposits and interest rates accordingly.

Expenses are recognized when incurred (accrual basis).

2.r. Borrowing Costs

Interest and other financing expenses arising from borrowings and loans obtained to finance construction projects, acquisition and development of land and building construction are capitalized to the respective inventories and real estate assets. Capitalization is terminated when all the activities associated with the acquisition and land development is completed and the assets are ready for their intended use.

2.s. Foreign Currency Transactions

Transactions in foreign currencies are translated into Rupiah currency using the exchange rates prevailing at the time of transaction. At balance sheet date, assets and monetary liabilities denominated in foreign currencies are translated into Rupiah currency using the Bank Indonesia middle rate prevailing at that date. Gains or losses arising from translation of assets and liabilities denominated in foreign currencies are recorded as gains or losses on the concerned year. Bank Indonesia middle rates as of December 31, 2010 and 2009, are as follows:

Foreign Currencies	2010	2009
US Dollar	1,991.00	1,400.00
Japanese Yen	110.26	101.71

The resulting gains or losses arising from transactions in foreign currencies are recorded in the income statements of the current year.

Accounts of foreign Subsidiaries are translated at currency exchange rates prevailing at the balance sheet date for balance sheet accounts and the average rate for one current year for income statements account. Exchange rate difference arising from translation of subsidiary financial statements are an integral part of the Company debited or credited as "Foreign Exchange Profit and Loss" in the consolidated financial statements, while for subsidiaries which are not an integral part of the Company are debited or credited to "Difference in Foreign Currency Translation" account.

2.t. Transactions with Related Parties

The Company conducts transactions with related parties. Definition of related parties used is as regulated in accordance with SFAS No. 7 "Disclosure of Related Parties."

Nature of relationship with related parties is as follows:

- The Government of Indonesia, represented by the Minister for State Enterprises, which is a shareholder of the Company. Companies and other State-Owned Entities (SOEs) are affiliated through capital investment of the Government of Indonesia.

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- The Company has placed funds and has loan funds in banks owned by the government or from banks owned by the state (SOEs) with terms and interest rates normally applicable to third party customers.
- Having the same board members as the subsidiaries, namely the Company's Directors become Commissioners in the Subsidiaries.
- The Company has entered into an agreement in the framework of the Company's business with other SOEs and SOE's subsidiaries and authorized Governmental bodies/institutions.

2.ii. Income Tax

Final Income Tax

Final tax expense is recognized in proportion with the revenue according to recognized accounting practices during the current year. The difference between the total final income tax paid and the amount charged to the consolidated profit and loss calculation is recognized as prepaid taxes or tax payable. When income has been subject to final tax, the difference between the carrying value of assets and liabilities and the tax bases are not recognized as deferred assets and liabilities.

Based on the Indonesian Government Regulation No. 51 Year 2008 regarding Income Tax for income from Construction Services, 3% is chargeable of the total payment excluding Value Added Tax and is deducted by the Service User in the event that the Service User is the tax deductor.

On June 4, 2008, the Government issued Government Regulation No. 40 Year 2008 concerning amendments to Regulation No. 51 Year 2008 concerning income tax for income from construction services, effective from August 1, 2008, where article 10 states the final tax treatment of signed original contracts since January 1, 2008 is changed to August 1, 2008.

Non-Final Income Tax

Current tax is recognized based on taxable income for the relevant year, calculated in accordance with applicable tax regulations. All temporary differences between carrying amounts of assets and liabilities and their tax bases are recognized as the deferred tax liability method. Tax rates enacted or substantially enacted are used in determining the amount of deferred income taxes.

Retained loss carryforward are recognized as deferred tax assets if it is probable that future taxable profit will be available to be compensated. Amendments to tax obligations are recorded when a tax assessment letter is received or, if filing an objection and appeal, when the decision of the objection and appeal is determined.

2.v. Pension and Employee Benefits Programs

Pension Program

The Company maintains defined benefit pension plan for all permanent employees.

Current service cost is recognized as an expense in the current period. Past service cost, actuarial adjustments and the impact of changes in assumptions for active retirement participants are systematically amortized using the fixed annuity method over the estimated average working lives of employees as determined by the actuary.

Actuarial valuation method used by the actuary is the Projected Unit Credit (PUC) Method.

Employee Benefits Program

In accordance with the collective labor agreement, the Company will also pay severance pay, service pay and compensation in accordance with Labor Law No. 13/2003 since 2003, so the Company and the Subsidiaries record the liabilities for the post employment benefit program.

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In accordance with SFAS No. 24 (2004 Revision) Employee Benefits, the post service liability is estimated using the PUC method. The statement implementation has led to a change in accounting policy of the Company and the Subsidiaries. No funding is set aside by the Company and the Subsidiaries in connection with the estimated liability.

Under SFAS No. 24 (2004 Revision), employee benefits expense is recognized immediately, except for actuarial gains (losses) and past service cost (non-vested).

Accumulated actuarial gains (losses) over 10% of present value of defined benefit liability is amortized over the remaining years of service, but the actuarial gains (losses) of liability for employees who are still active working beyond the normal retirement age will be recognized immediately because the liability has occurred.

2.w Minority Interests

The interest of minority shareholders in the equity of Subsidiaries is presented as 'Minority Interest' in the consolidated balance sheet. When cumulative loss attributable to minority interest exceeds the minority interest in the equity of Subsidiaries, the excess of expenses will be borne by the majority shareholders and is not recorded as an asset, unless the minority shareholders have a binding obligation to bear the expenses and the minority shareholders have the ability to bear the expenses. Income generated by the Subsidiaries in subsequent period shall be first allocated to the minority shareholders until being equal to the expenses of the minority interests borne by the majority shareholders.

2.x Difference in Value of Restructuring Transactions Among Entities Under Common Control

Restructuring transactions among entities under common control in the form of transfer of assets, liabilities, equity or other ownership instrument made in connection with reorganization of entities in the same group, not a change of ownership in terms of economic substance, so that no gain or loss will arise to the entire groups or to the entities within the company group.

2.y Segment Information

Segment information is presented based on grouping on (segments) of business lines as a form of reporting of the primary segment and geographical region type segment as a form of secondary segment reporting.

Primary segment information of the Company and the Company subsidiaries are presented based on grouping on (segments) of business. Business segments are distinguishable components and produce a product or service that varies by industrial division or group of products or services of different kind, especially for customers outside the Company entity and its Subsidiaries.

A geographical segment is a component of the Company and its Subsidiaries that is generally applicable in providing products or services on a certain economic environment (region) and each component is subject to risks in different rewards from the (risk of rewards in the component) operating in other economic environments (regions).

2.z Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

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Because there is inherent uncertainty in making estimates, the value of assets, liabilities, actual revenues and expenses to be reported in future may possibly differ from those estimates.

2 aa. Earnings Per Share

Net income per share is computed by dividing net income by weighted average shares outstanding during the concerned year / period. The number of weighted average shares outstanding is 767,225,000 shares for the years ended December 31, 2010 and 2009.

3. Cash and Cash Equivalents

	2010 Rp	2009 Rp
Cash on Hand	25,374,023,834	26,117,728,351
Cash in Banks		
Related Parties		
Rupiah		
Bank Pembangunan Daerah	16,116,700,987	10,122,368,044
PT Bank Mandiri (Persero) Tbk	13,342,090,904	24,472,743,482
PT Bank Negara Indonesia (Persero) Tbk	2,982,514,908	2,329,814,653
PT Bank Rakyat Indonesia (Persero) Tbk	2,112,818,546	600,163,177
PT Bank Tabungan Negara (Persero) Tbk	721,656,590	171,645,448
PT Bank (SB) Bupatitera Tbk	193,635,839	211,977,616
PT Bank Rakyat Indonesia Syariah	184,790,585	-
PT Bank Syariah Mandiri	-	316,087,185
USD		
PT Bank Mandiri (Persero) Tbk	22,061,880,960	23,381,955,834
PT Bank Negara Indonesia (Persero) Tbk	8,888,381	9,587,932
Japanese Yen		
PT Bank Mandiri (Persero) Tbk	9,455,167	-
Sub Total	57,794,655,475	61,634,318,049
Third Parties		
Rupiah		
PT Bank Central Asia Tbk	2,871,493,671	753,721,979
PT Bank CIMB Niaga Tbk	871,500,704	914,640,200
PT Bank Permata Tbk	677,608,335	325,962,453
PT Bank Pan Indonesia Tbk	277,808,612	38,634,493
PT Bank Mega Tbk	142,831,332	161,414,036
PT Bank Danamon Tbk	79,117,893	10,044,294,639
PT Bank Internasional Indonesia Tbk	62,052,602	103,825,718
Others (each below Rp100 million)	118,741,332	51,534,790
USD		
PT Bank Danamon Tbk	644,842,023	1,145,026,632
PT Bank Mega Tbk	196,461,490	207,603,920
Deutsche Bank	115,218,646	68,453,526
Real Oman		
Bank Muscat Oman	-	10,600,218,572
Others (each below Rp10 million)	-	12,035,455
Sub Total	5,549,541,640	24,247,705,613
Total Cash in Bank	63,343,597,115	85,882,023,662

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	2010 Rp	2009 Rp
Time Deposits		
Related Parties		
PT Bank Mandiri (Persero) Tbk	143,500,000,000	104,902,107,845
PT Bank Aceh Syariah Tbk	—	25,000,000,000
Sub Total	143,500,000,000	124,902,107,845
Third Parties		
PT Bank Mega Syariah Tbk	10,000,000,000	25,000,000,000
PT Citra Indonesia	—	20,000,000,000
PT Bank Victoria Tbk	—	20,000,000,000
PT Bank CIMB Niaga Tbk	—	10,000,000,000
	10,000,000,000	70,000,000,000
Total Time Deposits	153,500,000,000	194,902,107,845
Cash and Cash Equivalents	242,117,620,845	306,902,360,957
Time Deposit Interest Rate per annum	5.25% - 5.75%	7.25% - 8.25%

Balance of Mutual Aman Bank as of December 31, 2010 amounted to nil because Adhi Aman was not consolidated in 2010 (Note 19).

Cash in banks and time deposits placed with both of third parties and related parties which the balance as of December 31, 2010, have been withdrawn by the Company and its Subsidiaries.

4. Temporary Investments

Represents time deposits owned by PT Adhi Realty for a period of 1 (one) month (Automatic Roll Over / ARCO) pledged for the provision of credit facilities to customers by the related banks. The time deposits are being collateral as long as the Deed of Sale and Purchase (AJB) and the Deed of Encumbrance (APH) between PT Adhi Realty and the customers have not been signed.

Detailed pledged time deposit placements are as follows:

	2010 Rp	2009 Rp
Related Parties		
PT Bank ICB Bumiputera Tbk	1,524,755,250	—
PT Bank Mandiri (Persero) Tbk	68,269,300	117,153,300
Sub Total	1,593,024,550	117,153,300
Third Parties		
PT Bank Pannia Tbk	440,000,000	—
PT Bank Internasional Indonesia Tbk	246,439,300	80,439,300
PT OCBC NISP Tbk	28,047,400	28,047,400
PT Bank CIMB Niaga Tbk	—	68,011,612
Sub Total	714,486,700	168,498,312
Total	2,006,411,315	280,551,677
Time Deposit Interest Rate per annum	5.25% - 6.00%	4.50% - 5.75%

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5. Accounts Receivable

	2010 Rp	2009 Rp
Accounts Receivable	1,178,043,062,763	1,405,963,892,777
Less: Allowance for Impairment Loss	(85,311,727,180)	(72,882,591,189)
Total - Net	1,092,731,325,583	1,333,081,301,588

a. Accounts Receivable by business sectors are as follows:

	2010 Rp	2009 Rp
Construction Services	808,488,818,765	1,291,387,688,721
EPC	374,168,546,850	63,838,104,458
Road Estate	121,037,878,128	50,857,082,588
Others	74,349,797,019	-
Sub-Total	1,378,043,062,763	1,405,963,892,777
Less: Allowance for Impairment Loss	(85,311,727,180)	(72,882,591,189)
Total - Net	1,092,731,325,583	1,333,081,301,588

b. Accounts receivable by customers are as follows:

Related Parties:

	2010 Rp	2009 Rp
PT Perusahaan Listrik Negara (Persero)	332,668,866,804	48,926,628,883
PT Palindo III (Persero)	37,840,205,658	634,263,752
Pemerintah Daerah Provinsi	35,151,982,187	27,963,176,818
PT Jakarta Mongkal	26,693,751,000	26,693,751,000
JO Adhi-Baskita (Pry. Tabung (Bm. J kg)	24,930,604,620	27,220,615,437
JO Wika Adhi-IRRT (Pry. TPPI Tuban Armanic)	18,387,056,054	16,511,112,204
Dinas Perumahan dan Kawasan Permukiman	18,024,304,518	88,711,707,104
JO Adhi-Wika-PP (Pry. Panti. Main Stadium (BRI))	17,175,536,389	9,026,963,106
BRI NAD-Nas	16,162,881,065	-
JO Adhi-Waskita (Pry. Brojonegoro (Bm. LRS/P II))	11,788,781,280	8,488,501,408
PT Jasa Marga (Persero) Tbk	10,709,257,115	17,376,030,064
PT Bona Bona (Persero) Tbk	6,726,439,085	6,950,343,351
JO Adhi-Waskita-WIKA (Pry. Silihar)	6,476,472,277	7,787,274,344
Universitas Haluodas - Kendari	3,822,127,588	5,822,127,588
PT Asjes	5,205,526,370	-
JO Waskita-Adhi-Himama (Pry. Kikok II)	5,193,694,481	5,115,705,700
PT Perlatama (Persero)	4,721,790,186	8,434,168,208
Universitas Gajah Mada	4,040,729,995	4,841,815,005
JO Adhi-Waskita (Pry. Sungai Begawan (Bm. CERP))	2,218,281,581	5,160,086,054
PT Waskita Karya (Persero)	1,101,488,041	8,613,200,764
JO Adhi-Waskita (Pry. Summadi Benang (Bm. Silihar))	88,166,170	16,123,802,850
JO Adhi-Dinas Kota Kota Surabaya (S&C Surabaya)	-	9,598,095,641
PDAM Bangkalan	-	15,368,653,241
JO Adhi-Waskita (Pry. Summadi Cusmaw)	-	17,801,862,990
Others (each below Rp. 5 Billion)	45,589,450,720	59,825,104,172
Sub-Total	640,013,793,364	365,117,701,854
Less: Allowance for Impairment Loss	(7,138,231,252)	(15,896,682,363)
Total Accounts Receivable from Related Parties - Net	582,875,562,112	349,221,019,491

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Third Parties:

	2010 Rp	2009 Rp
PT Waring Permai Sentosa	47,827,926,884	62,910,337,962
PT Jakarta Kemayoran Property	28,378,456,015	28,386,868,015
Lipando Brantas Inc.	25,635,070,889	26,451,377,527
JO Adhi-Duta (Pty. Berhad) Kuala Lumpur	19,810,353,374	8,022,004,895
PT Amgerek Lingkar Seania	18,891,033,436	20,845,467,986
PT Lintang Mawika Mertasa	17,412,502,373	39,622,052,570
JO Raker Adhi-Merabeni (Dania Port)	16,367,225,046	16,367,225,046
PT Zaton Pranamaya	10,400,579,480	30,090,534,070
PT Cakrawala Bumi Nusantara	10,149,274,125	19,251,927,619
PT Cahaya Adiputra Sentosa	9,075,997,124	13,197,068,928
PT Sapenggan Sirena Utama	8,872,478,687	9,472,478,687
PT Putra Pratama Sukses	8,554,381,164	8,571,110
PT Anah Sejahtera Abadi	7,827,134,070	5,096,470,216
PT Nurama Indotama	7,212,544,585	10,362,544,585
PT Tora E & P Indonesia	5,580,321,456	8,586,942,717
PT Habitat Bali Persada	4,734,533,553	5,234,533,553
PT Cimoran Pasia Indonesia	3,813,553,618	12,041,909,634
PT Simasli Marjo Raya	3,722,025,395	417,264,151,567
PT Bina Widaya Gemilang	2,000,000,101	15,800,465,721
JO ADHI-KADI (Pty. Ltd.) Korawang-Cikampek-Pamanukan	(772,925,029)	10,388,465,835
PT Gatra	(721,952,630)	10,622,694,042
PT Pradawita Genganda	(397,410,685)	7,624,282,394
PT South Pacific Vision	(210,330,596)	5,485,308,121
Voyager Pemasangan	177,560,046	21,370,309,179
PT Herbani Saku	-	5,686,524,619
JO Adhi-Yas (Pty. Berhad) Bula	-	3,867,333,374
PT Lentera Integrated Sengkang	-	6,107,258,679
PT Dinkayasa Mawit Jaya	-	17,636,147,415
PT Troba Jaya Engineering	-	26,018,940,762
Others (each below Rp 5 Billion)	275,881,849,103	153,074,528,684
Sub Total	538,025,259,406	1,020,845,980,893
Less: Allowance for Doubtful Loss	(78,173,895,938)	(68,886,345,826)
Total Related Parties - Net	459,851,363,471	951,959,635,067
Total - Net	1,092,731,325,593	1,333,080,711,588

Management believes that the allowance for impairment losses on receivables is sufficient to cover possible losses on uncollectible funds receivables in the future.

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c. Accounts receivable by age are as follows:

	2010 Rp	2009 Rp
Up to 12 months	609,745,075,583	1,110,372,477,480
= 12 months – 15 months	36,547,808,836	41,814,814,738
= 15 months – 18 months	51,873,530,486	10,395,302,068
= 18 months – 21 months	72,611,347,780	34,868,378,596
= 21 months – 24 months	328,598,494	12,147,709,658
= 24 months – 27 months	13,845,868,122	5,477,380,530
= 27 months – 30 months	7,209,470,047	1,322,696,710
= 30 months – 33 months	35,865,106,326	32,738,299,612
= 33 months – 36 months	1,447,636,388	5,569,816,457
= 36 months	145,566,810,690	155,458,817,650
Total	1,178,043,062,753	1,805,963,692,777
Allowance for impairment loss	(15,311,727,180)	(72,062,981,189)
Total - Net	1,092,731,325,583	1,333,080,711,588

For the issuance of Bonds, the Company has pledged its accounts receivable in 2010 for projects as follows:

- **Bond Payable IV**
Works of Mall Ciputra Surabaya, Pelabuhan Ratu 3x350 MW Steam Power Plant, West Sumatra Steam Power Plant, IPAM III, Regional Water Agency Development of Dumai Pumping Station, Season City Tower C and Fly Over of Pekanbaru
- **Sukuk / Mudharabah Loan**
Road Works of Widang-Cresik Surabaya, Package I – Zone A, GOR Bangkai Belling Gymnasium and Palloppo Great Market

All accounts receivables along with retention receivables and gross receivables are pledged as collateral for short-term bank loans (Note 23).

More detailed explanation of some debtors are as follows:

(1) PT Jakarta Monorail

The company got a contract with PT Jakarta Monorail in 2005 with a contract value of USD 224,205,892. The project was terminated since 2007 with the physical progress of USD 14,020,122.

In 2008 the Management still make efforts in Jakarta Monorail project completion to secure the Company's assets and continue the project. The Company among others has obtained the authorization of PT Jakarta Monorail for further processing of project delivery plan to the provincial government of DKI Jakarta. The Management also sent a letter to the provincial government of DKI Jakarta regarding the Follow Up of Jakarta Monorail Project. Upon such letter, the Jakarta provincial government has provided an answer, which, in principle, the provincial government of DKI Jakarta would complete the project. Therefore, the provincial government of DKI Jakarta has asked to the Financial and Development Supervisory Agency (BPKP) from the Jakarta Provincial Representative to conduct due diligence on the project.

The due diligence results by the BPKP are essentially as follows:

- To continue the development of Monorail by utilizing the current consortium work and to provide compensation to the consortium with a maximum value of Rp 204,603,739,161

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- (1) Direct appointments may be made to the extent of complying with government stipulation and regulation No. 29 of 2002 on Implementation of Construction Services and Presidential Decree No. 80 of 2009 on Guidelines of Government Goods / Services Procurement and its amendment.

Balance of accounts receivables as of December 31, 2010 and 2009 amounted to Rp 26,693,761,000 and balance of gross receivables as of December 31, 2010 and 2009 amounted to Rp 105,361,768,401 (Note 7).

The Company made an allowance for impairment losses on accounts receivable amounted to Rp 26,693,761,000 and estimated losses on gross billing for monetary project amounted to Rp 78,950,662,521. Therefore the net value of gross receivables on December 31, 2010 amounted to Rp 26,411,105,880, representing a residual value of assets which have been amortized and must be sold if the project would not proceed.

Based on these conditions, the Management believes that the allowance for impairment losses on receivables is sufficient to offset the impairment due to uncollectible receivables.

(2). PT Lumbung Mustika Perkasa (LMP)

The Company carried out the project work of Tangerang Merdeka Square Cimone under the work Contract with Contract Number 001/SPPK/LMP-AK/III/2005 dated March 28, 2005 between the Company and PT Lumbung Mustika Perkasa (LMP) with a total contract value (including VAT) amounted to Rp 95,885,140,000, with the first addendum (1) of Agreement on Project Work Package Implementation of Merdeka Square Cimone Tangerang No. 001/ADD/SPPK/LMP-AK/IV/2005 dated October 24, 2005, and the second addendum No. 002/ADD/SPPK/LMP-AK/XIV/2005 dated December 26, 2005 at a total (including VAT) of Rp 111,812,647,000.

The Company has an allowance for impairment losses on LMP amounted Rp 1,022,053,570 in 2009. Therefore the net book value of accounts receivable of Rp 38,890,000,000.

Based on the commercial court decision Number: 64/Paid/2010/PN Niaga/Jkt.Pst. dated October 8, 2010 concerning a bankruptcy decision of PT Lumbung Mustika Perkasa and a Curator Team letter of PT Lumbung Mustika Perkasa (in bankruptcy) Ref no: 15d/PALIT-LMP/RCA-11 dated January 13, 2011, concerning Notification of Division Closing List of Bankruptcy Property Sales Results owned by PT Lumbung Mustika Perkasa (in bankruptcy), the Company obtained a portion of Rp 18,390,449,602 and has been received in full on January 25, 2011, therefore in 2010, the Company booked a loss of Rp 22,409,550,196 over the difference of the outstanding amounts by such portion.

(3). PT Anugrah Lingkar Selatan (ALS)

The Company carried out the project work in Bandung South Ring Mall (Mall Lingkar Selatan) based on an agreement No. SP-005/AK/ALS/X/4 dated October 18, 2004 between the Company and PT Anugrah Lingkar Selatan (ALS) with a total contract value (including VAT) amounting to Rp 19,882,000,000 and an architectural contract No. SP-008/AK/ALS/ARS/XII/04 dated December 16, 2004 with a value (including VAT) amounting to Rp 10,300,000,000 and a contract No. SP-008/AK/ALS/MEI/05 with a value (including VAT) amounting to Rp 11,942,820,000.

On December 31, 2010 and 2009, ALS receivables amounted to Rp 16,051,320,436 and Rp 20,545,467,266, respectively.

On May 14, 2009 through the Commercial Court decision in Sentral Jakarta District Court No. 13/Paid/2009/PN Niaga Jkt.Pst, ALS has been declared bankrupt, but the Company still pursue payment through the property or assets of its main shareholders.

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On October 7, 2009, Hiranin Limangi Leonard, Director of ALS, becoming the guarantor of ALS receivables, witnessed by the State Prosecuting Attorney as the legal counsel of the Company, made a statement of payment commitment as follows:

- a. Cash payment amounting to Rp 889,582,725
- b. Payment with land/assets to pay off the loan principal

Based on contract of work No. 273/SPK/PPM/IV/2009 dated August 14, 2009, PT Vista Consulting enter a Due Diligence and Appraisal for the lands that will be compensated as the settlement of ALS receivables.

On September 6, 2010, Handriana Mulya, Commissioner of ALS, made a statement before notary Mayoran Soengarto S.H. Deed No. 271/MY/SBTSA/X/2010 to settle lands and interests no later than December 15, 2010. Currently, Handriana Mulya has not met his statement, so the Company transferred the management of billing to the State Property and Auction Office (KPKLN) according to the letter No. 017-Q/009 dated January 12, 2011.

Based on such matters, the Management believes that the allowance for uncollectible receivables is adequate to cover the possibility of the uncollectible accounts.

(4). PT Jakarta Kemayoran Property (JKP)

The Company carried out the project work at The View Residence Apartment based on an Agreement Letter No. 212/JKP-DEV/SPK/VIU/2008 July 31, 2008 between the Company and PT Jakarta Kemayoran Property (JKP) with a total contract value (excluding VAT) amounting to Rp 188,237,500,000.

Under a Payment Settlement Agreement with Security between the Company and JKP on December 31, 2007, it is stated that the overall settlement of receivables will be settled and secured by 65 bank units in Mali Mega Glodok Kemayoran Jakarta.

Based on the revaluation of assets undertaken by PT Sapta Sentra Sasapradana which reported into Letter Number 08-0489.01 dated March 24, 2008, the market value of Mega Glodok Kemayoran's building unit of shophouses is Rp 32,892,800,000.

On April 1, 2009, based on testimony from JKP Attorney No. 030/CSP-JKT/V/2009, it is stated that the Certificate of Land Ownership for Multi-level Housing (SHMRS) is in process of separation to the execution process on such security can be performed. The completed certificate is the parent certificate that has been approved by Decree of the Governor of Special District Capital of Jakarta Province Nomor 1760/2009 dated November 19, 2009 on Ratification of Non Residential Multi-level Housing Report of Mega Glodok Kemayoran Phase I, which is located at Jalan Bandar Kemayoran Baru.

Currently, JKP still perform its certificate separation process carried out by a consultant appointed by JKP.

By virtue of a report from a Multi-level Housing Consultant dated June 8, 2010, addressed to JKP, which was subsequently delivered to the Company by a letter from JKP Attorney No. 060/CSP/V/2010 dated June 18, 2010, that at present the Certificates of Land Ownership for Multi-level Housing (SHMRS) on shophousing units, the report has been approved by the Governor of DKI Jakarta No. 1760/2009 dated 19, November 2009, later on the deed of separation for multi-level housing can only be carried out and the Mortgage certificate can be registered.

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On December 31, 2010, the accumulated provision for impairment of such receivables amounted to Rp 1,780,442,726. Based on such matters, the Management believes that the allowance for impairment losses is adequate to cover the possibility of the uncollectible accounts.

(5) Lapindo Brantas, Inc. (LBI)

Based on Decision of the Chairman of Implementing Team for the National Response Team of Mudflow in Sidoarjo Number 26/KPTS/PL/TNPSLS/X/2006 dated September 28, 2006 regarding Direct Appointment of Goods and Services Procurement to Implement Crash Program Work for Mudflow Reduction in Sidoarjo. Moreover, in the same year as a follow up to the decision of the National Team, the Company entered into several contracts with LBI with a total value of Rp 98,848,678,375. Physical Progress has been completed 100% and the carrying value of trade receivables as of December 31, 2008 amounted to Rp 26,451,377,827. LBI agreed to settle its remaining debt in stages as stated in his letter No. 259/Pdm/L.09 dated April 7, 2009.

LBI in its letter No. 503/FN/pept/09 dated November 18, 2009 stated that the overall balance of the loan would be paid in cash in stages on December 2009 and March 2010, while the rest would be paid by submitting Ready to Build Lots (KSB) located in Jalan Sidoarjo, East Java, which value would be assessed by an independent appraiser.

In 2010, the Company and LBI entered into a Debt Settlement Agreement Number ACRS-021/FIN/2010 - 017-0008A containing a cash payment agreement by Rp 10,144,730,786 and the rest would be made through transfer of assets belonging to LBI in the form of Ready to Build Lots located within areas of Gajah Kola and Pager Wojo, Sidoarjo, East Java, which would be transferred by March 31, 2011.

Based on such matters, the Company believes that the receivables would be realized.

(6) Prakawija Delaganda (PRA)

The company is a sub contractor for the structure and upper structure work for Royal Pansikurwang Apartment Project, Makassar in accordance with an agreement of Sub Contractor Number 05/TRA-AK/VI/06 dated April 12, 2006, which was then amended several times as contained in Addendum I Number 05/PO / RA-AK/VI/VI/06 dated June 29, 2006 and Addendum II Number 51A/PT/RA-AK/ADD/VI/2007 dated July 7, 2007 with a contract value amounting to Rp 34,384,440,000 (including VAT).

The company has received acknowledgment and settlement of debt from PRA on March 12, 2010, which is supported by the Debt Acknowledgment from PT UE Sentosa as a main contractor that would complete the debt with the PRA through the sale of land/assets in Tanjung Uma area, Lubukbaji sub-district, Batam. Proceeds from the sale of assets would be used to pay off the debt of PT UE Sentosa to PRA, which would be subsequently used by PRA to pay off its debts to the Company.

Based on the revelation of assets undertaken by the Office of Public Appraisal Surya Iskandar, Inam Azzawi and Associates, it is reported in Letter Number 200A/IAI-3/LPCR/II/2010 dated February 24, 2010, the market value of the land is Rp 9,585,000,000. The market value exceeds the book value of receivables as of December 31, 2009 amounted to Rp 7,824,262,384.

On December 14, 2010, a three-party agreement has been entered into between PT UE Sentosa, PRA and the Company, based on a deed No. 34 which was drawn up by notary Syarifudin S.H. The deed states that part of the sale of land owned by EU Sentosa amounted to Rp 6,718,298,175 will be paid directly to the account of the Company as partial payment of compensation payable to the Company by PRA, whereas PRA remaining debt, amounted to Rp 1,447,410,885 as the debt acknowledgment on the Deed No. 35 dated December 14, 2010, will be completed in December 2011.

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(7). PT Cahaya Adiputra Sentosa (CAS)

The Company carried out projects of ground work, bored pile, ground retaining wall and river channel dredge construction in Dale and Water park building project of Bandung Century Hills Resort with the owner of PT Cahaya Adiputra Sentosa (CAS) as stipulated in a Cooperation Agreement No. R001/CAS-AKKONT /VII/2005 dated June 19, 2005, with a contract value of Rp 15,886,876,800 and it has been updated with the latest addendum No. 02 dated January 2, 2008 with a value of Rp 55,847,168,320.

To resolve issues of outstanding receivables, the Company has received Ministerial Handover and Deed Acknowledgement on July 14, 2007 amounting to Rp 14,806,803,068.

Based on the CAS letter No. 12/CAS/III/PY/2010 dated March 26, 2010, CAS intends to complete the payment by installments every month. Meanwhile the collateral to be submitted to the Company is in the process of certification.

Based on the Company letter No. DIT-0459 dated November 10, 2010, the Company has handed over the State Receivables Management on behalf of CAS to the State Receivables Affairs Committee (PUPN) Jakarta branch, which management is held by the State Property and Auction Office (SPKN) Jakarta II and it is now in the billing process.

Balance receivable as of December 31, 2010 and 2009 amounted to Rp 13,197,555,920. The Company has made an allowance for impairment losses on receivables in each accumulation of Rp 3,921,669,754 on December 31, 2010 and 2009.

The Management believes that the allowance for impairment losses on receivables that has been established is sufficient.

6. Retention receivables

	2010 Rp	2009 Rp
Retention Receivables	460,093,052,581	374,426,010,996
Less: Allowance for impairment of Loss	(4,506,243,432)	(483,558,491)
Total	455,586,809,149	373,942,452,505

a. Retention receivables by business sector are as follows:

	2010 Rp	2009 Rp
Construction Services	407,225,009,939	341,845,139,356
EPC	52,868,042,642	32,577,871,600
Total	460,093,052,581	374,426,010,996
Less: Allowance for Impairment Loss	(4,506,243,432)	(483,558,491)
Total	455,586,809,149	373,942,452,505

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1. Retention Receivables by Related Parties (Rp Billion)

Related Parties:

	2010 Rp	2009 Rp
PT Pausdren Listrik Negara (Persero)	55,005,010,472	33,064,094,700
PT Jasa Marga (Persero) Tbk	43,654,304,638	11,135,654,191
Rechtspraak Daerah As Minang (PDAM)	23,443,173,400	9,159,371,381
PT Angkasa Pura (Persero)	12,513,053,149	12,965,649,626
Badan Penanggulangan Lumpur Sidoarjo	11,800,242,250	6,240,646,480
Departemen Pekerjaan Umum	11,252,763,367	26,931,397,782
Pemerintah Daerah Provinsi	8,380,183,646	21,007,301,663
Departemen Kesehatan	5,527,123,008	—
Departemen Perhubungan	—	8,183,752,685
UGM Samator Pendidikan	—	8,204,900,924
Others (each below Rp 5 Billion)	6,980,725,842	8,133,047,670
Summa Related Parties	179,291,010,174	147,031,440,533

Third Parties:

	2010 Rp	2009 Rp
PT Sankor Marga Raya	102,337,221,240	—
PT Eksporimwa Indramandala	34,556,109,882	32,971,908,508
PT Marga Samudra Jabar	17,546,573,142	18,821,538,287
PT Jalan Pramutaya	15,551,082,429	15,563,519,860
W. Habbib, EEC (LLC) (Notes 13)	14,437,587,476	14,437,587,478
PT Puka Putama Sukesi	14,325,334,301	4,938,790,182
PT Huta Properti	13,155,887,901	14,047,256,704
PT Gunung Pannal Selesai	9,701,614,700	—
PT Rona Mahaya Gromang	9,584,543,426	5,423,646,703
PT Gwara	6,264,965,054	7,421,106,658
PT Asih Sajitbera Segali	5,381,028,631	—
PT South Pacific Viscose	5,162,817,136	—
PT Api Meru Graha Energi	5,026,500,000	8,067,008,726
PT Mega Manajemen Ciba	—	5,473,800,911
PT Graha Pulpanusa	—	3,610,473,730
Thial Development Company LTD	—	48,265,669,474
Others (each below Rp 5 Billion)	30,585,876,143	45,354,255,103
Subtotal Third Parties	280,632,042,407	227,544,170,463
Less: Allowance for Impairment Loss	(4,506,243,432)	(483,555,491)
Unpaid Third Parties	276,125,798,975	226,960,514,972
Subtotal Retention Receivables	455,586,809,149	373,942,452,505
Less: Allowance for Impairment Loss	(4,506,243,432)	(483,555,491)
Total Retention Receivables	455,586,809,149	373,942,452,505

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For the issuance of Bonds, the Company has pledged its accounts receivable in 2010 for projects as follows:

- Bond Payable IV
Works of Maf Ciputra Surabaya, Peleabuhan Batu 3x350 MW Steam Power Plant, West Sumatra Green Power Plant, IPAM II, Regional Water Agency Development of Dumas, Pumping Station, Season City Tower G and Fly Over of Pekanbaru
- Sukuk I Mudharabah loan
Bread Works of Widong Gresik, Surabaya, Surabaya - Zona 4 OOR Bangkai Building Gymnasium and Lapangan Ikrak Merbau

All retention receivables along with accounts receivables and gross receivables are pledged as collaterals to short-term bank loans (Note 23).

7. Gross Amount Due From Customers

Details of the gross amount due from customers are as follows:

	2010 Rp	2009 Rp
Construction Costs	14,064,947,163,591	18,740,406,520,586
Recognized Profit	1,532,088,037,065	1,533,325,847,626
Total Gross Amount Due from Customers	15,597,035,200,656	20,273,732,368,212
Billing	(14,586,922,879,388)	(13,557,159,089,892)
Estimated loss	(108,108,133,816)	(108,108,133,816)
Total	1,502,004,187,452	1,708,465,144,704

a. Gross amount due from customers by business sector are as follows:

	2010 Rp	2009 Rp
Construction services	1,421,941,000,101	1,719,481,850,198
EPC	137,459,653,911	105,091,428,122
Others	32,711,865,250	—
Total	1,610,112,521,268	1,816,573,278,320
Less: Estimated Loss	(108,108,133,816)	(108,108,133,816)
Total	1,502,004,187,452	1,708,465,144,704

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1. Amount due from customer by customer is as follows:

Related Parties:

	2010 Rp	2009 Rp
PT Perusahaan Listrik Negara (Persero)	162,840,144,450	64,717,201,700
PT Palindo (Persero)	137,931,629,039	6,775,670,203
Pemerintah Daerah Provinsi	103,507,477,406	99,074,679,120
PTAIN Malang	29,019,544,001	39,936,422,258
PT Angkasa Pura (Persero)	27,574,136,900	164,725,147,560
UPN Bandung	19,615,603,474	19,615,603,474
Departemen Kelautan dan Perikanan	14,585,779,002	14,585,779,002
Departemen Perhubungan	14,091,377,514	16,224,820,483
Departemen Kesehatan	12,828,244,837	14,233,140,635
Departemen Keuangan	12,224,046,231	8,189,280,687
PT Jasa Marga (Persero) Tbk	11,868,020,766	58,546,162,131
UIN Sunan Kalijaga	11,148,383,003	11,148,383,003
PT Semen Gresik	6,364,907,620	—
Badan Penanggulangan Lumpur Sidoarjo	7,679,768,665	13,111,339,413
PT Jasa Raharja (Persero)	7,007,402,759	—
BPK RI	5,029,943,109	—
Bank Pembangunan Daerah	4,690,106,744	2,403,801,727
PT Askes (Persero)	2,425,215,804	9,091,760,604
PT Telekomunikasi Selular	405,654,931	17,452,800,868
PT Perusahaan Air Minum (Persero)	245,449,969	32,962,046,285
UICB Samsat Pendidikan	40,302,114	10,089,693,372
Sayem Dewati Perwakilan Rakyat RI	—	9,059,965,519
Others (each below Rp 5 Billion)	21,464,454,138	55,538,380,447
Subtotal - Related Parties	803,739,257,407	391,445,727,606
Less: Estimated Loss	(16,508,283,640)	(16,566,283,640)
Subtotal	857,233,973,657	364,537,443,786

Third Parties:

	2010 Rp	2009 Rp
PT Awaras Monoran	105,301,708,401	105,301,708,401
PT Total E & P Indonesia	99,068,357,137	22,818,185,083
PT Jasa Marga Raya	85,912,856,716	30,010,202,665
PT Marga Sarana Jabar	71,545,081,338	44,326,304,687
PT Cakrawala Bumi Mandala	47,423,929,721	43,457,012,687
PT Mitra Pratama Sukses	41,269,624,406	67,676,164,073
PT Barum	35,100,265,774	—
PT Soluta	29,608,318,630	19,674,516,430
PT Bina Widjaya Gemilang	20,573,550,905	51,336,747,276
NNFC (China National Electrical Equipment Corp.)	20,435,866,447	—
PT Japan International Cooperation System (JICS)	15,404,530,442	—
PT South Pacific Viscosa	13,740,704,637	27,122,712,457
PT Asah Sejahtera Abadi	13,562,179,016	7,770,701,074

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	2010 Rp	2009 Rp
PT Cirebon Pablu Indonesia	15,444,501,601	96,571,316,684
Kopirasi Arunah Huisan	11,503,831,812	—
PT Wening Purnia Sarana	10,457,254,150	25,352,566,200
PT Pital Properti	5,165,795,843	3,548,569,690
Yayasan Takumangeni	3,350,519,739	18,065,942,070
PT Internusa Jaya Somosia	2,042,006,615	11,406,946,776
PT Api Metro Cakra Energi	175,852,686	5,298,744,881
Yayasan Alumnii UINIP	—	5,343,661,985
PT Makmur Jaya Lestari	—	5,919,227,976
BP Berau Ltd	—	7,357,784,402
PT Paramita Bangun Cipta Sarana	—	10,697,548,227
Thial Development Company LLC	—	147,373,151,472
Others (each below Rp 5 Billion)	90,264,621,445	53,187,619,811
Sub Total	726,373,063,771	635,127,550,912
Less: Estimated Loss	(91,599,649,976)	(91,599,649,976)
Subtotal - Third Parties	634,773,213,795	743,527,700,936
Total - Net	1,502,004,187,452	1,708,485,144,704

All gross amount due from customer together with 180 days receivables and accounts receivables are pledged as collateral for short-term bank loans (Note 23)

Other important information related to the gross amount due from customer of the Company until December 31, 2010 is as follows:

(1). State Islamic College (STAIN) Malang

The Company obtained a contract work for construction of educational buildings of STAIN Malang Number P2S-IDB/PMU/C/77/IX/2006 with a value amounting to Rp 181,242,745,000 and a contract addendum Number P2S-IDB/PMU/ADD/35a/VI/2008 so that the contract value became Rp 172,528,796,000

Gross receivables reflected additional work and the project escalation charges. Gross receivables as of December 31, 2010 and 2009 amounted to Rp 29,019,541,001 and Rp 29,998,422,256. The additional work has been audited by the BPKP and in the process of its funding request to IDB, as conveyed in a letter of Project Management Unit (PMU) No. P2S-IDB/PMU-SP/440/III/2009 dated March 28, 2009 and letter No. P2S-IDB / PMU-SP/335a/2009 dated February 3, 2009.

Based on Addendum 4 No. P2S-IDB/PMU/ADD/455/VI/2009 dated August 24, 2009, the bill is planned to be settled down in 2011 fiscal year.

Based on the above matters, the Company believes that the realization of such gross receivables can be realized.

(2). Indonesia University of Education (UPI) Bandung

The Company recorded gross receivables based on the Additional Work Order Completion No. 635/PMU-IDB/XI/2007 dated November 17, 2007 from UPI Project Management Unit (PMU) at Rp 10,265,396,216 and has been approved by the Project Management Supervision Consultant (PMSO).

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The Company requested legal opinion to the Bandung State Attorney. Based on the review results of the Bandung State Attorney as the State Prosecuting Attorney (UPN) the following advices/options called February 24, 2010 were as follows:

The First Party (UPI) as the user of the goods/services, for the remaining payment on the additional work that has been undertaken and completed by the Second Party (Adhi), has to pay such additional amount of Rp 21,303,808,000 or other calculations at an amount of the unpaid remaining additional work within a certain period of time and not too long according to the contracted agreement of both Parties by taking into account and with due regard to any related laws and regulations in force.

That in accordance with the agreement and other matters agreed upon by both parties as intended, the First Party as the user of the goods / services is obliged to establish and provide funding of deficiency payment for additional work and when it is available, the First Party has to pay it to the Second Party, and the Party First as the user of goods / services is required to keep the promise.

Balance of gross receivables as of December 31, 2010 and December 31, 2009 was Rp 19,875,808,474. This bill has not been completed and in May 2010, UPI proposed additional funding to the Minister of National Education, over the lack of physical development funds due to increased prices of building materials to be paid to the Company amounting to Rp 21,303,808,000.

Based on the above matters, The Company's Management believes that the realization of such gross receivables may be made:

(3). Dumai City Government

The Company has gross receivables for the additional work of Dumai City Bridge as of December 31, 2010 and 2009 amounted to Rp 16,117,768,886 to the Government of Dumai. This bill has not been settled. In order to settle this payment, the Company filed a claim against the Mayor of Dumai through a claim registered in No. 39/Pdt/G/2007/PN DUM dated October 29, 2007, the content of which requested payment for the work of Dumai Bridge that has been implemented by the Company. Through a decision on October 28, 2008, the judges did not accept the Company's Claim.

Upon such decision, the Company did not make an appeal on the basis that the problem can still be resolved by amicable settlement. This is reinforced by the statement of the Dumai City Government of Public Works Department No. 600/DPU-BW/ta/91 dated February 26, 2009, which states that the Project Continuation of Mardid River Bridge, Siak River Bridge, and Pelintung River Bridge is planned to be included in the 2011 local budget.

With these considerations, the Company had an allowance for estimated losses to December 31, 2010 amounting to Rp 9,278,044,845. The Management believes that the allowance is adequate to cover possible losses on non-realization of gross receivables at a later date.

(4). Sorong Selatan City Government

The Company worked on the Development Project of Sorong Selatan Regent Office with a contract value of Rp 101,426,527,000. The Company had performed the work with a progress of Rp 16,196,945,419 and the Company stopped the work because from the progress, only Rp 5,551,225,873 had been paid.

Since 2008, the Company has made many efforts to settle the outstanding payment, and in February 2009, the Sorong Regent with the letter No. 700/30/BSS/2009 which addressed to the Company and PT Pura Papua Perkasa stated that Debt Verification and Field Inspection would be performed. For this purpose, subsequently the Sorong Selatan regent designated Head of the Regional Monitoring Agency of Sorong Selatan District and Head of Public Works Department of Sorong Selatan District to perform the Debt Verification and Field Inspection.

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Based on the letter of Serang Selatan Regent No. 910/207/BBS/2009 dated December 2, 2009 regarding Remaining Payment of Unfinished Work, stated that the Regional Government of Serang Selatan will still settle the accounts, after a review by the Executive and Legislative Budget Committee in 2010 fiscal year.

On December 23, 2010, the Company has received payment of Rp 3,950,000,000 and the rest will be completed within 2011 fiscal year.

Balance of gross receivables as of December 31, 2010 and 2009 amounted to Rp 6,979,355,216 and Rp 10,615,712,545, respectively.

Based on such matters, The Company's Management believes that the realization of such gross receivables can be made.

8. Other Receivables - Third Parties

This account is mainly represents a Joint Operation (loan without interest) and definite time of period and other receivables of operating division.

	2010 Rp	2009 Rp
Sistemik Benteng Tengah	42,719,385,412	59,775,026,779
Bojonegara Barrage	17,536,445,312	—
Kanci-Pujagan II	10,163,995,268	—
Railway India	7,074,976,636	7,074,976,636
Herdaspor Paradeso	5,685,907,432	5,685,907,432
Islamik Centro Kabupaten Sida	5,643,472,477	5,725,472,477
Others (each below Rp 1 Billion)	26,297,675,594	20,322,591,411
Sub Total	115,421,809,181	98,586,826,784
Less: Allowance for Impairment Loss	(7,352,876,222)	(7,331,469,784)
Total - Net	108,068,930,959	91,255,357,000

9. Inventories

Represents the inventory of construction materials amounted to Rp 81,260,216,475 and Rp 123,037,542,082 as of December 31, 2010 and 2009, respectively. The inventories amounting to Rp 112,624,289,058 have been reclassified to other long-term third party receivables in 2010 (Note 18), amounted to Rp 250,110,522,039 have been reclassified to Real Estate Assets (Note 14) and amounted to Rp 23,306,225,387 have been reclassified to Undeveloped Land (Note 20). All inventories are pledged as collateral for short-term bank loans (Note 23).

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10. Advances

	2010 Rp	2009 Rp
Order Advances	85,741,858,194	188,772,330,029
Sub-Contractor Advances	50,781,530,756	81,858,496,864
Short-Term Guarantee	460,000,000	435,000,000
Other Advances	152,000,000	147,800,000
Total	117,155,249,952	262,274,229,893

Advance payments are payments paid to third parties or employees of the Company to carry out the activities of the Company to purchase goods / services for sub-contracting work

Short-term guarantee is an expense of the Company which is used as collateral for the execution of work

11. Prepaid Expenses

	2010 Rp	2009 Rp
Project - Construction Projects	92,274,358,119	89,814,373,643
Prepaid - Operating cost	15,802,022,586	4,150,155,533
Prepaid - Rental	1,415,163,979	1,620,131,076
Prepaid - Fuel	943,004,048	1,815,261,721
Advance Guarantees	883,278,405	322,800,995
Performance Guarantees	854,015,063	11,036,116,329
Other	3,762,703,040	7,157,111,885
Total	124,874,546,640	84,314,953,182

Prepaid expenses represent costs incurred in connection with business activities such as costs of project concession, tender, and other operating costs and rental and insurance costs

Prepaid Employment Expenses represent costs incurred for the purposes of a project that can not be accounted for with operating revenues for the balance sheet date, minutes of physical progress have not been signed by the field supervisor or minutes of goods handover have not been signed

12. Accounts Receivable and Accounts Payable of Related Parties

a. Accounts Receivable

	2010 Rp	2009 Rp
Employee Receivable	6,435,712,000	6,268,724,655
Others	908,246,962	3,553,216,146
Total	7,347,959,012	9,811,941,013

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Employer receivables (in granting of loan facilities on the motor vehicles ownership) given to organic employees based on Decree of Board of Directors No. 014-S/105 dated May 3, 2006, with an interest rate of 5% and a maximum repayment period of 5 years through incentives deducting, other benefits and salary as well, and receivables from the sales of Salemba Apartments to employees

6. Accounts Payable

	2010 Rp	2009 Rp
Employee Contributions	2.820,338,434	—
Others	776,658,240	—
Total	3.705,204,704	—

13. Other Receivable from a Third Party

Represents a receivable to Al Habtoor Engineering Enterprises Co. (L.L.C) with a net carrying value amounting to Rp 246,090,937,651 and Rp 311,996,673,416 as of December 31, 2010 and 2009, respectively.

The Company carried out Doha City Centre Expansion Project Phase III A & III B, Doha Qatar, Sangr-La Roland, Merweh Tower based on cooperation contract between the Company and Al Habtoor Enterprises Co. (L.L.C) as the Main Contractor with a contract value of USD 75,008,493, namely:

- a. Phase III A worth USD 54,246,670, under contract No. Ref #C0010 dated June 27, 2008
- b. Phase III B worth USD 20,821,918, under contract No. Ref # C0035 dated September 18, 2006.

On February 3, 2009 Al Habtoor Enterprises Co. (LLC) has terminated the contract unilaterally. The Company assets associated with this contract on that date consist of trade receivables amounting to Rp 460,438,609, retention receivables amounting to Rp 14,437,587,478, gross receivables amounting to Rp 221,845,870,035, inventories amounting to Rp 113,629,289,058 and guarantee amounting to Rp 162,587,423,882. Until 2009, the Company has charged the guarantee amounting to Rp 89,761,805,609 and reserved impairment losses of gross receivables amounting to Rp 23,478,295,696. In 2010, gross receivables and inventories were reclassified to other receivables (Note 56). Until the year 2010, the Company has charged this asset impairment losses amounting to Rp 106,122,620,059, therefore the net carrying value of these assets amounted to Rp 258,837,589,116, which consists of trade receivables amounting to Rp 332,148,729, retention receivables amounting to Rp 10,414,902,537 (Note 6) and other receivables amounting to Rp 246,090,937,651.

The carrying value of assets on December 31, 2009 amounted to Rp 311,996,673,416 derived from reclassification of inventories of Rp 113,629,289,058 and Gross receivables amounting to Rp 198,367,584,358.

In connection with this unilateral termination, the Company is seeking the collection of accounts receivable through a direct negotiation with the owner of the project with support from the Indonesian Government's Special Envoy for Middle East Affairs and the Ambassador of the Republic of Indonesia to Qatar. If at the end of 2011 the situation and position will be favorable to the Company, the Company will take a legal action with an arbitration process which will take approximately 3 years.

Based on such matters, the Company believes that the carrying value of assets as of December 31, 2010 will be recoverable.

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14. Real Estate Assets

	2010 Rp	2009 Rp
Land under Development	58,428,250,491	9,253,127,535
Building Work in Progress	192,678,893,336	163,675,158,937
Land and Building Ready for Sale	42,546,626,383	34,683,685,667
Total	294,653,470,110	250,110,522,039

Details of Real Estate Asset

Land Ready for Sale

Detail	2010		2009	
	Measure (m ²)	Rp	Measure (m ²)	Amount
Sekeloa Tower 3F	209,628	4,374,938,800	67	6,318,098,383
Sekeloa Tower 4F	1,196	15,038,511	1,706	380,371,600
Taman Melati	—	—	1,250	388,880,577
Sekeloa Tower 10F	2,128	857,025,251	—	—
Sekeloa Tower 20F	88	47,536,315	54	47,536,315
Total	213,842	6,262,055,986	2,087	7,095,246,927

Building Ready for Sale

Detail	2010		2009	
	Measure (m ²)	Rp	Measure (m ²)	Amount
Lakewood	5,171	13,140,007,275	404	100,040,578
Taman Melati	1,499	1,614,188,187	1,603	380,080,080
MTH 01	—	—	0,123	31,097,080,180
Building and House	—	—	0,144	34,043,471,671
Sekeloa Tower 10F	—	—	403	880,270,304
Sekeloa Tower 20F	9,728	1,880,811,980	—	—
Sekeloa Tower 20F	181	181,000,885	121	134,603,851
Taman Melati	1,088	347,950,158	—	—
Peace Land 1st Floor	—	19,019,000,000	—	—
Total	21,681	30,783,048,344	2,152	57,032,883,368

Building in Progress

Detail	2010		2009	
	Measure (m ²)	Rp	Measure (m ²)	Amount
Apartment Complex	10,340	21,210,272,347	11,580	31,515,225,544
Taman Melati	4,839	3,171,376,274	8,831	1,383,491,919
Sekeloa Tower 10F	—	—	—	—
Sekeloa Tower 20F	1,572	1,138,501,844	11,900	72,196,100
Pulau Untung Melati	1,402	1,954,819,000	1,589	1,422,000
Taman Melati	1,816	973,407,731	—	—
Sekeloa Tower 20F	—	—	5,440	1,040,286,010
Taman Melati 1000	11,336	693,810,410	—	—
Taman Melati	11,808	625,425,240	—	—
Sekeloa Tower 10F	3,737	155,960,481	—	—
Taman Melati	1,402	107,802,820	—	—
Pulau Untung Melati	741	121,802,237	—	—
2nd Floor	1,927	86,050,200	—	—
Green House Taman Melati	—	984,000	—	—
Melati 1st Floor	8,000	1,000,000,000,000	8,000	30,354,915,178
Total	51,614	192,678,893,336	54,660	150,375,158,937

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Land under Development

Detail	2010		2009	
	Measure (m2)	Rp	Measure (m2)	Amount
Taman Melati	13,033	2,100,017,000	17,461	2,152,000,000
Bekasi Timur 1/1	3,387	2,403,000,000	11,400	4,543,071,000
Salemba	741	157,730,000	1,590	100,000,000
Bekasi Timur 1/2	—	—	1,000	174,370,000
Taman Melati - Village 1	1,432	2,040,401,000	—	—
Taman Melati - Village 2	1,880	5,046,200,000	—	—
Bekasi	10,500	10,140,200,000	—	—
Bekasi Timur 3/1	—	—	1,001	37,010,000
Taman Melati - Village 3	850	8,314,240,000	—	—
Apartemen Salemba Residence	4,210	20,000,751,370	—	—
Total	42,263	109,420,250,000	33,216	8,262,621,000

Below are the details of fulfillment level of building in process:

Description	2010	Estimated Completion Time	2009
	Percentage of Completion		Percentage of Completion
Taman Melati	90.00%	Tahun/Year 2011	65.00%
Bekasi Timur 1/1	100.00%	Tahun/Year 2010	88.00%
MDH 01	100.00%	Tahun/Year 2010	45.00%
Bekasi Timur 1/2	100.00%	Tahun/Year 2010	29.00%
BT 3/12 - Ruko Kallimas	100.00%	Tahun/Year 2010	30.00%
Mendau Town Square	93.90%	Tahun/Year 2011	93.90%
Ruko Island Melati	55.00%	Tahun/Year 2011	0.00%
Town House Taman Melati	55.00%	Tahun/Year 2011	0.00%
Taman Melati Pasar Minggu	55.00%	Tahun/Year 2011	0.00%
Town House Taman Melati	56.00%	Tahun/Year 2011	0.00%
Apartemen Salemba Residence	97.50%	Tahun/Year 2011	0.00%

The Company has insured the building ready for sell of Salemba Apartments with property all risk insurance in PT Asuransi Akas Indonesia that is valid until June 14, 2011

The Management believes that the insurance coverage is adequate to cover losses that may occur in the future.

(b) real estate assets are pledged for short-term bank loan (note 23)

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15. Property and Equipment

	2010				
	Beginning Balance	Addition	Reclassification	Deduction	Ending Balance
	Rp	Rp	Rp	Rp	Rp
Land	61,737,047,148	—	—	—	61,737,047,148
Buildings	23,049,933,947	3,852,465,869	—	—	26,902,400,816
Project Equipments	48,079,019,088	—	—	57,467,968,069	90,611,051,019
Vehicles	37,271,055,558	2,400,404,000	3,235,417,355	2,377,600,376	39,500,196,537
Office Equipments	5,863,000,723	357,987,253	—	623,737,781	5,597,250,195
Leased Asset Vehicles	2,444,014,555	—	(2,205,417,355)	298,567,209	—
Sub Total	278,244,928,711	6,410,858,722	—	(60,886,319,440)	223,869,468,994
Building in progress	118,306,055,673	—	(965,423,553)	(7,277,510,065)	110,063,022,055
Total Cost	396,550,984,384	6,410,858,722	(965,423,553)	(78,163,829,505)	323,992,899,049
Buildings	9,362,744,227	7,049,388,027	—	6,262,013	11,369,769,241
Project Equipments	105,774,563,437	1,898,477,335	—	(23,511,688,703)	87,160,352,069
Vehicles	20,931,351,112	5,117,272,008	(973,894,105)	(1,414,592,439)	24,060,926,586
Office Equipments	4,640,714,418	557,775,617	—	(489,579,416)	4,708,910,619
Lease Asset Vehicles	387,760,764	(573,619,567)	(873,854,105)	67,458,226	—
Accumulated Depreciation	(10,116,633,925)	(2,964,477,814)	—	(25,488,588,796)	(38,569,699,535)
Book Value	246,434,355,458	—	—	—	246,434,355,458

	2009				
	Beginning Balance	Addition	Reclassification	Deduction	Ending Balance
	Rp	Rp	Rp	Rp	Rp
Land	75,611,047,148	—	—	(14,874,000,000)	60,737,047,148
Buildings	25,788,000,578	—	—	(2,738,064,731)	23,049,933,947
Project Equipments	148,077,125,108	55,506,314,427	—	(5,504,403,813)	198,079,035,722
Vehicles	38,508,183,830	676,421,878	—	—	39,184,605,708
Office Equipments	5,217,512,399	145,322,863	—	—	5,362,835,262
Lease Asset Vehicles	—	2,444,014,555	—	—	2,444,014,555
Sub Total	267,200,868,532	6,172,652,863	—	(23,116,468,544)	250,257,052,851
Building in progress	80,106,744,705	(37,813,290,334)	(965,423,553)	—	41,327,030,618
Total Cost	347,307,613,237	5,799,362,529	(965,423,553)	(23,116,468,544)	323,032,991,679
Buildings	9,755,252,247	1,637,505,891	—	(9,049,613,906)	12,343,144,232
Project Equipments	89,511,637,445	21,767,325,729	—	(5,504,403,812)	105,774,563,402
Vehicles	32,129,834,632	1,804,716,510	—	—	33,934,551,142
Office Equipments	4,063,205,738	557,568,680	—	—	4,620,774,418
Lease Asset Vehicles	—	(387,760,764)	—	—	—
Accumulated Depreciation	(12,419,120,072)	(2,453,621,574)	—	(2,544,912,710)	(17,427,654,356)
Book Value	246,434,355,458	—	—	—	246,434,355,458

Building in progress amounted to Rp 118,306,055,673 derived from reclassification of investments in programs owned by PT Dia (Indah Raya and Construction Division III).

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Quantities of Property and Equipment with a total cost and accumulated depreciation in 2010 amounted to Rp60,467,321,248 and Rp 28,355,623,657, respectively, with the impact of non-consolidated of Adhi Dinar L.L.C (Note 19).

In 2009, there were sale of lands, buildings and Personal plant machinery in Cibitung, Bekasi, with a total value at cost and accumulated depreciation amounted to Rp 23,116,458,644 and Rp 7,514,917,718 to PT Adhima Procent Indonesia with the following details:

	2009 Rp
Proceed from Sale	80,000,000,000
Book Value	(75,601,560,826)
Gain on Sale	<u>4,398,439,174</u>

Discontinued expenses and other items are follow:

	2010 Rp	2009 Rp
Cost of Revenue	9,511,673,700	21,214,569,800
Operating Expenses	9,152,804,314	10,935,455,174
Total	<u>18,664,477,814</u>	<u>32,151,024,974</u>

All funds are used as collateral on Bank Loans (Note 22).

At December 31, 2010, the Company has insured the property and equipment in PT Asuransi Himalaya Pelindung, PT Asuransi Adira Dinamika, PT Asuransi Takaful Umum, PT Jasa Ratuja Putera, PT Berkah Insurance, PT Asuransi Rama Sama Wibawa and PT Asuransi Ramayana with sum insured of Rp 31,393,470,000 for the fire risk, property all risk, industrial all risk.

At December 31, 2009, the Company has insured the property and equipment in PT Tugu Pratama Indonesia, PT Asuransi Central Asia Raya, PT Asuransi Sopowa Perkope, PT Asuransi Takaful Umum, PT Asuransi Jasa Indonesia, PT Berkah Insurance and PT Jasa Ratuja Putera with sum insured of Rp 28,744,886,493 against the fire risk, property all risk and industrial all risk.

Based on the Management review, there are no events or changes in circumstances indicating impairment of property and equipment, therefore the Management does not make provision for impairment of property and equipment at December 31, 2010 and 2009.

16. Investment Properties

	2010 Rp	2009 Rp
Menara MTH - MTH 01 Ruitang	41,792,536,256	-
Adhi Graha Building	12,435,088,610	-
Total	<u>44,227,624,866</u>	<u>-</u>

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Investment properties owned by PT Adhi Realty (Subsidiary) comprising of units of building space in MTH Building and units of building space in Adhi Graha Building with the measured areas of 3,821 m² and 3,178 m² respectively, are rented to third parties under a lease agreement. The investment properties are reclassified by the Company's Management from the inventory account to the investment property account in December 2010. No depreciation expenses have been made in 2010 relating to the selected cost method (Note 2.1).

The company has insured Adhi Graha Building and MTH Tower with property all risk insurance in PT Asuransi Jasa Tama Tbk. valid until October 15, 2011 and December 1, 2011 respectively. The Management believes that the sum insured of property and equipment is sufficient to cover any possible damages.

The fair value of investment properties for the year ended 31 December 2010 amounted to Rp 51,004,203,450 for valuation of MTH-D1 Building Tower, examined by KJPP (Office of Public Appraisal Service) Han Utomo & Partners, independent appraisers, based on the method of Market Data Approach, Cost Approach and Income Approach and Rp 39,706,524,999 for valuation of Adhi Graha Building performed by KJPP Toha, Okiy, Hani & Partners independent appraiser, based on sales projection method. Company records and recognizes the investment property based on the carrying value at the time before being transferred to investment property.

Based on a review of the recoverable value of property investment, The Company's Management believes that there are no events or changes that indicating an impairment of assets for the year ended on December 31, 2010.

17. Investment in Joint Operations

This account represents a deposit of Joint Operation (JO) funds with other parties, with details as follows:

	2010 Rp	2009 Rp
JO Rencai Adhi Marubeni (Gurne Port)	62,083,253,100	62,083,253,100
KSO Adhi Realty - Eden Capital	57,749,084,306	58,112,738,927
JO ADHI-Waskita (ESL 02-Stage 2 Project)	23,523,811,584	-
JO Adhi-Waskita (DSOP II KCB-01)	14,595,216,082	-
JO Adhi-Yala (Banggai Rata Project)	4,210,264,755	5,865,016,898
JO Adhi-Istaka (EIB-44)	2,930,092,820	2,850,882,820
JO HCL/ADHI (India Railway Project)	2,165,116,980	2,265,238,380
JO ADHI-Sinar Bali (J. Lempur - Kusamba Project)	-	5,476,168,314
Lain-lain (masing-masing < Rp 2 Miliar)	2,346,884,505	2,230,581,582
Total	169,621,913,092	138,953,113,621

Joint Operation of Adhi Realty - Eden Capital amounting to Rp 58,112,738,927 was reclassified from investments (Note 19).

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18. Deferred Charges

	2010 Rp	2009 Rp
Deferred of Building Use Right - Accelerated Amortization	2,815,721,500	2,815,721,500
Other	(1,786,022,906)	(1,654,336,430)
Other	14,427,167,591	16,635,013,094
Total	15,447,666,585	17,796,498,754

The deferred cost of Building Use Rights (HGB) are charges for the extension of HGB for office buildings established on a land area of 17,185 m² located at Jl. Pasar Minggu Km. 18 for a term of 30 years starting on January 28, 1998 based on the Right to Build letter No. 1711/2/1006/31-04/F/B/1998. The charges are amortized over 20 years from March 1998 until March 2018.

Other deferred charges represent charges that are used for the purpose of the project (innovation of the area (plant)).

19. Investments in Shares of Stock

December 31, 2010

Associated Companies	Ownership	Investment Values Beginning Balance	Residual Net Profit (Loss)	Investment Values Ending Balance
PT Indonesia Transit Control - 100% ownership	24.87	1,432,516,238	—	1,432,516,238
Adhi Ombak S.L.O.	100%	(8,652,256,162)	(8,652,256,162)	—
PT Jakarta Maritim - 100% ownership	7.62	13,677,790,000	—	13,677,790,000
Total - Net		1,432,256,162	(8,652,256,162)	—

* Since June 30, 2010

December 31, 2009

Associated Companies	Ownership	Investment Values Beginning Balance	Residual Net Profit (Loss)	Investment Values Ending Balance
PT Indonesia Transit Control	24.87	1,432,516,238	—	1,432,516,238
PT Jakarta Maritim	7.62	13,677,790,000	—	13,677,790,000
Total - Net		1,432,516,238	—	1,432,516,238

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PT Indonesia Transit Central (PT ITC)

PT Indonesia Transit Central (PT ITC) was established as a joint venture with PT Pajera Indotransit Prima Performa and PT Radiant Pilar Pacific. PT ITC is one of the shareholders of PT Jakarta Monorail. This company is engaged in transportation and infrastructure investment. As at December 31, 2009, the proportion of the Company's investment amounted to 24.57% or equivalent to Rp 3,432,516,236. At December 31, 2010, the Company impaired the value of investment at PT ITC regarding the decline in value of investment at PT Jakarta Monorail due to the Monorail project interruption.

Adhi Oman L.L.C

Adhi Oman, L.L.C. (Adhi Oman) was established under the laws of the Sultanate of Oman and is located in North Alghubra, Bawshier, Muscat Governorate, Sultanate of Oman. Based on the Commercial Registration Information issued by the Ministry of Commerce and Industry, Sultanate of Oman, Adhi Oman was founded in 2007 and has a status of L.L.C (subject to the rules of Foreign Investment). The registration will be valid until April 10, 2012.

Business activities of Adhi Oman are building and construction contracts (general construction of buildings and non-residential), export and import contracts, electrical installation work and installation of alarm systems, and leasing and operation of both owned and leased (residential and non residential) real estate.

Adhi Oman, L.L.C. is a joint venture between PT Adhi Karya (Persero) Tbk with Al Madina Real Estate Co. S.A.O.C and Al Madina Financial & Investment Services Co. S.A.O.C. As at December 31, 2009, the respective capital ownership is 70%/ 24%/ 6% (RO250,000- RO120,000- RO30,000).

Under decree of the Ministry of Commerce and Industry, Sultanate of Oman, Oman Adhi L.L.C. has agreed to change the ownership of the capital into PT Adhi Karya (Persero) Tbk, Al Madina Real Estate Co. S.A.O.C, Al Madina Financial & Investment Services Co. S.A.O.C of 49% , 48.8% , 4.2% (RO300,000- RO395,000, RO30,000), respectively, therefore the investment in shares of the Company has been diluted.

As a result of the dilution, the revenues and expenses of Adhi Oman L.L.C were consolidated up to June 30, 2010 only. Furthermore, the Company only recognizes the interest of net income of Adhi Oman L.L.C as an entity associated with under equity method.

Below is the summary of Adhi Oman financial data which is not consolidated on / until June 30, 2010, with comparative figures of December 31, 2009:

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
	<u>Rp</u>	<u>Rp</u>
Assets	(79,625,585,715)	(38,865,977,370)
Liabilities	218,757,159,090	(257,948,990,219)
Net Losses	(62,731,740,394)	(9,349,866,874)

During 2010, the Company received an allocated losses of investment in Adhi Oman L.L.C amounted to Rp 11,082,324,750, higher than the initial investment amounting to Rp 8,652,258,182, therefore at December 31, 2010, the Company recorded impairment over the whole value of investment to Adhi Oman L.L.C.

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PT Jakarta Monorail (PT JM)

Investment in PT JM is an investment made by this Company in the form of conversion of Convertible Bond to PT JM conducted on October 15, 2008 to an interest of 7.65% or equivalent to Rp 13,877,730,000 (USD 1,530,000).

The entire value of investments at PT Jakarta Monorail has been reduced in value (Note 5).

20. Undeveloped Land

Details of Undeveloped land are as follows:

Details	2010		2009	
	Amount (Rp)	Rp	Amount (Rp)	Amount
Land	222,000	11,808,761,634	248,000	10,772,145,418
Other	—	—	18,271	8,413,723,429
Other	—	—	18,271	1,889,902,864
Other	—	—	18,271	1,889,902,864
Total	222,000	11,808,761,634	274,542	23,964,775,577

The undeveloped land is the procurement of the Company's land which are not developed yet including costs of land development, licensing, documents and infrastructure.

Detail of variation of Undeveloped Land are as follows:

	2010 Rp	2009 Rp
Beginning Balance	23,896,225,387	30,417,519,418
Addition	815,316,000	—
Deduction	(12,625,779,753)	(7,021,600,089)
Ending Balance	11,885,761,634	23,396,225,387

21. Other Assets

	2010 Rp	2009 Rp
Restricted Cash:		
PT Bank Negara Indonesia (Persero) Tbk	2,686,534,067	944,180,807
PT CMB Niaga, Tbk	670,740,791	675,371,617
PT Bank Dan Indonesia Tbk	664,079,826	185,181,028
PT Bank Mandiri (Persero) Tbk	559,253,731	444,471,154
PT Bank Rakyat Indonesia (Persero) Tbk	415,564,208	—
PT Bank Rakyat Indonesia Syariah	334,624,710	—
PT Bank Tabungan Negara (Persero) Tbk	255,691,684	425,690,161
PT Bank DKI	142,824,856	278,177,830
Other:		
Merdeka Golf	110,000,000	110,000,000
Karawang Golf	568,430,000	592,200,000
Bojor Raya Golf	87,500,000	87,500,000
Landmark Green	35,040,000	—
Landmark Hotel PLN	—	10,000,000
Other:	1,698,291,729	1,560,664,672
Total	8,385,778,168	5,833,992,149

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All restricted bank accounts and accounts in Rupiah currency, the use of which are restricted by each bank within the framework of payments received from customers of PT Adhi Realty up to the issuance of Minutes on Land or Building Handover signed by customers and the certificate will be split in the name of customers' Security is a golf membership security and lease security.

Other assets primarily represent land in Randu Garu worth Rp 1.898,291.269 as of December 31, 2010 and 2009 are unappropriated.

22. Accounts Payable

	2010 Rp	2009 Rp
Related Parties :		
PT Wijaya Karya Beton	49,373,720,628	1,414,571,603
PT Pembangunan Perumahan (Persero) Tbk	17,038,239,637	-
PT Waskita Karya (Persero)	10,228,092,135	47,666,056,256
Kementerian Pekerjaan Umum	4,025,073,484	-
PT Namiya Karya (Persero)	1,369,725,132	40,600,657,998
PT Wijaya Karya (Persero) Tbk	686,127,902	4,970,637,900
PT Siantan Abipraya (Persero)	591,719,989	10,890,269,439
Others (each below Rp 1 Billion)	-	16,109,157,208
Sub Total	83,246,708,913	128,185,237,843
Third Parties		
PT Hani Jaya Steel	131,006,289,126	16,302,117,143
PT Kls Pipe Industries	81,347,863,086	16,166,300
PT Adhuna Prestasi Indonesia	40,812,980,718	109,282,612,787
PT Jaya Tiga Pakar Perkasa	39,389,286,457	-
PT Inter World Steel Mills Indonesia	33,067,616,286	43,663,776,601
PT Rekat Jaya Magatama	31,068,822,576	29,211,403,508
PT Pilogadung Steel	30,450,593,382	29,171,609,641
PT Caka Karya Engineering	21,207,564,148	5,236,045,000
PT Raksa Metal Industries	18,341,345,075	-
PT Vana Usaha Beton	16,042,070,256	23,671,590,917
PT Suga Betonika	17,468,021,683	3,400,419,507
PT Kukula Waparna	16,260,496,856	41,496,116,190
PT Sinar Surya Alumindo	15,843,864,251	5,305,986,254
PT Bahapapan Roney Moc	14,230,527,325	-
PT Beton Konstruksi Yy	12,760,954,909	637,516,420
PT Mulya Sistem Konstruksi	11,426,000,000	-
PT Ramta Bayu Integra	11,141,558,608	25,666,242,628
PT Isuan	10,389,586,572	-
PT Bakti Prima Loma	10,289,319,621	13,363,440,072
PT Berkaf Karunia Phala	10,208,903,067	2,473,036,064
PT Alampori Kencana	9,709,954,661	5,168,588,247
PT Pioneer Beton Industri	9,329,751,526	8,567,090,786
PT Adhi Indah Mandiri	8,801,394,979	6,637,440,533

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	2010 Rp	2009 Rp
PT United Cement Eng.	8,330,895,760	-
PT Dya Karya	8,112,427,909	-
PT Mifi Trading Pharmed	8,108,454,950	-
PT Sigma Fibre Composites	8,075,826,332	-
PT Md Indonesia	8,011,276,576	9,032,012,164
PT Jago Interindo	7,802,824,706	3,724,036,154
PT Master Steel	7,489,075,849	2,970,766,988
PT Dwi Berkah Arga	7,411,520,902	-
PT Jaya Readymix	7,382,937,766	8,617,899,402
PT Growth Sumatra	7,221,058,084	2,960,992,428
PT Citra Chiusa	7,002,194,005	-
PT Havi Control Indonesia	6,679,533,175	13,846,036,363
PT Adi Sakti Steel	6,545,709,573	4,588,123,173
PT Mega Cipta Sentra Pesisir	6,189,094,286	-
CV Pandawa Liris	6,144,556,684	6,191,182,025
PT Guntara Mega Inti	6,036,473,674	10,040,697,904
PT Tubi Gena Utama	6,034,180,767	16,103,736,324
PT Unitrada Kumulama	6,000,000,000	-
PT Kadi International	6,389,903,439	-
PT Indocina Power Engineering	5,855,410,990	6,149,489,610
PT Pratama Adijaya Steel	5,551,014,502	9,122,690,833
PT Ercema Ink Indonesia	5,296,172,750	9,513,276,178
PT Unitrada Kumulama	5,254,653,050	25,613,345,800
PT Indosunda Teknik Utama	5,220,596,246	4,565,482,735
PT Dian Harasoka	5,109,241,302	7,883,245,873
PT Sana Jaya Laksana	5,075,546,636	-
PT Jaya Bidor Indonesia	5,073,517,520	-
PT Indolark Magah Rima Sentilire	5,064,015,812	-
PT Bangun Khansma	4,967,367,511	9,960,675,452
PT Satrio Pipo Innostania	4,779,192,331	5,342,401,395
CV Megah Mula	4,308,119,272	10,576,724,687
PT Pelitamaji Multawakama	4,119,519,076	8,308,752,310
PT Ikkim Indonesia	3,928,843,035	77,560,097,218
PT Nutasan Citralara	3,905,940,995	20,133,075,542
PT Gema Karya Abadi	3,862,255,912	14,010,236,310
PT Beton Perkasa Wipkama	3,503,364,672	29,737,082,403
PT Alimigada Karya Mandiri	3,315,844,610	8,687,082,403
PT Petrotrans Utama	3,145,148,791	7,434,212,070
PT Komporindo Belontaya	2,609,609,484	10,209,889,824
PT Muatka Nam Sejahtera	2,555,230,355	5,349,181,867
PT Indo Unggul Price	2,320,654,371	7,517,888,641
PT Bawana Alinda	2,315,207,244	8,671,076,856
PT Bendara Ponds	2,074,002,166	6,043,982,140
PT Asma Ramanda	2,013,728,916	7,235,987,954
PT Jarama Karluandra	1,856,753,221	5,261,009,706
CV Gellama Jaya Sukma	1,826,967,785	13,128,592,482
PT Bwijaya Putra	1,569,026,629	5,540,983,784
PT Unggul Sejati Indonesia	1,803,424,677	41,592,658,921
PT Baja Prima Lestari	1,801,893,585	15,320,051,408
PT Vaseoindo Djaya Simasta	1,374,181,898	6,998,253,769
PT Korel Karyas	1,370,845,150	5,096,304,348
PT Sumberjaya Telitirebau	1,368,346,242	8,249,184,795

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	2010 Rp	2009 Rp
PT Telonglainsindo Arisanusa	1,315,100,770	5,105,293,843
PT Midak Ane	1,061,785,161	7,046,787,589
PT Summa Aspal Nusantara	1,051,541,129	39,521,810,796
PT Linceo Jaya Mandiri	1,041,099,874	9,875,598,899
PT Angkasa Karya Nusantara	1,010,040,935	5,625,790,483
PT Chevron Pacific Indonesia	1,007,403,127	8,878,436,875
PT Duta Salama Perkasa	885,939,279	6,643,431,591
PT Sintang Jaya	718,892,289	10,889,738,048
PT Schneider Indonesia	692,804,861	11,303,384,024
PT Tong Tai Konstruksi	658,034,165	7,036,409,391
Kopetel Danasri	625,244,481	6,521,118,884
PT Farika Duta Agung	618,289,296	12,704,503,488
PT Interdesign Cipta Optima	587,970,452	8,299,453,954
PT Parma Mula Akasi	521,408,543	7,337,500,045
PT Alconia Citrajaya Salwa	506,489,891	12,258,838,433
PT Sumber Agung Jaya	482,834,491	5,027,852,241
PT Sakata Pipe Industri	396,829,132	8,254,837,056
PT Gading Habitat	303,780,460	5,778,076,997
PT Heona Global	177,895,840	8,278,815,081
PT Pungga Khazama	157,215,369	5,161,387,614
PT JHB	99,275,000	11,799,245,472
PT Kasta Utama	99,237,460	5,351,400,255
PT Westindo Putra Perkasa	97,851,816	5,224,091,870
PT Mira Bumi Sejahtera	74,239,940	5,079,540,502
PT Gunter & Zimmerman Construction Division Inc	47,025,000	9,964,000,000
PT Bumi Sentosa Ulu Agung	38,352,887	5,032,286,711
PT Sengalon Jaya Logistik	13,519,174	5,677,306,032
PT Tutusdian Pratama	2,733,897	23,385,129,624
RT Hargindo	-	73,008,650,409
PT Duta Instrumentation	-	18,428,408,242
PT Dora Telem	-	18,298,163,629
PT Toba Indah	-	10,054,602,484
PT Teluk Lingsa Mandiri	-	9,347,310,023
PT Surya Perkasa Mandiri	-	7,891,776,203
PT Megacipta Semaperawati	-	7,819,111,481
PT Bidadari Mukti Mandiri	-	7,372,101,779
PT Krema Karya	-	7,007,432,181
PT Anggeran Mula	-	5,868,780,874
PT Fura Ningsal	-	5,708,112,716
Others (each below Rp 5 Billion)	1,269,036,337,950	1,390,087,189,394
Sub Total	2,130,987,236,553	2,721,533,277,556
Total	2,214,233,943,866	2,849,745,515,699

Accounts Payable of third parties and related parties which is zero balance per December 31, 2010 has been fully paid by the Company.

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23. Bank Loans

	2010 Rp	2009 Rp
Related Parties		
Parents Company		
PT Bank Mandiri (Persero) Tbk	95,557,922,000	124,011,400,110
Subsidiaries		
PT Bank Mandiri (Persero) Tbk	149,550,010,796	-
PT Bank Bank Negeri Indonesia (Persero) Tbk	4,125,000,000	4,125,000,000
PT Bank Tabungan Negara (Persero) Tbk	3,324,080,000	2,000,000,000
PT Bank CRI Rumpukan Tbk	1,470,000,000	1,450,000,000
Sub Total	254,032,512,796	134,086,623,110
Third Parties		
PT Bank CIMB Niaga, Tbk	50,000,000,000	50,000,000,000
Muslim Bank Indonesia Embank	-	98,854,217,211
Sub Total	50,000,000,000	219,654,217,211
Total	304,032,512,796	353,740,840,321
 Interest rate per annum of the current year	 4.25% - 13.50%	 9.75% - 15.25%

Company

PT Bank Mandiri (Persero) Tbk

a. Revolving Working Capital Loan (KMK) Facilities

Based on the Working Capital Loan Agreement No. KP-COD/024/PK-KMK/2005, Deed No. 46 dated September 14, 2005 that last addendum have been executed in accordance with the Letter of Credit Agreement No. TOP-CRCVCLA-130/ADD/2010 dated May 7, 2010 the Company obtained a revolving working capital loan amounting to Rp. 130,000,000,000 and Revolving Credit Working Capital (silo contractors) of Rp 50,000,000,000. The facility has a term of 1 (one) year from the April 26, 2010 until April 25, 2011 with a floating interest rate of 11% per year. The facility charged a provision fee of 0.5% per annum on the credit limit.

b. Transactional I Working Capital Loan Facilities

Based on the Working Capital Loan Agreement No. KP-COD/023/PK-KMK/2005, Deed No. 47 dated September 14, 2005 that have been executed by last addendum in accordance with the Letter of Credit Agreement No. TOP-CRCVCLA-130/ADD/2010 dated May 7, 2010 the Company obtained Transactional Working Capital Loan of Rp 600,000,000,000. The facility has a term of 1 (one) year from April 26, 2010 until April 25, 2011 with a floating interest rate of 11% per year. The facility charge a provision fee of 0.5% per annum on the credit limit.

c. Transactional II Working Capital Loan Facilities

Based on the Working Capital Loan Facility Granting Agreement (Take over) No. KP-CRC/010/01/KMK/2010, Deed No. 222 dated April 30, 2010 the Company obtained Transactional I (non Revolving Working Capital) Loan Facility with a maximum limit of Rp.210,000,000,000 or equal to the last outstanding at the time of take over or the remaining term plus 5% of the gross contract value, whichever is smaller. These facilities are defined as from 30 April 2010 until 24 September 2010 with a fixed interest rate of 10.25% which effectively paid every month. This facility charge a provision fee of 0.5% per annum on the credit limit.

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d. NCL Facilities

Based on the Non-Cash Loan (NCL) Facility Granting Agreement with Trust Receipt Facility No. KP-COD/020/PNCL/2008, Deed No. 72 dated November 13, 2008 which has been executed by first addendum in accordance with the Deed No. 40 dated September 6, 2010, the Company obtained a Non-Cash Loan Facility with a maximum limit of Rp 4,150,000,000,000 including a sub limit of Trust Receipt Facilities (sub limit of Non-Cash Loan Facilities (L / C Import / SKBON) of Rp 600,000,000,000. The facility has a term of one (1) year from the date of April 28, 2010 until April 25, 2011 with a floating interest rate of 11% per year. This facility charge a provision fee of 0.5% per annum of the credit limit.

e. Treasury Line Facilities

Based on Treasury Transaction Services Agreement No. KP-COD/020/PFL/2005, Deed No. 73 dated November 13, 2008 which has been by the first addendum in addition with Amendment of Treasury Transaction Services Agreement No. KP-CRQ/011/PFL/2009 dated May 7, 2010, the Company obtained Treasury Line Facility with the credit limit of USD 4,000,000.

All the above loan facilities are secured and bounded with same collateral (cross collateral and cross default) as follows:

1. Receivables/claims that are bounded in cessie in accordance with Deed of Cessie Guarantee Granting of Receivables that recently amended on April 30, 2010 No. 227. The value of pledged receivables amounting to Rp 3,517,898,131,689.
2. Inventories based on project contracts tied fiduciary in accordance with the Deed of Fiduciary Guarantee recently amended on April 30, 2010 No. 228. The value of inventories pledged as collateral amounted to Rp 225,124,848,274.
3. All claims/receivables of the Company from the project of Semarang Solo Toll Road Stage I segment Semarang – Bawen Section I Tembalang – Glandawang, either now existing or will exist in the future, are tied with fiduciary guarantee dated April 30, 2010 No. 224 with the value of guarantee amounting to Rp 80,896,806,824.
4. An area of land with HGB No. 1205/Melawai, covering of 1031 m² on behalf of the Company that has been subjected to Mortgage (HT) Level I of Rp 18,876,200,000.
5. An area of land with HGB No. 1063/Melawai, covering of 590 m² on behalf of the Company that has been subjected to Mortgage HT Level I of Rp 7,038,300,000.
6. An area of land with HGB No. 130/Pojaten East, covering of 17,168 m² on behalf of the Company that has been subjected to HT as follows:
 - HT Level I amounted to Rp 10,000,000,000.
 - HT Level II amounted to Rp 40,308,400,000.
 - HT Level III amounted to Rp 21,197,600,000.
7. An area of land with HGB No. 985/Melawai, covering of 640 m² on behalf of the Company that has been subjected to HT as follows:
 - HT Level I amounted to Rp 2,500,000,000.
 - HT Level II amounted to Rp 3,053,800,000.
 - HT Level III amounted to Rp 3,166,500,000.
8. An area of land with HGB No. 1/Suksjaya, covering of 18,670 m² on behalf of the Company that has been subjected to HT as follows:
 - Mortgage Level I amounted to Rp 500,000,000.
 - HT Level II amounted to Rp 10,708,000,000.
 - HT Level III amounted to Rp 2,650,200,000.
9. An area of land with HGB No. 68/Kelintang Village, covering of 2887 m² on behalf of the Company that has been subjected to HT as follows:
 - HT Level I amounted to Rp 1,400,000,000.
 - HT Level II amounted to Rp 2,860,700,000.
 - HT Level III amounted to Rp 1,447,200,000.

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10. An area of land with HGB No. 24/Cayuman Village, covering of 8707 m² on behalf of the Company that has been subjected to HT as follows:
 - HT Level I amounted to Rp 2,000,000,000
 - HT Level II amounted to Rp 3,458,000,000
11. An area of land with HGB No. 2308/Tanjung Rejo, covering of 1408 m² on behalf of the Company that has been subjected to HT as follows:
 - HT Level I amounted to Rp 2,432,227,000
 - HT Level II amounted to Rp 2,108,073,000
12. An area of land with HGB No. 8/Driyorejo, covering an area of 3240 m² on behalf of the Company that has been subjected to HT as follows:
 - HT Level I amounted to Rp 1,197,100,000
 - HT Level II amounted to Rp 584,900,000
13. Four areas of land located in North Sumatra, namely: (1) HGB No. 2388/Tanjung Rejo area of 966 m², (2) HGB No. 2309/Tanjung Rejo area of 301 m², (3) HGB No. 2390/Tanjung Rejo area of 98 m², (4) HGB No. 2391/Tanjung Rejo area of 200 m² on behalf of the Company that have been subjected to HT as follows:
 - HT Level I amounted to Rp 1,003,487,000
 - HT Level II amounted to Rp 698,627,000

This agreement also contains certain covenants wherein written approval should be obtained from the Bank before executing certain matters which include: among others: use credit facilities outside the objectives of the Company; obtain new credit from in any form as well as from other parties; provide new loans to anyone including the shareholders, except in the context of business transactions of the Company; entered into new investments in other Companies; sell or transfer the collateral except that by nature can be transferred; give some or all of its rights and / or liabilities of the Company under this agreement to another party; conduct merger or acquisition; make interest payments on borrowings and / or pay off loans of the Company to shareholders; and held a business expansion.

PT Bank CIMB Niaga Tbk

Under the Loan Agreement No. 050/CBG/UKTA04, March 30, 2004 that have been executed by last addendum in accordance with Amendment To Loan Agreement No. 476/AMD/CBG/UKTA09 dated September 11, 2009 the Company obtained Special Transactions Loan Facilities (PTK) and Special Transaction Loan Facility II (PTK II) with a maximum limit Rp 150,000,000,000 and Rp 150,000,000,000, respectively. The facility has a term of 1 (one) year from March 31, 2010 to March 31, 2011. PTK II facility has a floating interest rate of 13.25% per annum. PTK II Facility has an interest rate of Subject to Market Rate (Approved by Treasury Bank CIMB Niaga).

The facilities are secured and tied with the collateral as follows:

1. An area of land with HGB No. 1548/Jagabaya II, covering of 1298 m² on behalf of the Company that have been subjected to HT Level I amounted to Rp 943,700,000
2. An area of land with HGB No. 0007/Tegal Luar, covering of 1,500 m² on behalf of the Company that have been subjected to HT Level I amounted to Rp. 498,000,000
3. An area of land with HGB No. 58/Tanjung Deli, covering of 6998 m² on behalf of the Company that have been subjected to HT Level I amounted to Rp 3,224,800,000
4. An area of land with HGB No. 01/Palumbuk II, covering of 7,672 m² on behalf of the Company that have been subjected to HT Level I amounted to Rp 1,721,700,000
5. An area of land with HGB No. 18/Chalo Sulaman, covering of 1,233 m² on behalf of the Company that have been subjected to HT Level I amounted to Rp 1,931,800,000
6. An area of land with HGB No. 35/Merdeka VIII, covering of 1,000 m² on behalf of the Company that have been subjected to HT Level I amounted to Rp 1,982,000,000

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7. An area of land with HGB No. 326/Milino, covering of 958 m² on behalf of the Company that have been subjected to HT Level I amounted to Rp 980,000,000.
8. Fiduciary of the Company escrow account amounting to Rp 1,000,000,000.
9. Receivables/claims of the project that are bounded by fiduciary. The value of receivables that pledged as collateral of 110% of total loans drawn to the related projects.
10. Inventories based on project contracts that are bounded by fiduciary. The value of inventories that pledged as collateral of 100% of the limit of the facility under the agreement.

This agreement also contains certain covenants wherein written approval should be obtained from the Bank before exercising certain matters which include: among others, sell or otherwise transfer right or lease the use of all or part of property/assets of the Company; pledge/mortgage in any manner whatsoever the Company is properly to another person/partly, guarantee/being a Guarantor, either directly or indirectly of other third parties (including a guarantor for the debt from shareholders and/or administrators); provide loans to or receive loans from other parties except in order to run the daily operations of the Company; declare and distribute dividends of the Company shares; doing merger or acquisition, consolidation, re-organization and dissolution of the Company; pay or pay back the bills or receivables in form of any current and/or hereafter to be given by this Company shall holder in the form of principal interest and other amount of money that must be paid.

Subsidiaries

PT Adhicon Persada (ADP)

PT Bank Mandiri (Persero) Tbk

Referring to the letter of PT Adhicon Persada No. 120/KEU-AP/X/09 dated November 18, 2009 and No. 029/KEU-AP/III/2010 dated March 10, 2010 to PT Bank Mandiri then by virtue of PT Bank Mandiri No. CBG/CB1/SPRK.012/2010 dated April 26, 2010 concerning the Credit Granting Offer Letter (SPPK) Cash Loan and Non Cash Loan facility on behalf of ADP with the condition and commitment as follows:

1. Credit limit of Rp 15,000,000,000.
2. The period of loan is from the signing of credit agreement until April 25, 2011 and adjusted with the period of the project and the project's cash flow.
3. Additional working capital to support the construction of the SPK or special contracts for projects in the country both new projects or to finance the projects that ever proposed or previously funded by Transnational KMK, and has been fully paid as long as there is still a remaining contract/remaining compensation greater than 50% of gross contract value.
4. The interest rate of 12% p.a each month (the interest rate can revised at any time) in accordance with the relevant Bank. Due to changes in interest rates, then PT Adhicon Persada submitted a letter of No. 060/KEU-AP/V/2010, dated May 3, 2010 that was approved by Letter No. CBG/CB1/D01.095/2010, dated July 27, 2010 that interest rates starting on July 23, 2010 which was originally 12% become 11%. Then ADP re-proposed by the Letter No. 241/KEU-AP/X/2010, dated October 26, 2010 that was approved by Letter No. CBG/D01.128/2010, dated November 22, 2010 that the original interest rate involving working capital of 11% become 10.5% starting from October 23, 2010.
5. Credit Provision of 1% p.a on the credit limit, paid no later than at the time of the signing of the Credit Agreement.
6. The amount of fines is imposed for any delay in payment of obligations of PT Persada Adhicon is 2% above prevailing interest rates.
7. Collaterals are
 - Inventories
 - Claims/Receivables of project financed by Transnational Working Capital facilities (the receivables are also to secure the Bank Guarantee)

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- Corporate Guarantee from the shareholders which is PT Adhi Karya (Persero) Tbk. which guarantee the obligations to Bank Mandiri until the credit settled and in case of ADP failed to fulfill its obligations and otherwise default, then Adhi Karya is responsible for ADP loan repayment.
- Project Turnover

The Collaterals applied cross over and cross default with all facilities that exist and must be submitted and bounded in accordance with the laws in force and insured by Banker's Clause of PT Bank Mandiri (Persero) Tbk at least at the fair value guarantee of insurable through insurance Company partners of Bank Mandiri. Costs incurred in connection with the transfer of collateral and insurance closing to be ADP's expenses.

This agreement also contains certain covenants wherein written approval should be obtained from the Bank before overruling certain matters which include: among others, all outstanding of KMK covered by 70% bank and receivables that are guaranteed to Bank Mandiri, extend the legality of permits that will be or which has matured and submit copy of an extension to Bank Mandiri, other conditions as stipulated in General Conditions of Credit Agreement of PT Bank Mandiri (Persero) except article 17 paragraph (4) and (7) concerning applications for Bank permission of distribution of bonuses and / or dividends and capital changes and replacement of the board. Furthermore, ADP is required to notify in writing to the Bank of the change of board no later than 30 days after the substitute for it. Insurance for all risks of contractor (Contractor's all risk) are covered by Banker's Clause of Bank Mandiri.

Adhi Multipower Pte, Ltd.
PT Bank Mandiri (Persero) Tbk

Loan to PT Bank Mandiri (Persero) Tbk is a Trade Financing Facility in accordance with Credit Agreement No. CIDMCR/230/2010 dated October 12, 2010. A maximum credit limit is amounted to USD 61,000,000 with interest rate 4.50% p.a. The objective of this facility is to support the import of goods relating to project Girau Power Plant of Tanjung Selasi 2x100MW.

PT Adhi Realty
PT Bank BNI (Persero) Tbk

Loan to PT Bank BNI (Persero) Tbk is an additional loan for working capital of Taman Merati Sawangan housing in accordance with the Loan Agreement No. 2006.150.120 December 19, 2006 and No. 2007.245.120 dated December 27, 2007. Maximum credit limit is amounted to Rp 5,000,000,000 with a period of December 19, 2006 until March 18, 2009 and the interest rate of 14% p.a. Based on the letter of notification No. JAC02/1510 October 27, 2006, there was a change in KMK interest rates to 15.5% p.a.

Based on the Letter of Credit Extension No. (01)-2008.402.120 dated February 23, 2010, the credit period is extended until December 21, 2010 with interest at 15.20% p.a.

Based on the Letter of BNI No. JAC02/010/01 dated January 4, 2011, credit period is extended until December 21, 2011 with provision fee of 1% and interest at 11% per annum for the first month and for the next month will be adjusted to prevailing rates in BNI.

Repayment of loans made at the latest at the time of expiry of the credit. On these loans the Company has pledged land and buildings located in Sawangan Depok, which consists of SHGB No. 00369/Sawangan covering of 1,780m², SHGB No. 00370/Sawangan covering of 7,502m², SHGB No. 00371/Sawangan covering of 1,622m².

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PT ICB Bumpulera Tbk

Loan to PT ICB Bumpulera Tbk, is a credit facility loan to finance a revolving working capital (could be repeated again) as stipulated in the deed of Ali Mulyati, SH, MKn, No. 14 dated June 14, 2007 as amended by the Deed of Amendment I (first) Credit Agreement dated September 7, 2007 Number 00, later amended by the Amendment Agreement VI on Credit Agreement No. VI.065/BBP-AR/PT/AdkVI/2009 June 29, 2009 with a limit of Rp 3,075,000,000. This is a revolving loan with interest at 15%, less by 0.0% and the loan period to 14 June 2010. The agreement between the Company and PT Bank Bumpulera Tbk has been amended several times recently by the Amendment Agreement IX to Credit Agreement No. IX.113/BBP-AR/PT/AdkIX/2010 dated October 12, 2010 are as follows:

Credit Limit	Rp 1,475,000,000
Interest	12%
Type of Credit	Revolving
Term	Until June 14, 2011
Collateral	This loan is secured by 4 areas of land with Certificate of HGB as follows: - 1 (one) area of land with Certificate of HGB no. 7657/Jatimulya measuring 58 m ² located in West Java, District of Bekasi, Subdistrict of South Tambora Village of Jatimulya on behalf of PT Adhi Karya - 2 (two) areas of land with Certificate of HGB No. 4/66/Margahayu and HGB No. 4096/Margahayu measuring 66 m ² and 258 m ² , respectively, located in West Java, District of Bekasi, Subdistrict of East Bekasi on behalf of PT Adhi Karya - 1 (one) area of land with Certificate of HGB No. 563/Seladarma measuring 110 m ² located in West Java, District of Bekasi, Subdistrict of South Tambora Village of Seladarma on behalf of PT Adhi Karya

PT Bank BTN (Persero) Tbk

Credit Limit	Rp 4,000,000,000
Type of Credit	Non Revolving
Credit Use	Working Capital Credit for Construction Project "Graha Kalimas 2" which is located in Tambora
Interest	14.5% per annum and 1% of credit plafond
Term	12 months (December 10, 2009 until December 10, 2010)
Collateral	The collaterals of this loan are as follows: - An area of land measuring of 23,471 m ² including the building above the land either existing or to be established on the Housing of "Graha Kalimas 2" with the ownership of a part of HGB No. 177/Village of Tambora - Standing Instruction from the other bank through Bank Tabungan Negara Jakarta Kuningan branch by the order of debtor - Cess on the whole of debtor's receivable that are limited for the houses which are financed by the bank

Based on a letter from PT Bank BTN (Persero) Tbk No. 1034/KK-UVLS/KU/XII/2011 dated December 10, 2010 construction working capital credit facility with total credit of Rp 4,000,000,000 is extended from December 10, 2010 to December 10, 2011 and interest rate also changed from 14.5% pa to 13.5% pa

A. Based on Deed of Copy of Credit Agreement No. 34 dated December 11, 2009 of Eddy Nugraharwati, SH, notary in default, the Company obtained a construction working capital credit facility from PT Bank BTN (Persero) Tbk with details are as follows:

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Credit Limit	Rp 2,000,000,000
Type of Credit	Non- Revolving
Credit Use	Working Capital Credit for Construction Project "Griha Kalimas 2" which is located in Tambora
Interest	14.5% per annum and 1% of credit prepaid
Term	12 months (December 11, 2009 until December 11, 2010)
Collaterals	The collaterals of this loan are as follows: - An area of land with Certificate of HGB No. 7259/Jalimulya located in West Java District of Bekasi Subdistrict of Tambora Selatan Village of Jalimulya measuring of 20,525 m2 on behalf of PT Adhi Karya Tbk including the building of "Griha Kalimas" - Standing instruction from the other bank through Bank Tabungan Negara Jakarta Kuningan branch by the order of debtor - Cession on the whole of debtor's receivable that are limited for the houses which are financed by the bank

Based on letter from PT Bank BTN (Persero) Tbk No. 102/Lkk.UMLS/KU/001/201 dated December 10, 2010, construction working capital credit facility with total credit of Rp. 2,000,000,000 is extended from December 11, 2010 to December 11, 2011 and interest rates also changed from 14.5% p.a to 13.5% p.a

24. Taxation

a. Prepaid Taxes

	2010 Rp	2009 Rp
Value Added Tax		
Parent Company	181,898,802,705	174,685,714,166
Subsidiaries	2,435,598,360	1,874,103,134
Income Tax Article 28 A		
Parent Company		
Fiscal Year 2009	19,551,131,803	30,123,801,600
Fiscal Year 2008	28,647,452,281	69,301,632,036
Fiscal Year 2007	3,880,227,946	68,021,126,346
Subsidiaries	3,000,000	3,000,000
Total	236,421,213,194	344,309,437,173

Income Tax Article 28A fiscal year 2009

The company delivered overpayment corporate income tax return for fiscal year 2009 of Rp 30,123,801,600. In 2010 the Company has received the transfer (PSK) for overpayment of income tax amounting to Rp 10,572,956,437. Until this financial statements issued, the Company is still in the process of examination of the tax year 2009.

Income Tax Article 28A fiscal year 2008

The company delivered overpayment corporate income tax return for fiscal year 2008 of Rp 69,301,632,036. In 2010, the Company received the Decree of Overpayment Tax (SKPLB) from the tax office. The approved amount for overpayment income tax for fiscal year 2008 only for Rp 60,530,187,375. Until this financial statements issued the Company is still in the process of liquidation.

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Income Tax Article 28A fiscal year 2007

On December 11, 2009 has been issued Decree of Overpayment Tax of overpayment income Tax with value of Rp 35,626,182,100 from income tax balances of fiscal year 2007 amounting to Rp 38,021,126,340. Until this financial statements issued, the Company is still in the process of objection.

b. Income Tax Expense

	2010 Rp	2009 Rp
Current Tax		
Final Tax Income Calculated (based on Effective Rate (Single Rate))	127,011,705,439	155,906,685,929
Estimated Corporate Income Tax:		
This Company	1,415,775,600	886,476,590
Subsidiaries	-	11,686,000
Total Current Tax Expenses	126,427,400,739	156,787,918,519
Deferred Tax		
Parent Company	-	12,533,845,031
Subsidiaries	2,190,307,656	(471,673,647)
Total Deferred Income Tax	2,190,307,656	12,061,771,384
Total Income Tax Expenses	130,626,788,395	168,849,589,903

c. Current Tax

The reconciliation between income before tax per consolidated statements of income and the taxable income of the Company is as follows:

	2010 Rp	2009 Rp
Income before Tax per Consolidated Statements of Income	320,620,350,739	331,173,349,606
Less Income before Tax of Subsidiaries	(15,144,068,033)	(6,132,152,768)
Income before Tax - the Company	305,106,282,706	325,041,196,841
Less Final Income Tax	258,027,403,966	321,860,867,059
Taxable Income	7,078,878,739	3,780,333,982
Taxable Income-Rounded	7,078,878,000	3,780,333,000
Tax Income Calculation with Single Rate		
20% x Rp 7,078,878,000 Year 2010	1,415,775,600	-
20% x Rp 3,780,333,000 Year 2009	-	886,476,590
Current Tax Expense	1,415,775,600	886,476,590
Less Prepaid Taxes		
Article 22	37,067,118	-
Article 23	1,333,149,647	30,993,278,190
Total	1,370,216,963	30,993,278,190
Current Tax Payable (Overpayment)	45,550,637	(30,123,801,600)

d. Deferred Tax

Represents deferred tax assets owned by a subsidiary as of 31 December 2009 amounted to Rp 2,745,851,549. As at December 31, 2010, all deferred tax assets were charged according to management's assessment that it cannot be utilized for the coming year.

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e. Taxes Payable

	2010 Rp	2009 Rp
Corporate Income Tax - the Company	45,555,637	-
Income Taxes:		
Article 1(2) - Final	553,350,617	116,133,819
Article 21	4,308,200,710	4,249,978,009
Article 22	7,304,195,674	13,525,812,413
Article 23	3,119,700	134,348,750
Alternative Discretionary - Final	32,519,229,662	21,147,500,438
Value Added Tax - Net	29,158,650,174	9,112,605,921
Total	74,492,257,233	48,079,007,415

Based on Government Regulation No. 71 year 2008 dated November 4, 2008, effective implemented since January 1, 2009, properly services subjected to final

Based on Government Regulation No. 51 Year 2008 regarding Income Tax for Income from the Construction Services Business verse 7 on the income of the Construction Services Business subject to final income tax. Chapter 3 verse 1 (c) stated that the Income Tax Rates for the Construction Services business is 3% (three percent) for the implementation of Construction performed by Services providers other than service providers who have qualified small business and/or do not have a business qualification (Chapter 5 verse 1). Final Income Tax deducted at the time of payment in accordance with the rate of chapter 3 verse 1.

In accordance with the Government Regulation of the Republic of Indonesia Number 40 of 2009 on the Amendment of Government Regulation No. 51 of 2008 on payment of work realization under the contract prior to August 1, 2008 and Minutes of Work Handover until December 31, 2008 subject to the income tax that is credited in accordance with the Government Regulation No. 140 Year 2000.

25. Advances

	2010 Rp	2009 Rp
Construction Services	457,227,051,481	448,933,625,059
EPC	54,244,077,669	108,665,897,641
Total	525,472,069,150	609,517,525,904

This account represents advances received from the employee that will be offset by periodic billing.

26. Unearned Revenue

The amount represents unearned revenue from the operational divisions and head office and subsidiaries with the following details:

	2010 Rp	2009 Rp
Real Estate	10,111,565,662	7,676,871,171
Construction Services	4,468,579,332	21,578,160,588
EPC	60,372,482	44,930,677
Laundry	2,612,558,232	3,166,303,033
Jumlah	17,474,200,768	32,670,385,859

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27. Accrued Expenses

	2010 Rp	2009 Rp
Project Work Costs	111,467,601,031	90,940,809,883
Operating Costs	54,649,827,631	129,943,273,149
Incentive Reserves	13,741,309,900	12,350,608,928
Bonds Interest Expenses	12,833,303,322	12,833,339,825
Fairness Reserves	3,650,470,000	3,165,370,000
Total	196,342,541,974	249,232,795,286

The cost of the project work is an obligation that has not been billed by a third party in connection with expenditures for the project.

Accrued for operational costs consist of purchases of materials, wages in the field, office supplies, electricity and telephone costs, the cost of employee meals and the cost of delivery of goods/services of third parties.

28. Other Current Liabilities

	2010 Rp	2009 Rp
Warranty	837,081,981	3,708,418,688
Employee Cooperation	773,948,616	2,575,114,489
Development of Small Business Cooperation - Community	755,000,000	1,308,785,042
Binu Adhi Sayaktani Foundation	704,683,774	40,705,911
Payable to other insurance	-	29,059,200
Manpower Insurance	117,703,165	143,538,529
Payable to employees	-	382,240,440
Purchase of Vehicle	1,330,819,686	388,271,303
Other Short term payable	2,445,184,524	40,132,377,142
Total	6,949,442,440	48,349,490,638

Payable to Yayasan Binu Sayaktani Adhi (BAS) is the payment fund due from the Company.

Payable to Employees Cooperative is payable for the purchase of stationery and vehicle rental.

Payable of Small Business Development and Environmental Development Cooperation derived from profits distribution of PT Adhi Karya (Persero) Tbk and its subsidiaries.

Payable of Labor Insurance is a payable for payment of Social Security which is due to the Company's expenses.

Payable to other expenses is payable to PT Adhi Karya Employee's Cooperative.

Other short term payables as of December 31, 2010 is a short term payables of subsidiaries to third parties.

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29. Long – Term Bank Loan

Long-term bank loan represents loan to Bank Tabungan Negara (Persero) Tbk amounting Rp 40,000,000,000 in PT Adhi Realty.

Credit Limit	Rp 40,000,000,000
Type of Credit	Investment Credit with Revolving Type
Credit Use	Refinancing Investment Credit for Migrant MTN Project
Interest	12.75% effective rate per annum with Adjustable Rate Basis (Anytime can be changed according to Bank Regulation)
Provision	1% from credit limit and should be paid before credit arrangement.
Term	36 months (July 19, 2010 until July 19, 2013)
Collateral	The collateral of this loan comprises of principle loans, i.e. deed of mortgage agreement. The additional collateral and the other assurance were: <ul style="list-style-type: none"> - 13 units of flats non home-office "Menara MT Haryono" that will be established under Certificate of HGB No. 7300/Tebet Timur Jil. MT Haryono lots 23, 24, Tebet, Subdistrict of Tebet, District of South Jakarta, Province of Daerah Khusus Ibukota Jakarta. - 2 units of flats non home-office Adhi Graha located in Province of Daerah Khusus Ibu Kota Jakarta, District of South Jakarta, Subdistrict of Setiabudi Village of Kuningan Timur, for each details in Certificate of HM on Flat Units No. 7190/Kuningan Timur, measuring of 201.29 m², which is recorded and located on behalf of PT Adhi Karya (Persero) and Certificate of HM on Flat Units No. 7250/Kuningan Timur, measuring 281.26 m², which is recorded and registered on behalf of PT Adhi Karya (Persero). - Standing instruction which stated that all financial transactions of the debtor (PT Adhi Realty) that related to Office Building of "Menara MT Haryono" required through Debtor's account in Kuningan Branch office Bank. - Cession on the whole receivables which are related to sales/rental of the Office building that financed through credit bank facility.

30. Bonds Payable

3. Bond IV Adhi

	2010 Rp	2009 Rp
Par Value	375,000,000,000	375,000,000,000
Bond Issuance Costs	(508,189,361)	(872,336,690)
Total	374,491,810,639	374,127,663,310
Bond Issuance Costs	1,744,673,350	1,744,673,350
Medium-Term Amortization	(1,236,604,039)	(872,336,700)
Unamortized Bond Issuance Costs	508,069,311	872,336,650

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i. Sukuk I Mudharabah

	2010 Rp	2009 Rp
Par Value	125,000,000,000	125,000,000,000
Bond Issuance Costs	(193,662,770)	(332,419,961)
Total	124,806,337,230	124,667,580,039
Bond Issuance Costs	664,839,911	664,839,911
Debt Amortization Expense	(471,177,141)	(332,419,950)
Unamortized Bond Issuance Costs	193,662,770	332,419,961

a. Bond IV Adhi

Under the Trusteeship Agreement of Bond IV ADHI Year 2007 with Fixed Interest Rate No. 18 dated May 3, 2007 in conjunction with Amendment No. 27 dated June 12, 2007, that made before Notary Ny. Adi Poerbaningsih SH, the Company has issued "Bonds IV ADHI Year 2007 With Fixed Interest Rate" amounting Rp 575,000,000,000 for a period of 5 (five) years with fixed interest rate of 11.00% with a coupon payment every 3 (three) months, and the bond will be due on July 6, 2012. Rating on the long-term debt securities (bonds) from PT Pelindo is id A-(Single A minus Stable Outlook). And as the collateral are receivables of the Company from the projects with a nominal value of 125% of the bond's principal. Proceeds from the bond offering will be used 100% will be used for working capital of construction projects in 2007. Acting as a guarantor of bond issuance is PT Mandiri Sekuritas and the trustee is PT Bank Mega Tbk.

Bond Issuance Costs IV of Rp 1,744,673,390 will be amortized every month until the Bond IV will be due in 2012. Amortization of issuance costs as of December 31, 2010 and 2009 amounted to Rp 1,134,037,710 and Rp 785,103,730.

ii. Sukuk I Mudharabah

Under the Trusteeship Agreement of Sukuk Mudharabah ADHI Year 2007 No. 22 dated May 3, 2007 in conjunction with Amendment No. 31 dated June 12, 2007, that made before Notary Ny. Adi Poerbaningsih SH, the Company has issued a "Sukuk I Mudharabah I ADHI Year 2007" amounting Rp 125,000,000,000 with a period of 5 (five) years with Profit Sharing, Sukuk holders Ratio 70.39% with income payments for the Results of every 3 (three) months, and these bonds will be due on July 6, 2012. Rating on the long-term payable securities (bonds) from PT Pelindo is id A-(sy) (Single A minus Sharia, Stable Outlook). And as collateral are receivables of the Company from the projects with 125% nominal value of Sukuk Fund. Proceeds from the bond offering used 100% will be used for working capital of construction projects in 2007. Acting as a guarantor of sukuk issuance is PT Mandiri Securities and the trustee is PT Bank Mega Tbk.

Sukuk Issuance Cost is Rp 664,839,911, - amortized every month until the maturity date of Sukuk I Mudharabah year 2012. Amortization of issuance costs as of December 31, 2010 and 2009 amounted to Rp 432,145,935 and Rp 229,177,955.

The bonds contained certain covenants, among others:

• Current ratio is not less than 1.1 (one to one).

• Debt to equity ratio is not more than 3.5:1 (three point five to one).

• EBITDA to Loan Interest Expense in the relevant fiscal year as follows:

For year I (first) and year II (second) not less than 1.6:1 (one point six to one). For the year III (third) and in the year IV (fourth) not less than 1.85:1 (one point eight five to one). For the year V (fifth) not less than 2.0:1 (two point zero to one).

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31. Retention Payables

Short-term retention payables amounting to Rp 111,708,093,895 and Rp 139,769,655,629 as of December 31, 2010 and 2009, respectively, are retention payables on the job of sub-contractors with a maturity of less than a year.

Long-term retention payables amounting to Rp 10,389,039,261 and Rp 10,611,037,998 as of December 31, 2010 and 2009, respectively, are retention payables on job of sub-contractors with a maturity of more than a year.

32. Customer Deposits

Customer Deposits of Rp 2,519,480,567 represents tenant security deposits paid by the tenants of the building which is managed by PT Adhi Realty.

33. Other Payable To Third Parties

This account represents payable of PT Adhi Karya Ltd to third parties within the framework of financing for development projects of shopping centre with an interest rate of 15% or bank loans interest rate and without collateral. The balance of debt financing as of December 31, 2010 and 2009 amounted to Rp 27,518,972,000 and Rp 25,281,285,708, respectively.

34. Estimated Liability On Employee Benefits

Estimated liabilities on employee benefits consist of

	2010 Rp	2009 Rp
Employee Benefit Program	17,721,463,274	15,731,544,642
Post Employment Provision Program	14,761,853,253	12,681,288,068
Pension Fund Program	(6,184,623,880)	(5,537,613,965)
Total	25,790,691,637	22,775,290,327

a. Employee Benefits Program

For those permanent employees who do not participate in the pension plan, then at the time of retirement age, the Company provides severance benefits which values refer to the Act. 13/2003 article 167 paragraph 2 and Article 155. As of December 31, 2010 and 2009, the number of retired employees who are entitled to these benefits are: totaling 471 people and 460 people.

Funding status and cost formed on of these benefits program can be described as follows:

	2010 Rp	2009 Rp
Current Value: Defined Benefit Obligation	18,390,923,230	13,682,425,424
Unrecognized Prior Service Cost (Act Value)	(4,340,863,905)	(5,143,684,938)
Unrecognized Actuarial Gain	3,680,363,979	7,192,864,155
Net Liabilities	17,721,463,274	15,731,544,642

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	2010 Rp	2009 Rp
Net Liabilities - Beginning of Year	15,731,544,642	14,801,760,540
Current Year Expense	2,698,066,734	2,073,410,282
Benefit Payment	(840,680,149)	(842,985,180)
Other	(61,487,953)	15,731,544,642
Net Liabilities - End of Year	17,721,463,274	15,731,544,642

	2010 Rp	2009 Rp
Current Service Cost	1,759,957,933	1,412,351,439
Interest	1,142,521,225	929,037,490
Recognized Actuarial Gain (Net)	(719,771,779)	(785,938,002)
Past Service Cost (Non-Vested)	515,268,358	515,268,358
Cost Recognized in Profit and Loss	2,698,066,734	2,073,410,282

b. Retirement Preparation Advance (UMPP)

The all employees who participated in the pension plan, of retirement age is given in return for a UMPP which amounted to 24 times salary. Funding for these benefits is entirely due from the Company and is managed internally. As at December 31, 2010 and 2009, the number of active employees who are entitled to their benefits each, locally, 758 people and 312 people.

Funding status and cost formed on of these benefits program can be described as follows:

	2010 Rp	2009 Rp
Current Value Defined Benefit Obligation	19,040,854,039	14,891,870,886
Recognized Past Service Cost (Non-Vested)	(3,310,522,860)	(4,361,368,052)
Recognized Actuarial Gain	2,004,821,060	2,350,797,130
Net Liabilities	14,731,852,253	12,681,299,950

	2010 Rp	2009 Rp
Net Liabilities - Beginning of Year	12,681,299,950	10,500,270,404
Current Year Expense	2,915,060,904	2,623,571,157
Benefit Payment	(834,507,101)	(652,472,521)
Net Liabilities - End of Year	14,761,852,253	12,681,299,950

	2010 Rp	2009 Rp
Current Service Cost	818,215,777	761,253,352
Interest	1,175,349,577	1,278,272,641
Recognized Net Actuarial Gain (Loss)	(129,250,736)	(256,541,012)
Past Service Cost (Non-vested)	1,050,546,165	1,050,546,165
Recognized Cost in Profit and Loss	2,915,060,904	2,833,601,157

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c. Pension Fund Program

Funding of pension benefits is made by both employees and the Company with the amount of contributions each 5% and 18% from employee salary on pension program participants. Pension fund is managed by Yayasan Bina Sejahtera Adhi. Participation of employees in this pension plan is voluntary. On December 31, 2010 and 2009 the numbers of employees who are still actively working or retired who follow this program each totaling 492 people and 490 people.

Funding status and cost formed by of these benefits program can be described as follows:

	2010 Rp	2009 Rp
Current Value - Defined Benefit Obligation	(119,578,108,707)	(83,039,239,466)
Fair Value of Asset	118,241,855,824	97,338,852,724
Funding	(1,336,242,973)	(5,249,514,223)
Unrecognized Actuarial Gain	9,020,808,863	1,877,889,139
Net Asset	5,684,623,890	5,637,613,365
	2010 Rp	2009 Rp
Net Asset - Beginning of Year	5,637,613,365	7,952,628,681
Current Year Expense	(90,110,946)	(3,543,983,464)
Contribution	1,137,321,471	1,100,608,138
Net Asset - End of Year	5,684,623,890	5,637,613,365
	2010 Rp	2009 Rp
Current Service Cost	3,350,445,695	2,717,113,411
Interest	1,447,139,160	7,263,333,017
Recognized Net Actuarial Gain (Loss)	-	909,179,218
Expected Return from Asset	(10,707,273,910)	(7,346,240,582)
Recognized Cost in Profit and Loss	80,310,946	3,543,983,464

Calculation of the above actuarial expenses and liabilities is conducted by PT Dian Arthotama. The actuarial assumptions and methods of calculation used to determine the costs that must be established regarding the three programs above benefits are as follows:

1. Calculation method used: the Projected Unit Credit
2. Discount interest rate that is used to calculate the actuarial liability as of December 31, 2010 and 2009 is 8%, respectively
3. Yield interest rate of investment result of program asset: 6%
4. Periodic salary increment rate of 7% per year
5. Mortality table used: Commissioners Standard Ordinary Standard 1998
6. Disability rate: 0.1% per year
7. Normal retirement age is 55 years

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35. Minority Interest in Subsidiaries

a. Minority interest in net assets of Subsidiaries

	December 31, 2010		
	Ownership	Carrying Amount	Carrying Amount
	%	Beginning Balance Rp	Ending Balance Rp
PT Adhi Realty	2.07	2,674,294,103	1,663,731,648
PT Bumi Daya	10.00	3,042,900,536	2,958,073,985
PT Adhicon Persada	1.00	83,722,710	113,653,238
Total		5,998,925,348	6,641,468,441

	December 31, 2009		
	Ownership	Carrying Amount	Carrying Amount
	%	Beginning Balance Rp	Ending Balance Rp
PT Adhi Realty	2.07	2,493,862,456	2,674,294,103
Adhi Cinar L.L.C.	30	5,354,017,529	3,074,424,063
PT Bumi Daya	10.00	3,719,919,558	3,042,900,536
PT Adhicon Persada	1.00	53,566,962	83,722,710
Total		15,520,366,544	9,673,350,212

b. Minority interest in net income (loss) of subsidiaries

	December 31, 2010		
	Ownership	Net Income (Loss)	Income (Loss)
	%	Rp	Rp
PT Adhi Realty	2.07	64,843,120,714	1,186,252,599
Adhi Cinar L.L.C.	0.00	-	-
PT Bumi Daya	10.00	(4,402,890,925)	(463,289,893)
Adhi Multi Power Pte. Ltd.	0.00	-	-
PT Adhicon Persada	1.00	3,796,112,897	37,961,126
Total		54,006,333,366	709,923,732

	December 31, 2009		
	Ownership	Net Income (Loss)	Income (Loss)
	%	Rp	Rp
PT Adhi Realty	2.07	23,884,947,663	482,788,211
Adhi Cinar L.L.C.	30.00	(9,349,553,674)	(2,004,667,062)
PT Bumi Daya	10.00	(3,170,512,421)	(317,161,263)
Adhi Multi Power Pte. Ltd.	0.00	-	-
PT Adhicon Persada	1.00	2,815,574,737	26,165,147
Total		13,850,155,319	(2,605,274,346)

(1) As of December 31, 2010, the Company's largest interest in Adhi Cinar L.L.C. is owned by the Company's subsidiary Adhi Cinar L.L.C. (Persero) Tbk. (Note 35).

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36. Capital Stock

Based on the list of security holders issued by Biro Administrasi Efek Perusahaan (Administration Office of Listed Shares) of the Company, PT Dalindo Entrypoint, the composition of stockholders of the Company are as follows:

Name of Stockholders	December 31, 2010		
	Number of Shares	Ownership %	Total Capital Rp
Government of The Republic of Indonesia	918,680,000	52.26	91,868,000,000
Directors:			
Ir. Bambang Triandono	44,000	0.00	4,400,000
Ir. Supardi, MM	750,000	0.04	75,000,000
Ir. M. Fauzan, MM	4,110,500	0.23	411,050,000
Sub Total	4,904,500	0.27	490,450,000
ABN AMRO Bank N.V	90,000,000	5.12	9,000,000,000
Public (less than 5 %)	743,640,500	42.32	74,364,050,000
Sub Total	1,737,225,500	100.00	173,722,550,000
Treasury Stocks (Note 30)	44,094,500		4,409,450,000
Total	1,801,320,000		180,132,000,000

Name of Stockholders	December 31, 2009		
	Number of Shares	Ownership %	Total Capital Rp
Government of The Republic of Indonesia	918,680,000	52.26%	91,868,000,000
Board of Directors:			
Ir. Supardi, MM	1,750,000	0.10%	175,000,000
Ir. Indrajit Manopo	1,999,500	0.11%	199,950,000
Ir. M. Fauzan, MM	4,236,000	0.24%	423,600,000
Sub Total	7,985,500	0.45%	798,550,000
Fortis Bank (Nederland) NV	100,000,000	5.69%	10,000,000,000
Public (less than 5 %)	730,580,000	41.57%	73,058,000,000
Sub Total	1,737,225,500	100%	173,722,550,000
Treasury Stocks (Note 30)	44,094,500		4,409,450,000
Total	1,801,320,000		180,132,000,000

The capital structure of the Company has been amended several times, lately based on the Decree of Minister of State Owned Entities in the General Meeting of the Extraordinary Shareholders dated November 17, 2003 No. KEP288/MBU/2003 regarding amendment of the Company Articles of Association (Persero), authorized by the Notarial Deed of Imas Fatimah, SH., No. 35 dated November 18, 2003. Authorized capital of the Company become Rp 544,000,000,000 which consists of 5,440,000,000 (full amount) shares at par value of Rp 100 (full amount), has been issued and fully paid by the State of Rp 136,000,000,000. Additional paid-in capital of Rp 68,000,000,000 according to the Deed of Amendment of the Articles of Association stated above were approved by the Minister of Justice and Human Rights of the Republic of Indonesia No. C-28/630/HT.01/04 TH.2003 dated December 3, 2003.

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37. Additional Paid in Capital

Represents the share premium arising through initial public offering of Company after deducting the share issuance costs with details as follows:

	2010 Rp	2009 Rp
Additional Paid in Capital at Issuance 441,900,000 shares with par value:- Rp 100 per share and offering price Rp 103 per share	22,066,000,000	22,066,000,000
Less: Share Issuance Costs	(2,922,368,716)	(2,922,368,716)
Total	19,143,631,284	19,143,631,284

Share Issuance Costs are cost related to the issuance of equity securities. These costs include fees and commissions paid to the underwriter, supporting institutions and professionals in capital markets, and the registration document printing costs, cost of equity securities listing on the stock exchange, as well as promotional costs in accordance with the Decision of the Chairman of the Capital Market Board No. Kep-97/PM/1998 dated May 28, 1996 as amended by Kep-06/PM/2000 dated March 13, 2000, regulations number VIII G.7 of Guidelines for the Preparation of Financial Statements Chapter Equity article Additional Paid-in Capital. Share Issuance Costs derived from the initial public offering in 2004 amounted to Rp 2,922,368,716.

38. Treasury Stocks

	2010 Rp	2009 Rp
Treasury Stock	(4,409,450,000)	(4,409,450,000)
Additional Paid in Capital	(5,340,283,500)	(5,340,283,500)
Total	(9,749,733,500)	(9,749,733,500)

In accordance with Bapepam information disclosure dated October 12, 2008, the Company propose to buy back the Company's shares (Share Buy Back) that have been issued and listed on the Indonesia Stock Exchange as much as 20% (twenty percent) or 360,264,000 (three hundred and sixty million two hundred and sixty four thousand) shares of the issued and fully paid to the allocation of funds amounting to Rp 80,000,000,000 that will be executed gradually within 3 (three) months. The implementation of share repurchases transactions conducted by consideration of Directors of the Company through the Indonesia Stock Exchange. The Company has made a Buy Back (Share Buy Back) from October 12, 2008 to April 22, 2009 of 44,094,500 shares with a total acquisition value of Rp 9,749,733,500. After buying back shares, the number of shares outstanding up to this time into 1,757,225,500 shares.

39. Difference in Value of Restructuring Transactions Between Entities Under Common Control

Represents the excess of book value of the transaction with additional shares ownership of PT Indah Raya Ewi which is originally 80% become 90% as of December 31, 2009 as stated in Notarial Deed of Martin Almus, SH No. 31 dated February 19, 2009. The acquisition was made between entities under common control, thus the difference between Company interest in the net asset/book value at acquisition cost are listed as the difference in value from restructuring transactions between entities under common control.

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40. Retained Earnings

	2010 Rp	2009 Rp
Appropriated		
Beginning Balance	366,689,974,126	306,189,221,633
Addition:		
Retained Earnings	114,628,633,250	60,500,752,543
Ending Balance	481,318,607,376	366,689,974,126

	2010 Rp	2009 *) Rp
Unappropriated		
Beginning Balance	163,082,512,196	79,035,273,562
Reduction (Decreases):		
Current Year Net Income	(89,463,538,611)	(65,629,733,252)
Retained Earnings	(114,628,633,250)	(60,500,752,543)
Cash Dividend	(49,658,900,000)	(20,370,623,752)
Partnership Program with Small Business and Community	(1,242,000,000)	(611,118,713)
Total	187,036,417,557	163,082,512,196

*) As Estimated (Note 58)

Issued by the Resolution of the Annual General Meeting of Shareholders dated June 9, 2010 as stated in the Letter of Notarial Deed No. 175/M/2010 of Dr. A. Paltomuan Pohari, SH., LL.M. Notary Public in Jakarta, determined the use of net income of the Company for fiscal year 2009 and by the Decision of Annual General Meeting of Shareholders on June 11, 2009 as stated in the Letter of Notarial Deed No. 222/M/2009 of Dr. A. Paltomuan Pohari, SH., LL.M. Notary Public in Jakarta, determined net income of the Company for fiscal year 2008 are as follows:

	2009		2008	
	Rp	%	Rp	%
Retained Earnings	114,628,633,250	63.25%	60,500,752,543	74.25%
Cash Dividend	49,658,900,000	30.00%	20,370,623,752	25.00%
Partnership Program with Small Business and Community	1,242,000,000	0.75%	611,118,713	0.76%
Total	165,529,533,250	100.00%	81,482,495,008	100.00%

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41. Revenues

a. Details of revenues by business sectors are as follows:

	2010 Rp	2009 Rp
Construction Services	4,251,835,714,543	7,215,775,139,846
ETC	1,057,915,928,113	968,776,584,885
Rent Income	375,345,335,444	140,081,080,067
Others	135,878,305,539	—
Total	5,674,889,407,616	7,114,813,580,798

	2010 Rp	2009 Rp
Building Construction	7,372,001,401,874	8,698,656,831,841
Construction	5,347,577,919,844	8,131,651,881,000
Total	12,719,579,321,718	16,830,308,712,841

(Details of revenue more than 10% of the total revenues are as follows)

	2010 Rp	2009 Rp
PT Perusahaan Listrik Negara (Persero)	1,008,127,808,049	947,335,857,187
Department of Public Works	579,427,080,903	1,336,851,954,931

b. Details of revenues by customers are as follows:

Related Parties

	2010 Rp	2009 Rp
PT Perusahaan Listrik Negara (Persero)	1,008,127,808,049	947,335,857,187
Department of Public Works	579,427,080,903	1,336,851,954,931
Ministry of Energy	462,000,832,471	527,898,000,798
PT Trans Marga	818,202,988,267	177,356,656,677
House of Representatives	282,000,000,000	151,032,324,650
PT Adira	226,939,864,540	—
Department of Finance	114,469,125,823	102,709,287,812
Department of Transportation	113,800,231,623	283,175,239,144
PT S	22,686,382,851	—
Department of Health	99,316,677,211	197,735,819,679
PT Pembangunan Perumahan dan Air	92,542,081,775	—
PT Angkasa Pura (Persero)	84,788,812,000	385,502,424,611
Others (each below Rp 5 Billion)	574,464,824,725	120,465,627,834
Sub Total	4,977,443,922,879	4,036,889,457,495

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Third Parties

	2010 Rp	2009 Rp
PT Pual Prima Sibero	118,013,607,468	118,027,885,480
PT Total KPR Indonesia	108,912,282,842	118,100,720,038
PT USA-ISM	108,280,001,675	—
PT Cakrawala Bumiindo	101,570,834,411	—
PT Semesta Mega Raya	94,891,738,030	1,292,072,443,722
PT Mega Graha Jaya	65,140,384,078	132,215,665,021
PT Bona Valaya Ombing	52,405,530,194	135,856,843,037
PT Chevron Pacific Indonesia	43,568,860,737	250,801,043,026
Calas Transmarga (a)	8,373,763,674	153,123,803,643
Other (each below Rp 5 Billion)	917,025,550,005	1,475,328,504,643
Sub Total	1,587,936,784,748	3,678,127,123,343
Total	5,574,880,407,918	7,714,613,580,718

42. Cost of Revenues

	2010 Rp	2009 Rp
Depot/terminal/warehouse	3,724,220,795,301	6,607,785,480,599
ERC	960,002,083,517	244,510,389,258
Rest Estate	182,783,066,521	106,835,480,683
Others	128,342,261,539	—
Total	4,964,348,195,778	7,059,134,334,802

43. Profit From Joint Operation

	2010 Rp	2009 Rp
Subsidiary follows:		
JO Adh - Duta (Pty. Road Taxway B. Klatencom)	11,789,448,955	9,022,004,295
JO Adh - KP - WKA (Pty. Pomb. Nadi Stadium INWH)	13,465,881,201	5,528,951,100
JO Adh - Waskita (Pty. Benjengpala Barrage L. RSD II)	5,894,223,573	6,586,504,100
JO Adh - PP (Pumping Station)	4,122,783,302	—
JO Adh - Waskita (EBL-02 stage 2)	3,918,023,200	—
JO Adh - Ansh. Naga / KSA / Top Surabayan	3,027,673,211	—
JO Adh - Wijaya - Waskita (Prov. USUP II)	2,787,884,939	111,316,809
JO Adh - Ruanah Sakti Pual. Pertamina (RSPP)	2,072,889,811	—
JO Adh - Waskita - Wika (Jor. Waj)	1,806,148,921	2,340,170,364
JO Adh - Wika (Pembongkaran Bentul)	1,762,681,840	—
JO Adh - Posenkoning (Bendara Manaji)	1,579,636,037	—
JO Adh - Duta (Pty. & Waskita, Joring)	1,407,605,207	344,063,064
JO Adh - Duta KRI (Jn. Bendara Kumborong)	1,325,755,400	1,504,842,369
JO Adh - Pineda Sankitaya (SIC-Surabaya)	1,228,429,530	—
JO Adh - Waskita - Klaten (Pomb. Jambak Klaten II)	1,100,795,577	1,469,301,309
JO Adh - Tepal Gana (Pty. & Jn. Klatencom)	1,126,035,004	—
JO Adh - Posenkoning - RCK (Pty. & Bona-Pemayuan II)	1,030,332,171	3,091,168,371
Other (each below Rp 1 Billion)	1,032,045,050	67,472,031,410
Profit from Joint Operations	58,478,145,306	26,401,480,417

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Profits from Joint Operations for the year ended December 31, 2010 and 2009 amounted to Rp 58,478,145,306 and Rp 96,401,442,417, respectively with total sales from joint operations amounting to Rp 652,251,320,810 and Rp 1,164,743,261,630, respectively with contract costs amounting to Rp 793,773,176,504 and Rp 1,088,341,812,213, respectively.

The details of joint projects in 2010 and 2009 are as follows:

No.	Description	Parties	Portion	Status
(1)	Procurement Project of Gas 3 leg Tube	PT Adhi Karya - PT Garuda	85% - 15%	PHC
(2)	Project Suramadu Bridge	PT Wijaya Karya, PT Himpasa Karya, PT Adhi Karya - PT Waskita Karya	25 % - 25 % - 25 % - 25 %	On Going
(3)	Project Rigid Taxiway Kualananda	PT Adhi Karya - PT Duta Gajah	60% - 40%	PHC
(4)	Damaga Perbaikan	PT Adhi Karya - PT Sakti Muli Utama	60% - 40%	On Going
(5)	Lower Sola River Improvment Project (LSRIP) Phase-2, Bojonegara Bridge (Package 3 & 1)	PT Adhi Karya - PT Waskita Karya	50% - 50%	On Going
(6)	Main Stadium UNRI	PT Adhi Karya - PT Pembangunan Perumahan PT Wijaya Karya	31% - 69% 70%	On Going
(7)	Project Pbk. Bangi Sula - EB170	PT Adhi Karya - PT Yasa Perkasa	55% - 45%	PHC
(8)	Project Tunggal Bogawan Solo-CEPU	PT Adhi Karya - PT Waskita Karya	100% - 0%	PHC
(9)	Project Jh. Bamu-Pam-Pam II	PT Adhi Karya - PT Pasackwang - PT Berman Cak	100% - 0% 30%	On Going
(10)	Pembangunan Bontungan Sei Ular	PT Adhi Karya - PT Waskita Karya - PT Wijaya Karya	54% - 20% 26%	PHC
(11)	Project Damaga Maklayati	PT Adhi Karya - PT Sakti	80% - 20%	PHC
(12)	Project Jh. Watang (Gard)	PT Adhi Karya - PT Sankas Sam - PT Sora Traning Construction	85% - 15% 20%	PHC
(13)	Project Jh. Kaniwang By Pms	PT Adhi Karya - PT Waskita Karya - PT Pembangunan Perumahan	34% - 33% 33%	On Going
(14)	Project Jh. J 2	PT Waskita Karya - PT Adhi Karya - PT Himpasa Karya	35 % - 35 % 25 %	PHC
(15)	Barji Kanal Tamsato	PT Adhi Karya - PT Inpakasa Aminda	80% - 20%	On Going
(16)	Project Sijorong - Toba - Lanyra	PT Adhi Karya - PT Metro Leuprizama	60% - 40%	On Going
(17)	Project Jh. Surtana-Wilimeling	PT Adhi Karya - PT Sakti Kalana Bakti	70% - 30%	PHC

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No	Description	Partners	Portion	Status
(18)	Project Jln. Kibon-Ayamoru	PT Adhi Karya PT Dharma Energi Surya Nawa Pura	73% - 27%	PHD
(19)	Project Masjidul Tahir	PT Adhi Karya - PT Widi	55% - 45%	PHD
(20)	Project J. Dermaga Penyekangan Dinding Bay II Tg. IV	PT Adhi Karya - PT Sana Maya	55% - 45%	On Going
(21)	Project J. Pantura - J. Tarung - Cirebon	PT Adhi Karya - PT KADI	80% - 20%	On Going
(22)	Pembangunan Jalan WAJO - Paremuan	PT Adhi Karya - PT Pinarisa Jaya - PT Karya Pura Pura	45% - 20% 35%	On Going
(23)	Project J. Amponan - Senggol	PT Adhi Karya - PT Karna Karya	50% - 50%	On Going
(24)	Project J. Hauri-Luang	PT Adhi Karya - PT Basa Pura	51% - 49%	PHD
(25)	Project Keron Bandara Sam Rabiwangi	PT Adhi Karya - PT Cika Karya Perkasa	70% - 30%	PHD
(26)	Project Tangga Padang Mampai	PT Adhi Karya - PT Pasirwang	55% - 45%	PHD
(27)	Project Cadung Kaur KPDRP Makasar	PT Adhi Karya - PT Pasirwang	75% - 25%	PHD
(28)	Project KCP II Portuak	PT Adhi Karya - PT KADI	30% - 70%	On Going
(29)	Project J. Nari-Muari	PT Adhi Karya - PT Galaksi Pura Pura	75% - 25%	On Going
(30)	Project J. Kota Pajang	PT Adhi Karya - PT Waskita Karya	75% - 25%	PHD
(31)	Project QSDP II	PT Adhi Karya - PT Wijaya Karya - PT Waskita Karya	37,5% - 25% 25%	On Going
(32)	Project J. Trangul-Kudus-Pali	PT Adhi Karya - PT Wijaya Karya - PT Dasa Graha Indon - PT Pembangunan Perumahan	25% - 25% 25% - 25%	PHD
(33)	Project J. Binar - Mamah	PT Adhi Karya - PT Kila Pura Jaya Karya	70% - 30%	PHD
(34)	Project Dawakwang	PT Adhi Karya - PT Minda Abnaya - PT Gula Karya	40% - 30% 20%	PHD
(35)	Pembangunan Jarak Perumahan - Jarak System Work	PT Adhi Karya - PT Pembangunan Perumahan	55% - 45%	On Going
(36)	Project Apartemen Salomba	PT Adhi Karya - PT Esen Capital Indonesia	30% - 70%	On Going
(37)	Project Indar Bakaw	PT HCL - PT Adhi Karya	60% - 40%	On Going
(38)	Project SSG Surabaya	PT Adhi Karya - Pemas Surabaya	50% - 50%	PHD
(39)	Project Rumah Saku Panti Perumahan	PT Adhi Karya - RSP		PHD

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No	Description	Partner	Portion	Status
(47)	Project STIS Tanah B	PT Adhi Karya / PT Remaja Karya (Persero)	45% - 55%	PHD
(48)	Project Hambatan 2ndal	PT Adhi Karya / PT Wajaya Karya	70% - 30%	On Going
(49)	Project PSU Maj Sauraya	PT Adhi Karya / PT Arta Kaya	90.00% - 10.00%	PHD
(50)	Project Pampang Sibuan	PT Adhi Karya / PT Prabawati (Persero)	55% - 45%	On Going
(51)	Project Gasing Deepa	PT Adhi Karya / PT Arta Karya / PT Modern Surabaya	40% - 50% - 10%	PHD
(52)	Project Pring Subanda	PT Waskita Karya / PT Adhi Karya	70% - 30%	On Going
(53)	Project Inggil Gedung F 12	PT Adhi Karya / PT Hasmikarya / PT Sigma	40% - 50% - 10%	On Going
(54)	Project Agrom Jamb Rotulangi 2	PT Adhi Karya / PT Citra Karya Pasaribu	51% - 49%	PHD
(55)	Project Dik Wawatali P 2	PT Adhi Karya / PT Nelaya Karya	50% - 50%	On Going
(56)	Project PIP Makassar 2010	PT Adhi Karya / PT Pulera Jaya	50% - 50%	PHD
(57)	Project EBL-02 Stage 2	PT Adhi Karya / PT Waskita Karya	51% - 49%	On Going
(58)	Project A 55 Karawang	PT Adhi Karya / PT Tegal Sari	75% - 25%	On Going

44. Operating Expenses

	2010 Rp	2009 Rp
Personnel Expenses	127,424,653,109	119,091,515,541
General Expenses	64,673,311,380	68,342,156,530
Marketing Expenses	16,975,162,082	16,688,716,383
Depreciation Expenses	9,152,804,114	10,938,450,174
Total	218,225,930,685	215,058,844,608

Personnel expenses comprise salaries, honorariums, incentives, bonuses, wages, severance, social benefits, THR, THR, the cost of employee transfers, nursing costs, long-term benefits expense and Income Tax 21 of the employees which are entirely charged to the Company.

General expenses comprise stationeries, electricity, telecommunications, household supplies, consumptions, business meeting, business travel, insurance, PBB, vehicle taxes, contributions/other levies, stamp duties, education expenses, development and training and service costs of third parties or any other general expenses.

Marketing expenses include the auction, promotional or advertising expenses, entertainment expenses, representation expenses, and other marketing expenses.

Depreciation expense represents depreciation of property and equipment used by the Central Office and the Division of Operations and Subsidiaries Company.

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45. Interest Income

Interest income represents interest income on time deposits, interest on bank current accounts and other interest for the year ended December 31, 2010 and 2009, each amounting to Rp 13,527,619,033 and Rp 2,400,749,640.

46. Interest and Financial Charges

	2010 Rp	2009 Rp
Interest Expense		
Interest Expense of Bank Loan	57,312,461,483	57,545,979,600
Interest Expense of Bonds Payable & Issued	54,999,999,906	54,999,999,996
Subtotal Interest Expense	112,312,461,479	112,545,979,596
Other Financial Charges	25,329,113,114	25,444,789,651
Total	137,641,574,593	137,990,769,247

Other Financial Charges are provision fees and bank charges on loans of Bank Mandiri, Bank Syariah Mandiri, Bank Mega, Bukopin and Bank Permata, provision expense, administration & LTC interest and interest expense under capital leases.

47. Allowance for Impairment of Receivables

	2010 Rp	2009 Rp
Account Receivable (Note 5)	11,164,362,029	8,116,888,435
Retention Receivable (Note 6)	3,214,017,558	463,858,381
Other Receivable to Third Parties	78,752,901,085	47,242,960,856
Total	93,131,280,672	55,823,707,672

48. Other Charges – Net

In 2010 net other charges of Rp 12,357,260,021, mainly represent the imposition of losses on bankrupted receivables amounting to Rp 22,409,560,199 and other income of the Division of Operations (Note 5).

In 2009 net other charges amounting to Rp 78,915,508,491, mainly represent the imposition of implementation guarantees of Citar project amounting to Rp 89,761,885,800 (Note 13) and net rental income Rp 5,879,579,379.

49. Earning Per Share

Income from operations and net income for the calculation of basic earning per share is as follows:

	2010 Rp	2009 Rp
Net income	189,463,635,611	104,128,749,367

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The number of shares based on weighted average of outstanding shares for the calculation of basic earning per share are number of shares as of December 31, 2010 and 2009 amounted to 1,757,225,500 shares.

	2010 Rp	2009 Rp
Basic Earning per Share	107.63	94.61

At balance sheet date, the Company has no dilutive potential ordinary shares.

50. Monetary Assets and Liabilities in Foreign Currencies

Accounts	December 31, 2010		
	US Dollar	Yen Jepang	Rial Oman
Assets			
Cash and Cash Equivalent	2,555,711	85,633	-
Accounts Receivable	32,875,408	-	-
Gross Amount Due from Customer	3,611,780	-	-
Other Receivables from Related Parties	2,413,593	-	-
Total Assets	41,454,392	85,633	-
Liabilities			
Accounts Payable to Third Parties	11,831,535	-	-
Bank Loan	15,910,356	-	-
Other Liabilities	27,741,955	-	-
Net Assets	13,712,437	85,633	-
Accounts	December 31, 2009		
	US Dollar	Yen Jepang	Rial Oman
Assets			
Cash and Cash Equivalent	2,985,489	65,291	4,31,600
Accounts Receivable	7,040,886	-	-
Retention Receivables	5,445,743	-	1,410,516
Gross Amount Due from Customer	39,031,334	-	6,416,739
Other Current Assets	6,587,733	-	1,408,600
Total Assets	54,576,445	65,291	6,110,117
Liabilities			
Accounts Payable to Third Parties	12,483,547	-	3,308,431
Bank Loan	-	-	3,398,600
Total Liabilities	12,483,547	-	6,707,031
Net Assets	44,093,301	65,291	2,708,134

(transcribed in Real Oman Currency is - since Adhi Oman LLC was not consolidated anymore since June 30, 2010 (Note 19))

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51. Segment Information

a. Primary Segment

The following are segment information based on business segment:

	December 31, 2010				Consolidated Rp
	Constructions Rp	EPC Rp	Real Estate Rp	Others Rp	
Net Income:	4,123,858,774,941	1,051,819,924,311	225,348,805,444	138,078,139,519	5,539,046,643,215
Profit from Joint Operation	61,121,888,188	(3,080,803,817)	(203,244,833)	—	57,838,040,538
Operating Expenses	2,900,503,057,250	886,601,647,719	159,291,387,607	138,078,613,381	5,171,254,695,957
(Unallocated Operating Expenses)	—	—	—	11,369,388,475	11,369,388,475
Income from Operation	—	—	—	—	550,634,825,461
Other Revenue (Expense) - Unallocated	(169,108,705,980)	(19,074,838,833)	(8,219,527,080)	(228,753,089)	(196,932,022,942)
Other Revenue (Expense)	(407,181,450,588)	—	—	—	(407,181,450,588)
Income before tax	—	—	—	—	370,878,846,729
Tax Benefit (Expense)	—	—	—	—	—
Current Year	(113,050,320,288)	(5,071,461,838)	(9,077,329,279)	(5,228,329,403)	(122,427,480,739)
Deferred	(5,216,425)	—	(2,714,576,081)	—	(2,719,792,506)
Net Income before Minority Interest	—	—	—	—	580,193,562,243
Minority Interest Income (Expense)	—	—	—	—	(110,973,732)
Net Income	—	—	—	—	185,463,638,611

	December 31, 2009				Consolidated Rp
	Constructions Rp	EPC Rp	Real Estate Rp	Others Rp	
Segment Asset:	2,121,289,389,435	702,048,888,885	881,883,088,885	331,081,264,464	3,726,412,211,000
Investment & Associated Company	—	—	—	—	—
Unallocated Asset	6,159,275,896,875	—	—	—	6,159,275,896,875
Total Asset	—	—	—	—	9,885,688,107,875
Segment Liability:	1,944,811,470,773	683,771,655,119	876,947,088,885	228,772,245,920	3,734,362,460,697
Investment & Associated Company	1,377,804,980,076	—	—	—	1,377,804,980,076
Unallocated Liability	—	—	—	—	—
Total Liability	—	—	—	—	3,869,941,320,781

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	Contributions Rp	EPC Rp	Real Estate Rp	Others Rp	Consolidated Rp
Net Revenue	7,215,775,128,845	354,776,054,485	140,061,426,467	-	7,710,612,609,797
Profit from Joint Operation	70,073,716,373	26,729,953,817	(462,281,873)	-	96,520,388,317
Operating Expenses	3,858,076,085,292	340,490,678,259	119,634,794,837	-	4,318,201,558,388
Unallocated Operating Expenses	-	-	-	1,009,882,279	(1,009,882,279)
Income from Operation	-	-	-	-	336,812,359,436
Other Revenue (Expense)	(109,005,330,430)	694,661,113,810	(4,803,440,919)	-	(74,143,657,539)
Un-Matched	-	-	-	-	-
Other Revenue (Expense)	1,125,171,350	-	-	-	1,125,171,350
Income before tax	-	-	-	-	331,773,249,406
Tax Expense (Credit)	-	-	-	-	-
Current Year	(141,089,103,820)	(9,881,881,228)	(8,007,703,488)	-	(159,978,688,536)
Deferred	(12,802,443,031)	-	473,923,647	-	(12,328,519,384)
Real Income Taxless Minority Interest	-	-	-	-	102,912,758,566
Minority Interest Income	-	-	-	-	-
Subsidiaries	-	-	-	-	3,675,914,346
Net Income	-	-	-	-	163,226,733,752
	Contributions Rp	EPC Rp	Real Estate Rp	Others Rp	Consolidated Rp
Segment Asset	1,035,728,781,110	300,576,677,522	310,258,864,660	-	1,646,564,323,292
Investment in Associated Companies	-	-	-	-	-
Unallocated Asset	1,882,736,380,293	-	-	-	1,882,736,380,293
Total Asset	-	-	-	-	3,529,300,703,585
Segment Liabilities	2,105,114,386,054	775,728,180,646	(31,070,762,000)	-	2,849,072,604,699
Unallocated Liabilities	1,715,567,495,820	-	-	-	1,715,567,495,820
Total Liabilities	-	-	-	-	4,564,640,100,519

i) Secondary Segment

The following table shows the distribution of all revenue, net income and assets of the Company and its subsidiaries Company by geographical

	December 31, 2010		
	Java Rp	Outside Java Rp	Consolidated Rp
Net Revenue	2,643,748,893,541	2,031,220,708,177	5,674,969,601,718
Net Income	817,581,475,356	(23,197,836,746)	794,383,638,610
Assets	2,544,149,454,992	2,383,540,747,285	4,927,690,202,277
	December 31, 2009		
	Java Rp	Outside Java Rp	Consolidated Rp
Net Revenue	8,007,243,713,810	1,707,369,868,865	9,714,613,582,675
Net Income	125,164,863,144	40,166,080,105	165,330,943,249
Assets	3,440,690,651,551	1,188,473,403,517	4,629,164,055,068

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Related Parties	Nature of Relationship	Transactions
PT Tasikempura Srikita	idem	Accounts Receivable/Retention Receivable/ Gross Amount Due From Customers/Revenue
PT Wadika Karya (Persero)	idem	Accounts Receivable/Retention Receivable/ Gross Amount Due From Customers/Revenue
Galena (Tasikempura Srikita) (Persero)	idem	Accounts Receivable/Retention Receivable/ Gross Amount Due From Customers/Revenue
STAIR Maling	idem	Accounts Receivable/Retention Receivable/ Gross Amount Due From Customers/Revenue
UMJ Samudra Pondsari	idem	Accounts Receivable/Retention Receivable/ Gross Amount Due From Customers/Revenue
UMJ Samudra Kencana	idem	Accounts Receivable/Retention Receivable/ Gross Amount Due From Customers/Revenue
UMJ Samudra Indragiri - Nendari	idem	Accounts Receivable/Retention Receivable/ Gross Amount Due From Customers/Revenue
UMJ Bering	idem	Accounts Receivable/Retention Receivable/ Gross Amount Due From Customers/Revenue
PT Wijaya Karya Beton	idem	Account Payable
PT Pembangunan Pannajawa (Persero) (Persero) (Kalya)	idem	Account Payable/Accounts Receivable
PT Wadika Karya (Persero)	idem	Account Payable/Accounts Receivable
PT Wijaya Karya (Persero) Tbk.	idem	Account Payable/Accounts Receivable
PT Bakti Adiprta (Persero)	idem	Account Payable/Accounts Receivable

Details of items related to transactions with Related

Asset

	2010 Rp	2009 Rp	2010 %	2009 %
Cash and Cash Equivalent	201,294,055,475	180,537,425,894	4.05	3.79
Temporary Investment	1,351,024,550	117,163,300	0.03	0.00
Accounts Receivables	812,908,506,088	352,427,308,521	12.44	7.15
Retention Receivables	179,261,010,174	147,031,440,533	3.84	2.98
Gross Amount Due from Customer	867,230,973,657	864,937,448,765	17.80	10.58
Investment in Joint Operations	27,086,462,046	2,930,092,820	0.55	0.06
Restricted cash	4,294,093,202	2,092,476,881	0.09	0.04

The percentage above represent comparison with the total assets

Liability

	2010 Rp	2009 Rp	2010 %	2009 %
Accounts Payable	40,245,706,913	128,135,237,843	1.39	2.80
Bank Loan	254,037,012,180	134,086,623,110	5.10	2.73

The percentage above represent comparison with the total assets

	2010 Rp	2009 Rp	2010 %	2009 %
Revenue	4,077,443,822,871	4,018,386,457,895	71.85	52.12

The percentage above represent comparison with the total revenues

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53. Commitments

No.	Name of Project	Contract Value Full Amount of Rupiah	Employer	Date	
				Start	End
1	Rebuilding Bontol	880,180,880,734	Kementerian Perairan Dan Kelautan	18/1/2010	31/12/2012
2	SCB Cerdasbang Gedung	850,880,000,000	Perencanaan Daerah Provinsi	19/08/2009	28/12/2011
3	Remaja Teak - Jombang	854,980,000,000	PT Pabrikas	28/12/2010	28/12/2011
4	OS-RUMAH P1 CP	220,210,701,918	PT CPM	11/04/2010	22/04/2014
5	Ply Over Sialar	118,460,431,818	Kementerian Kelautan Dan Perikanan	2/11/2010	1/10/2012
6	Intensifikasi Perikanan	950,210,000,000	Departemen Kelautan Dan Perikanan	14/12/2010	15/12/2011
7	Perikanan Cemerlang	118,881,434,000	Kementerian Kelautan Dan Perikanan	05/07/2010	2/10/2011
8	RSK/RSK Jember	903,460,900,000	RSK Jember	01/10/2010	01/10/2011
9	Rekonstruksi Bontol	85,947,173,924	Kementerian Kelautan Dan Perikanan	27/05/2010	2/10/2011
10	Ply Over Pekanbaru	81,080,100,548	Kementerian Kelautan Dan Perikanan	28/12/2010	1/10/2012
11	Rekonstruksi Bontol	80,907,784,074	Kementerian Kelautan Dan Perikanan	28/09/2010	28/12/2012
12	Rekonstruksi Bontol	73,202,072,729	Kementerian Kelautan Dan Perikanan	14/07/2010	1/10/2011
13	Rekonstruksi Bontol	71,254,302,038	PT Cemerlang Dan Perikanan	24/04/2010	1/10/2011
14	Rekonstruksi Bontol Dan Perikanan Dan Kelautan	81,400,000,754	PT Cemerlang	27/04/2010	28/12/2011
15	Rekonstruksi Bontol Dan Perikanan	50,972,100,172	Departemen Kelautan Dan Perikanan	01/07/2010	28/12/2011
16	Rekonstruksi Bontol Dan Perikanan	50,545,544,544	PT Cemerlang Dan Perikanan	1/10/2010	28/12/2011
17	Rekonstruksi Bontol Dan Perikanan	84,728,308,811	Departemen Kelautan Dan Perikanan	08/10/2010	01/10/2011
18	Rekonstruksi Bontol Dan Perikanan	53,288,281,818	Kementerian Kelautan Dan Perikanan	14/02/2010	1/12/2011
19	Rekonstruksi Bontol Dan Perikanan	71,812,388,011	Perencanaan Daerah Provinsi	28/02/2010	01/10/2011
20	Rekonstruksi Bontol Dan Perikanan	48,871,117,195	Kementerian Kelautan Dan Perikanan	08/04/2010	01/10/2011

54. Financial Risk Management

a. Classification of Financial Assets and Liabilities

	2010 Rp	2009 Rp
Financial Assets:		
Cash and Cash Equivalents	242,117,620,949	305,902,360,957
Loan and Receivables	3,414,835,561,320	3,529,133,331,503
Total	3,656,954,182,269	4,127,035,992,860
Financial Liabilities:		
Financial Liabilities at amortized cost	3,210,892,635,012	3,877,957,078,705

The difference between the fair value and carrying value at December 31, 2010 was not significant.

b. Risk Management Policy

Business of the Company and its subsidiaries include risk - taking activities with certain target by professional management. The main function of the risk management of the Company and its subsidiaries is to identify all key risks, to measure these risks and manage risk positions. The Company and its subsidiaries are routinely reviewing the policy and risk management systems to adapt to changes in markets, products and best market practices.

The Company and its subsidiaries define financial risk as the possibility of loss or lost profit, caused by internal factors as well as external factors that potentially negative impact on achievement of Company goals.

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The purpose of the Company and its subsidiaries in managing financial risks is to achieve an appropriate balance between risk and returns and minimize potential adverse effects of the financial performance of the Company.

The main financial risks facing by the Company and its subsidiaries are credit risk, interest rate risk, liquidity risk, foreign currency exchange rates and the risk of changes in government policy, socio – economic and political conditions. Attention to this risk management has increased significantly by considering changes and financial market volatility in Indonesia and internationally.

(i) Credit Risk

Credit risk is the loss arising from customers who fail to meet their contractual obligations.

The Company's financial instruments that have the potential for credit risk consist of cash and cash equivalents, accounts receivable, gross receivables, retention receivable and other receivables. Total maximum credit risk exposure equal to the carrying value of these accounts. The details of aging of business receivables can be found in Note 5 c.

On December 31, 2010 business receivables of the Company is not concentrated on certain customer (Note 5 b).

The Company and its subsidiaries manage credit risk by setting limits of the amount of acceptable risk for each customer and are more selective in the choice of banks and financial institutions, which only reputable and well predicted banks and financial institutions are chosen.

(ii) Interest Rate Risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument fluctuate due to changes in market interest rates.

The Company and its subsidiaries had short – term borrowings and long-term fixed and floating interest rates. The interest rate is quite high and there is a higher likelihood of interest rate affect the Company and its subsidiaries.

Following is details of financial liabilities based on this type of interest rate:

	2010 Rp	2009 Rp
Financial Liabilities:		
Fixed Interest Rate	499,258,167,588	498,755,243,349
Floating Interest Rate	344,032,612,798	353,740,540,321
Total	843,330,780,685	852,495,683,670

The impact of interest rate movements in the market is not significant.

The Company and its subsidiaries manage interest rate risk through loans combination of fixed interest rate and right floating and supervision of the impact of interest rate movements to minimize the negative impact on the Company and its subsidiaries. The Company and its subsidiaries will closely monitor interest rate movements in the market and when interest rates increased significantly, then the Company will negotiate interest rates with the lenders.

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56. Reclassification of Accounts

Certain accounts in the financial statements for 2009 have been reclassified to conform to the presentation of financial statements for 2010 for comparison purposes with the following details:

	Before Reclassification Rp	After Reclassification Rp
Balance Sheet		
Current Assets		
Accounts Receivable		
Related Parties	352,427,306,521	379,121,000,521
Third Parties	983,863,403,087	853,959,642,007
Short Amount Due from Customers	341,896,295,290	742,527,700,936
Inventories	510,173,578,800	173,037,942,052
Non-Current Assets		
Other Receivable from Third Parties	—	111,886,873,416
Real Estate Assets	—	250,110,522,639
Fixed Assets -Net	129,123,294,785	346,434,350,456
Investment in Joint Operations	83,976,374,684	138,983,113,621
Investment in Stocks	21,545,255,160	5,432,116,226
Unimproved Land	—	23,396,325,957
Investment in Progress	115,106,096,671	—
Warranties	3,933,327,527	—
Other Assets	1,950,564,629	1,883,809,140
Current Liabilities		
Advance Payment Received	346,556,574,220	609,517,520,004
Unearned Revenues	84,985,048,553	32,670,395,989
Other Current Liabilities	69,516,995,080	48,348,490,636
Non-Current Liabilities		
Residential Payables - Long term	—	10,631,637,990
Other Payables - Third Parties	—	25,281,205,708
Other liabilities - Long Term	14,782,419,075	—
Total	3,906,332,685,020	3,906,332,685,020

57. Statement of Standard of New Financial Accounting

In 2006, Indonesian Institute of Indonesian Accountants issued some Statement of Financial Accounting Standards ("SFAS"). The standard which will affect the Company's accounting policy is SFAS No. 55 on Financial Instruments and SFAS-50 on Presentation of Financial Instruments. Currently, the Company has applied this standard to the financial statements in 2010.

Revised SFAS, which became effective on or after January 1, 2011 as follows:

- SFAS 1 (Revised 2009) "Presentation of Financial Statements"
- SFAS 2 (Revised 2009) "Statement of Cash Flow"
- SFAS 3 (Revised 2010) "Interim Financial Report"
- SFAS 4 (Revised 2009) "Consolidated and Separate Financial Statements"
- SFAS 5 (Revised 2009) "Operating Segments"
- SFAS 7 (Revised 2010) "Disclosure of Related Parties"

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- SFAS 8 (Revised 2010) "Subsequent Events"
- SFAS 12 (Revised 2009) "The Part of Participation in Venture"
- SFAS 15 (Revised 2009) "Investment of Association Entity"
- SFAS 19 (Revised 2010) "Intangible Assets"
- SFAS 22 (Revised 2010) "Business Combination"
- SFAS 23 (Revised 2010) "Revenue"
- SFAS 25 (Revised 2009) "Accounting Policy of Change Accounting Estimation"
- SFAS 48 (Revised 2009) "Impairment of Assets"
- SFAS 57 (Revised 2009) "Provisions, Contingent Liabilities and Contingent Assets"
- SFAS 58 (Revised 2009) "Non Current Assets that Owned for Sold and Stoppage Operation"
- IFAS 7 (Revised 2009) "Special Purpose Entities"
- IFAS 9 "Changes on Liabilities of Post-Operation, Restoration, and Similar Liabilities"
- IFAS 10 "Customer Loyalty Programs"
- IFAS 11 "Distribution of Owner's Non Cash Assets"
- IFAS 12 Revised 2009) "The Part of Participation in Joint Venture"
- IFAS 14 "Intangible Assets-Cost of Website"
- IFAS 17 "Interim Financial Report and Impairment"

58. Restatement of Consolidated Financial Statements

Due to implementation of SFAS 16 (Revised 2007) "Property Plant and Equipment", the Management have reclassified Fixed Assets Revaluation Reserve to Retained Earning which was adopted in 2010. The reclassification should be effectively adopted in 2008, thus the consolidated financial statements for the years ended December 31, 2009 and 2008 have been restated.

The changes on restatement of consolidated financial statements for the year ended December 31, 2009 for comparison, are follows:

	Before Restated Rp	After Restated Rp
Fixed Assets Revaluation Reserve as of January 1, 2009	904.419.699	
Fixed Assets Revaluation Reserve as of December 31, 2009	904.419.699	
Retained Earning as of January 1, 2009	346.920.075.856	345.224.496.525
Retained Earning as of December 31, 2009	528.868.065.673	529.772.486.373

59. Subsequent Events

There was no significant important event after the balance sheet date that should be disclosed in the notes to financial statements.

60. Management Responsibility for the Consolidated Financial Statements

Management is responsible for preparing the consolidated financial statements as of December 31, 2010, approved by management on March 14, 2011 and May 25, 2011.



beyond construction

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