

# **PT HEXINDO ADIPERKASA Tbk**

## **Financial Statements**

**For First Quarter ended June 30, 2010 and 2009.**

**(in US Dollars)**

**PT HEXINDO ADIPERKASA Tbk**  
**FINANCIAL STATEMENTS**  
**FOR FIRST QUARTER ENDED JUNE 30, 2010 AND 2009**

**Table of Contents**

Balance Sheets .....	1-2
Statements of Income .....	3
Statements of Changes in Equity .....	4
<i>Statements of Cash Flow</i> .....	5
Notes to the Financial Statements .....	6-36

**PT HEXINDO ADIPERKASA Tbk.**  
**BALANCE SHEETS**  
**June 30, 2010 and 2009**  
**(Expressed in US Dollars, unless Otherwise Stated)**

**ASSETS**

	Notes	2010	2009
<b>CURRENT ASSETS</b>		US\$	US\$
Cash on hand and in banks	3	28,281,760	11,318,323
Receivables			
- Third parties ( Net of allowance for doubtful accounts of US\$ 2.725.495 as of June 30, 2010 and US\$ 2.066.753 as of June 30, 2009)	2b,4	67,232,538	37,723,510
- Related parties	2c,5a	5,600,296	423,950
- Finance lease receivables - current portion	2i, 6	406,564	6,800,604
- Other receivables - third parties	7	90,465	33,240
Inventories	2d,8	93,039,426	94,549,013
Advance payment	10	492,717	5,439,975
Prepaid expenses	2e	560,870	337,888
Prepaid Taxes	9	2,738,721	4,061,195
<b>TOTAL CURRENT ASSETS</b>		<b>188,443,356</b>	<b>160,696,697</b>
<b>NON CURRENT ASSETS</b>			
Due from related parties	2c,5b	314,951	295,921
Investment in shares of stock	2f	4,579,765	1,588,142
Finance lease receivables - long term portion	2i, 6	-	935
Estimated claim for tax refund	9	2,558,572	1,284,215
Deferred tax assets - net	2o,16	2,100,279	1,780,715
<b>Fixed Assets</b>			
Acquisition cost	2g, 11	49,652,176	45,853,464
Accumulated Depreciation	2g, 11	(20,996,722)	(18,539,170)
<b>Net - Book Value</b>		<b>28,655,453</b>	<b>27,314,294</b>
<b>Other assets</b>	2g	<b>197,471</b>	<b>528,498</b>
<b>Total Non-Current Assets</b>		<b>38,406,492</b>	<b>32,792,720</b>
<b>TOTAL ASSETS</b>		<b>226,849,849</b>	<b>193,489,417</b>

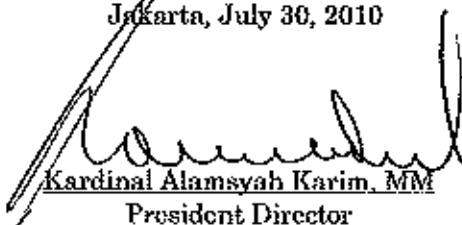
*The accompanying notes form an integral part of these financial statements.*

**PT HEXINDO ADIPERKASA Tbk.**  
**BALANCE SHEETS**  
**June 30, 2010 and 2009**  
**(Expressed in US Dollars, unless Otherwise Stated)**

**LIABILITIES AND EQUITY**

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		US\$	US\$
<b><u>CURRENT LIABILITIES</u></b>			
Short-term bank loans	12	-	46,000,000
Trade payables			
- Related parties	2c,5c	76,329,587	31,470,647
- Third parties	13	5,522,064	4,023,693
Other payables			
- Related parties	2c,5d	1,262,550	1,014,351
- Third parties	14	9,463,645	4,751,099
Accrued expenses	15	12,493,376	7,893,043
Taxes payables	16	4,586,081	2,902,747
Dividend payables	23	-	10,844,064
<b><u>Current maturities of long term liabilities:</u></b>			
Bank loans	17	3,082,800	2,182,668
Finance lease obligation	18	6,221	44,991
Other payables	19	350,987	4,933,251
Estimated liability for employees' benefits	20	6,821	66,883
<b>Total Current Liabilities</b>		<b>113,104,132</b>	<b>115,227,437</b>
<b><u>NON CURRENT LIABILITIES</u></b>			
Derivative instrument payables	2m, 30f	12,506	474,430
<b><u>Long-term liabilities-net of current portion:</u></b>			
Bank loan	17	2,416,300	6,548,003
Finance lease obligation	18	2,209	18,974
Other payables	19	-	803,016
Estimated liability for employees' benefits	20	2,885,816	1,673,448
<b>Total Non-Current Liabilities</b>		<b>5,315,831</b>	<b>9,517,871</b>
<b><u>EQUITY</u></b>			
Share capital - par value Rp100 per share			
Authorized - 1.680.000.000 shares			
Issued and fully paid - 840.000.000 shares			
	1b,21	23,232,926	23,232,926
Additional paid-in capital-net	1b,2j, 22	7,998,836	7,998,836
Retained earnings			
Appropriated	23	2,617,008	2,617,008
Unappropriated		74,581,116	34,895,339
<b>TOTAL EQUITY</b>		<b>108,429,886</b>	<b>68,744,109</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>226,849,849</b>	<b>193,489,417</b>

Jakarta, July 30, 2010

  
**Kardinal Alamsyah Karim, MM**

President Director

*The accompanying notes form an integral part of these financial statements.*

**PT HEXINDO ADIPERKASA Tbk.**  
**STATEMENTS OF INCOME**  
For First Quarter ended June 30, 2010 and 2009.  
(Expressed in US Dollars, unless Otherwise Stated)

	Notes	2010 US\$	2009 US\$
<b>NET REVENUES</b>	2c,2k,24, 30b,30c, 30d	123,539,968	53,173,951
<b>COST OF REVENUES</b>	2c,2k,25	101,695,480	40,470,935
<b>GROSS PROFIT</b>		21,844,489	12,703,015
<b>OPERATING EXPENSES</b>	2k,26		
Selling		5,671,562	3,927,289
General and administrative		3,689,288	2,998,842
<b>Total operating expenses</b>		9,360,850	6,926,131
<b>OPERATING INCOME</b>		12,483,639	5,776,885
<b>OTHER INCOME (CHARGES)</b>			
Interest income	2i,27	49,262	91,677
Gain(loss) on sales of property & equipment		(94)	3,776
Interest expenses	2c,28	(113,636)	(519,762)
Gain(loss) on foreign exchange-net	2n	(71,701)	361,078
Provision for doubtful accounts	2b,4	(454,671)	(87,008)
Miscellaneous - net	2g	453,445	287,138
<b>Other Income (charges) - net</b>		(137,394)	116,900
<b>INCOME BEFORE INCOME TAX</b>		12,346,245	5,893,784
<b>INCOME TAX BENEFIT (EXPENSES)</b>			
Current	2o,18	(3,009,750)	(1,827,840)
Deferred	2o,16	(107,288)	160,063
<b>Income Tax Expense - Net</b>		(3,117,038)	(1,667,777)
<b>NET INCOME</b>		9,229,207	4,226,007
<b>BASIC EARNINGS PER SHARE ( In US Dollar)</b>	2p	0.011	0.005

Jakarta, July 30, 2010

  
**Kardinal Alamsyah Karim, MM**  
President Director

*The accompanying notes form are an integral part of these financial statements.*

**PT. HEXINDO ADIPERKASA Tbk.**  
**STATEMENTS OF CHANGES IN EQUITY**  
For first quarter ended June 30, 2010 and 2009  
(Expressed in US Dollars, unless Otherwise Stated)

	Notes	Share Capital - Issued and Fully Paid	Additional Paid-in Capital - Net	Retained Earnings		Total Equity
				Appropriated	Unappropriated	
Balance, April 1, 2009		23,232,926	7,998,836	2,128,008	42,858,270	76,019,040
Cash dividends declared	22	-	-	-	(10,844,064)	(10,844,064)
Appropriation for general reserve	23	-	-	489,000	(489,000)	-
Net income period April 2009-March 2010		-	-	-	34,025,703	34,025,703
Balance, March 31, 2010		23,232,926	7,998,836	2,617,008	65,351,909	99,200,679
Net income period April - June 2010		-	-	-	9,229,207	9,229,207
Balance, June 30, 2010		23,232,926	7,998,836	2,617,008	74,581,116	108,429,895

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

**PT HEXINDO ADIPERKASA Tbk.**  
**STATEMENTS OF CASH FLOWS**  
For First Quarter ended June 30, 2010 and 2009.  
(Expressed in US Dollars, unless Otherwise Stated)

	2010	2009
	US\$	US\$
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Cash receipts from customers	126,135,343	74,128,952
Cash paid to:		
Suppliers	(103,568,970)	(51,788,549)
Operating activities	(9,778,063)	(8,057,602)
Salaries, wages and benefit of employees	(2,338,261)	(2,017,889)
Net cash provided by operations	10,450,029	12,264,913
Payment of interest expenses	(140,136)	(561,273)
Payments for income taxes	(7,048,731)	(5,419,944)
Payments for value added taxes	(2,763,297)	(558,806)
Net cash provided by (used in) operating activities	497,865	5,724,890
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Proceeds from sales of property equipment	-	3,776
Acquisitions of property and equipment	(178,717)	(1,349,246)
Net cash used in Investing activities	(178,717)	(1,345,470)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Proceeds from short-term bank loan	-	5,238,667
Payment of short-term bank loan	(1,081,639)	(6,200,358)
Payment of finance lease obligation	(13,819)	(19,800)
Net cash provided by (used in) Financing Activities	(1,095,457)	(981,501)
Net increase (Decrease) in cash on hand and in banks	(776,309)	3,397,919
Cash on hand and in bank at beginning of period	29,058,069	7,920,404
<b>CASH ON HAND AND IN BANK AT END OF PERIOD</b>	<b>28,281,760</b>	<b>11,318,323</b>

The accompanying notes form are an integral part of these financial statements.

**PT HEXINDO ADIPERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For First Quarter Ended June 30, 2010 and 2009*  
(Expressed in US\$ Unless Otherwise Stated)

**1 GENERAL**

**a. Establishment of the Company**

PT Hexindo Adiperkasa Tbk (the "Company") was established in Indonesia based on Notarial Deed dated November 28, 1988 No. 37 of Mohamad Ali, S.H. The Deed of Establishment was approved by the Ministry of Justice of Republic Indonesia in its Decision Letter No. C2-4389/HT.01.01.TH.89 dated May 12, 1989, and was published in Supplement No. 1251 of the State Gazette No. 54, dated July 7, 1989. Its Articles of Association has been amended several times, the latest amendment was notarized through Notarial Deed No.163 and 164, June 29, 2009 of Robert Purba, S.H.. These amendments will register to the Department of Justice and Human Rights of Republic Indonesia.

The Company started its commercial operations in January 1989.

According to Article 3 of the Company's Articles of Association, its scope of activities comprises of trading and rental of heavy equipment and rendering of after-sales services. Presently, the Company acts as a distributor of certain heavy equipment and related spare parts under Hitachi, John Deere and Krupp trademarks. The Company is domiciled in Jakarta, located at Kawasan Industri Pulo Gadung, Jalan Pulo Kambing II Kav. I-II No. 33, Jakarta 13930. As of June 30, 2010, the Company has 11 main branches, 2 sub-branches, 10 representative offices and 10 project offices, which are all located at various places in Indonesia..

**b. Company's Initial Public Offering**

The Company's registration statement for its public offering of its 10 million shares (with Rp1,000 (full amount) par value per share) at an offer price of Rp2,800 (full amount) per share became effective in accordance with the Letter No. S-1958/PM/1994 dated December 5, 1994 issued by the Chairman of the Capital Market and Financial Institution Supervisory Agency (BAPEPAM-LK). All of the Company's shares have been registered in the Indonesia Stock Exchange since February 13, 1995.

The Company's registration statement for its First Limited Public Offering of 42 million shares (with Rp1,000 (full amount) par value per share) to shareholders with pre-emptive rights at an offer price of Rp1,000 (full amount) per share became effective in accordance with Letter No. S-1264/PM/1998 dated June 19, 1998 issued by the Chairman of BAPEPAM-LK..

In the minutes of the Extraordinary Shareholders' Meeting of the Company held on June 12, 2000, as covered by Notarial Deed No. 12 on the same date of Fathiah Helni, S.H., the shareholders resolved to amend its Articles of Association, which include, among others, change in par value from Rp1,000 (full amount) per share to Rp500 (full amount) per share. These amendments were accepted and recorded by the Department of Justice and Human Rights of Republic Indonesia in its Letter No. C-21025 HT.01.04.Th.2000 dated September 20, 2000. On July 29, 2002, the stock split was effectively implemented



**PT HEXINDO ADIPERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For First Quarter Ended June 30, 2010 and 2009**  
**(Expressed in US\$ Unless Otherwise Stated)**

**1 GENERAL (Continued)**

In the minutes of the Extraordinary Shareholders' Meeting of the Company held on June 15, 2004, as covered by Notarial Deed No. 24 on the same date of Fathiah Helmi, S.H., the shareholders resolved to change the par value from Rp500 (full amount) per share to Rp100 (full amount) per share. This amendment was accepted and recorded by the Department of Justice and Human Rights of Republic Indonesia in its Letter No. C-23337 HT.01.04.Th.2004 dated September 17, 2004. On September 1, 2005, the change of the par value was effectively implemented.

**G. Boards of Commissioners, Directors, Audit Committee and Employees.**

The composition of the Company's boards of commissioners and directors as of June 30, 2010 are as follows:

Board of Commissioners:

Kardinal Alamsyah Karim, MM.	-	President Commissioner
Harry Danui	-	Commissioner
Donald Chrislian	-	Commissioner

Directors:

Manuntun Situmorang	-	President Director
Toshiaki Takase	-	Director
Hideo Satake	-	Director
Yoshiya Hamamachi	-	Director
Shinichi Hirota	-	Director
Hideo Kumagai	-	Director
Tony Endroyoso	-	Director
Shogo Yokoyama	-	Director
Toru Sakai	-	Director

The composition of the Company's audit committee as of June 30, 2010 are as follows:

Harry Danui	-	Chairman
Danny Lolowang.	-	Member
Bambang Wiharjo	-	Member

The composition of the Company's boards of commissioners and directors as of June 30, 2009 are as follows

Board of Commissioners:

Kardinal Alamsyah Karim, MM.	-	President Commissioner
Harry Danui	-	Commissioner
Donald Chrislian	-	Commissioner

**PT HEXINDO ADIPERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For First Quarter Ended June30, 2010 and 2009**  
**(Expressed in US\$ Unless Otherwise Stated)**

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

Directors:

Manuntun Situmorang	-	President Director
Toshiaki Takase	-	Director
Hideo Satake	-	Director
Yoshiya Hamamachi	-	Director
Shinichi Hirota	-	Director
Tetsuo Maruyama	-	Director
Tony Endroyoso	-	Director
Shogo Yokoyama	-	Director
Toru Sakai	-	Director

The composition of the Company's audit committee as of June 30, 2009 are as follows :

Harry Danui	-	Chairman
Danny Lolowang.	-	Member
Bambang Wiharto	-	Member

The salaries and other compensations benefits incurred for the Company's commissioners and directors amounted to US\$189.568 for June 30, 2010 and US\$294.872 for June 30, 2009

As of June 30, 2010 and June 30, 2009, the Company had 1083 and 1022 employees.

## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **a. Basis of Preparation of the Financial Statements**

The financial statements are prepared in accordance with generally accepted accounting principles in Indonesia, which are the Statements of Financial Accounting Standards (PSAK), BAPEPAM-LK regulations and the Guidelines for Financial Statements Presentation as circulated by BAPEPAM-LK for trading companies, which offer their shares to the public.

The financial statements are prepared on the historical cost basis, except for inventories which are valued at the lower of cost or net realizable value and derivative instrument which are valued at fair value. The financial statements are prepared based on accrual basis, except for the statements of cash flows.

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

In accordance with the minutes of the Extraordinary Shareholders' Meeting of the Company held on July 21, 2008, as covered by Notarial Deed No. 159 on the same date of Robert Purba, S.H., the shareholders resolved to change the Company's fiscal year from January 1 to December 31 to April 1 to March 31 that will be effective for 2009 fiscal year. The change was approved by the Directorate General of Tax in its decision letter No. KEP-00003/THBK/WPJ.07/KP.0803/2008 dated October 6, 2008

The reporting currency used in the financial statements is United State Dollar Amerika.

**PT HEXINDO ADIPERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For First Quarter Ended June 30, 2010 and 2009**  
**(Expressed in US\$ Unless Otherwise Stated)**

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

**b. Allowance for Doubtful Accounts**

The Company provides allowance for doubtful accounts based on the certain percentage of accounts receivable balance and review on the condition of each customer at balance sheet date.

**c. Transactions with Related Parties**

The Company has transactions with certain related parties. Related parties are defined in accordance with PSAK No. 7, "Related Party Disclosures".

All transactions with related parties are disclosed in the notes to the financial statements

**d. Inventories**

Effective January 1, 2009, the Company has applied PSAK No. 14 (Revised 2008), "Inventories", which supersedes PSAK No. 14 (1994), "Inventories". The adoption of this revised PSAK did not result in a significant effect in the Company's financial statements.

Inventories are stated at the lower of cost or net realizable value. Cost of heavy equipment inventories reclassified from heavy equipment previously being leased out, at the end of the lease terms are stated at net book value

The cost of heavy equipment inventories is determined by the specific identification method while the cost of spare parts is determined using the average method

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated cost necessary to make the sale.

Allowance for inventories obsolescence is provided based on a review of the condition of the inventories at balance sheet date

**e. Prepaid Expenses**

Prepaid expenses are charged to operations over the periods benefited

**f. Investment in shares of stock**

Investment in shares in which the Company has ownership less than 20% is recorded using cost method

**PT HEXINDO ADIPERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For First Quarter Ended June 30, 2010 and 2009*  
(Expressed in US\$ Unless Otherwise Stated)

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

**g. Property and Equipment**

**1 Direct ownership**

Property and equipment is stated at cost less accumulated depreciation (except for land that is not depreciated) and impairment losses. Such cost includes the cost of replacing part of the property and equipment when that cost incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are met. All other repairs and maintenance costs that do not meet the recognition criteria are recognized in profit or loss as incurred.

Depreciation, except for heavy equipment being leased out, is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Year	Rate
Building	20	5%
Vehicles, office equipment, furniture and fixtures and machineries	5	20%
Tools for after-sales service	2	50%

Depreciation for heavy equipment being leased out is based on operational hours and over the term of the lease, which are in line with the related leased agreements.

An item of property and equipment is unrecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from unrecognized of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is unrecognized.

The asset's useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each financial year end.

Costs incurred in connection with the acquisition or renewal of landrights are deferred and amortized over the lower of legal terms of the related landrights or economic lives of the land using the straight-line method. The deferred charges are presented as part of "Other Assets" account in the balance sheets.

**2 Construction in progress**

Construction in progress represents the accumulated cost of materials and other costs related to the asset under construction. These costs are reclassified to related accounts when the asset is completed and ready for its intended use.

**PT HEXINDO ADIPERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For First Quarter Ended June 30, 2010 and 2009**  
**(Expressed in US\$ Unless Otherwise Stated)**

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

**h. Impairment in Assets Value**

At balance sheet date, the Company conducts a review for any indication of impairment due to possible events or changes in circumstances that the carrying value may not be fully recoverable. Impairment in asset value, if any, is recognized as loss in the statement of income of the current period.

**i. Lease**

Effective January 1, 2008, the Statement of Financial Accounting Standards (PSAK) No. 30 (Revised 2007), "Leases" supersedes PSAK No. 30 (1990), "Accounting for Leases". Based on PSAK No. 30 (Revised 2007), the determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset. Under this revised PSAK, leases that transfer substantially to the lessee all the risks and rewards incidental to ownership of the leased item are classified as finance leases. Moreover, leases which do not transfer substantially all the risks and rewards incidental to ownership of the leased item are classified as operating leases.

**The Company as a lessee**

- i** Based on PSAK No. 30 (Revised 2007), under a finance leases, the Company shall recognize assets and liabilities in their balance sheets at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Minimum lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance charges are reflected in profit and loss. Capitalised leased assets (presented under the account of property and equipment) are depreciated over the shorter of the estimated useful life of the assets and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term..
- ii** Under an operating lease, the Company recognized lease payments as an expense on a straight-line basis over the lease term

**The Company as a lessor**

- i** Under a finance lease, the Company shall recognise assets held under a finance lease in its balance sheets and present them as a receivable at an amount equal to the net investment in the lease. Lease payment receivable is treated as repayment of principal and finance income. The recognition of finance income shall be based on a pattern reflecting a constant periodic rate of return on the Company's net investment in the finance lease.

**PT HEXINDO ADIPERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For First Quarter Ended June30, 2010 and 2009*  
(Expressed in US\$ Unless Otherwise Stated)

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

**Lease (Continued)**

- ii Under an operating lease, the Company shall present assets subject to operating leases in its balance sheets according to the nature of the asset. Initial direct cost incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Lease income from operating leases shall be recognized as income on a straight-line basis over the lease term.

At the application of this revised PSAK, the Company has chosen to apply this revised PSAK retrospectively in which all leases transactions that existed before January 1, 2008, were evaluated by the Company to determine their classifications in accordance with this revised PSAK and treated as if it had been applied since the commencement of the lease term.

**j. Additional Paid-In Capital - Net**

Additional paid-in capital - net is the difference between the offering price and the par value of share capital issued, net of the costs incurred in connection with the public offering.

**k. Revenue and Expense Recognition**

Revenue from sales of heavy equipment and spare parts are recognized when the heavy equipment and spare parts are delivered to the customers. Revenue from repairs and maintenance services and commission income are recognized when the services are rendered to the customers. Revenue from rental of heavy equipment is recognized based on the usage of heavy equipment in accordance with the related agreement.

Expenses are recognized when incurred (accrual basis).

**PT HEXINDO ADIPERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For First Quarter Ended June 30, 2010 and 2009*  
 (Expressed in US\$ Unless Otherwise Stated)

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

**l. Estimated Liability for Employees' Benefits**

The Company adopts PSAK No. 24 (Revised 2004), "Employee Benefits" that recognizes the accounting and disclosures of estimated liability for employees' benefits. Total estimated liability for employees' benefits is calculated in accordance with the Labor Law No. 13 Year 2003 dated March 25, 2003. Under PSAK No. 24 (Revised 2004), the defined benefit obligation, current service cost and past service cost are calculated using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting year exceeded 10% of the present value of defined benefit obligation at that date. These actuarial gains or losses are recognized on a straight line basis over the expected average remaining working lives of the employees. Further, past-service costs arising from the introduction of a defined benefit plan or changes in the benefit payable of an existing plan are required to be amortized over the period until the benefits concerned become vested

**m. Derivative Instruments**

Every derivative instrument (including embedded derivatives) is recorded in the balance sheets as either asset or liability and measured at their fair values of each contract. Changes in derivative fair value are recognized in current earnings unless for specific hedges which allow a derivative's gains and losses to offset related results on the hedged item in statements of income. An entity must formally document, designate and assess the effectiveness of transactions that meet hedge accounting. The Company's derivative instruments are not designated as hedging instruments for accounting purposes.

**n. Foreign Currency Transactions and Balances**

Transactions involving foreign currencies are recorded in US Dollar at the rates of exchange prevailing at the time the transactions are made. At balance sheet date, monetary assets and liabilities denominated in foreign currencies are adjusted to Rupiah to reflect the rates at such date. The resulting gains or losses are credited or charged to operations for the period

As of June 30, 2010 and June 30, 2009, the rates of exchange used are, as follows (full amount of US Dollar):

	<u>2010</u>	<u>2009</u>
1 Euro (EUR)	1,22	1,41
10,000 Indonesian Rupiah (IDR)	1,10	0,97
1 Australian Dollar (AUD)	0,85	0,81
1 Singapore Dollar (SGD)	0,71	0,69
1 Japanese Yen (JPY)	0,01	0,01

**PT HEXINDO ADIPERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For First Quarter Ended June 30, 2010 and 2009*  
(Expressed in US\$ Unless Otherwise Stated)

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

**o. Income Tax**

Current tax expense is provided based on the estimated taxable income for the period. Deferred tax assets and liabilities are recognized for temporary differences between the financial and the tax bases of assets and liabilities at each reporting date. Future tax benefits are also recognized to the extent that realization of such benefits is probable.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates is charged to current period operations.

At balance sheet date, the carrying amount of deferred tax asset is reviewed and adjusted to the extent that it is no longer probable that part or all of that deferred tax assets will be realized in the future.

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

**p. Basic Earnings per Share**

Basic earnings per share is computed by dividing the net income for the period with the weighted-average number of the shares outstanding during the period. The weighted-average number of shares outstanding as of June 30, 2010 and June 30, 2009 is 840,000,000 shares.

**q. Segment Information**

The Company classifies its segment reporting as follows:

- i) Business segment (primary) based on the nature of its products sold, consists of sales and rental of heavy equipment, sales of spare parts of heavy equipment and repairs and maintenance services
- ii) Geographical segment (secondary) based on location of sales, consists of within Java island and outside Java island.

**r. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in Indonesia requires management to make estimations and assumptions that affect amounts reported therein. Due to inherent uncertainty in making estimates, actual results reported in future periods might be based on amounts that differ from those estimates.



**PT HEXINDO ADIPERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For First Quarter Ended June 30, 2010 and 2009*  
(Expressed in US\$ Unless Otherwise Stated)

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

**s. Accounting Standards Issued but Not Yet Effective**

Accounting Standards issued by the Indonesian Accounting Standards Board (DSAK) up to the date on completion of the Company's financial statements but not yet effective are summarized below:

**Effective for the financial statement on or after January 1, 2010:**

- 1 PSAK No. 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures", Contains the requirements for the presentation of financial instruments and identifies the information that should be disclosed.
- 2 PSAK No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement", establishes the principles for recognizing and measuring financial assets, financial liabilities, and some contracts to buy or sell non-financial items.
- 3 *PPSAK 5 "Revocation of ISAK 06: Interpretation of Paragraphs 12 and 16 of PSAK 55 (1999) on Embedded Derivative Instruments in Foreign Currency".*

**Effective for the financial statement on or after January 1, 2011:**

- 1 PSAK 1 (Revised 2009) "Presentation of Financial Statements"  
*Prescribes the basis for presentation of general purpose financial statements to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities.*
- 2 PSAK 2 (Revised 2009) "Statement of Cash Flows"  
*Requires the provision of information about the historical changes in cash and cash equivalents by means of a statement of cash flows which classifies cash flows during the period into operating, investing and financing activities*
- 3 PSAK 5 (Revised 2009) "Operating Segments"  
*Segment information is disclosed to enable users of financial statements to evaluate the nature and financial effects of the business activities in which the entity engages in and the economic environments in which it operates.*
- 4 PSAK 15 (Revised 2009) "Investments in Associates"  
*Shall be applied in accounting for investments in associates. Supersedes PSAK 15 (1994) "Accounting for Investments in Associates" and PSAK 40 (1997) "Accounting for Changes in Equity of Subsidiaries/Associates".*
- 5 PSAK 25 (Revised 2009) "Accounting Policies, Changes in Accounting Estimates and Errors"  
*Prescribes the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors.*
- 6 PSAK 48 (Revised 2009) "Impairment of Assets"  
*Prescribes the procedures applied to ensure that assets are recorded at no more than their recoverable amount and if the assets are impaired, an impairment loss should be recognized.*

**PT HEXINDO ADIPERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For First Quarter Ended June30, 2010 and 2009*  
(Expressed in US\$ Unless Otherwise Stated)

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

- 7** *PSAK 57 (Revised 2009) "Provisions, Contingent Liabilities and Contingent Assets"*  
*Aims to provide the appropriate recognition criteria and measurement bases for estimated liabilities, contingent liabilities and contingent assets and to ensure that sufficient information have been disclosed in the notes to the financial statements to enable users to understand the nature, timing and amount related to the information.*

The Company is presently evaluating and have not determined the effect of these revised PSAK and has not determined the effect of these revised Standards on its financial statements.

**PT HEXINDO ADIPERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For First Quarter ended June 30, 2010 and 2009.  
(Expressed in US Dollars, unless Otherwise Stated)

**3. CASH ON HAND AND IN BANKS**

This account consists of:

	June 2010	June 2009
	US\$	US\$
<b>Cash on hand</b>		
Cash, RP 489,568,574 as of June 30, 2010 and RP458.216.667 as of June 30, 2009	53,902	44,618
<b>Cash in bank</b>		
<b>Rupiah</b>		
PT Bank CIMB Niaga Tbk ( previously Bank Lippo Tbk.) (RP 5.806.441.326 as of June 30, 2010 and RP14.612.025.787 as of June 30, 2009 )	639,289	1,429,056
PT Bank Resona Perdania (RP78.934.423 as of June 30, 2010 and RP80.402.352 as of June 30, 2009)	8,691	7,863
PT Bank Internasional Indonesia Tbk (RP16.161.191.371 as of June 30, 2010 and RP4.730.527.301 as of June 30, 2009)	1,779,347	462,646
PT Bank Rakyat Indonesia (RP35.832.243 as of June 30, 2010 and RP601.126.789 as of June 30, 2009)	3,923	58,790
PT Bank Danamon Tbk. (RP2.581.247.139 as of June 30, 2010 and RP854.747.956 as of June 30, 2009)	284,195	83,594
PT Bank Mandiri (RP1.955.889.918 as of June 30, 2010 and RP1.007.893.354 as of June 30, 2009)	215,343	106,396
PT Bank Mega (RP10.559.124.977 as of June 30, 2010 and RP18.000.810.123 as of June 30, 2009)	1,162,593	1,760,479
Cilibank N.A., Jakarta (RP1.029.310.536 as of June 30, 2010 and RP715.958.748 as of June 30, 2009)	113,327	70,021
PT Bank Negara Indonesia (Persero) Tbk. (RP58.250.227 as of June 30, 2010 and RP65.939.980 as of June 30, 2009)	6,413	6,449
PT. Bank Mizuho Indonesia (RP9.670.209 as of June 30, 2010 and RP9.742.127 as of June 30, 2009)	1,065	953
The Bank of Tokyo Mitsubishi UFJ, Ltd., Jakarta (RP393.919.346 as of June 30, 2010 and RP3.934.095.603 as of June 30, 2009)	43,371	384,755
Bank Sumitomo Mitsui Indonesia (RP9.815.998 as of June 30, 2010)	1,081	-
<b>Total Rupiah Accounts</b>	<b>4,258,636</b>	<b>4,371,002</b>
<b>United States Dollars accounts:</b>		
PT Bank Resona Perdania	2,543	2,543
PT Bank Internasional Indonesia Tbk	16,055,558	4,061,748
The Bank of Tokyo-Mitsubishi UFJ, Ltd. Singapore	658,549	597,292
PT Bank Mega	215,042	10,082
Cilibank N.A., Jakarta	853,998	313,623
PT. Bank Mizuho Indonesia	11,051	23,263
PT Bank Shinta	195	195
The Bank of Tokyo Mitsubishi UFJ, Ltd.	6,139,491	1,864,385
Bank Sumitomo Mitsui Indonesia	5,294	-
<b>Total United States Dollar Accounts</b>	<b>23,941,710</b>	<b>6,873,129</b>
<b>Yen Jepang</b>		
The Bank of Tokyo Mitsubishi UFJ, Ltd. Jakarta (JPY 1,855.919,26 as of June 30, 2010 and JPY 1,861,032 as of June 30, 2009)	20,960	19,400
PT Bank Internasional Indonesia Tbk. ( JPY578.932,93 as of June 30, 2010 and JPY 976,041 as of June 30, 2009)	6,550	10,175
<b>Total Yen accounts</b>	<b>27,510</b>	<b>29,575</b>
<b>Total cash in Banks</b>	<b>28,227,858</b>	<b>11,273,705</b>
<b>Total cash on hand and in banks</b>	<b>28,281,760</b>	<b>11,318,323</b>

**PT HEXINDO ADIPERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For First Quarter ended June 30, 2010 and 2009.**  
**(Expressed in US Dollars, unless Otherwise Stated)**

**4. TRADE RECEIVABLES - THIRD PARTIES**

This account represents trade receivables - third parties arising from:

	June 2010	June 2009
	US\$	US\$
Sales and rental of heavy equipment, used in:		
Plantation and logging	10,180,590	8,379,572
Constructions	245,443	14,870
Mining	9,259,176	6,729,311
Total	<u>19,691,209</u>	<u>15,122,754</u>
Repairs and maintenance services	13,121,536	9,770,881
Sales of spare parts	27,145,288	14,896,820
Total	<u>59,958,033</u>	<u>39,790,263</u>
Less allowance for doubtful accounts	<u>2,725,495</u>	<u>2,066,753</u>
Net	<u>57,232,538</u>	<u>37,723,510</u>

The mutation of allowance for doubtful accounts during the period are as follows:

	June 2010	June 2009
	US\$	US\$
Beginning balance	2,270,021	1,979,745
Provision during the period	454,671	87,008
Ending balance	<u>2,725,495</u>	<u>2,066,753</u>

The aging analysis of trade receivables - third parties based on due dates are as follows:

	June 2010	June 2009
	US\$	US\$
Sales and rental of heavy equipment		
Current and less than 3 months	19,651,524	14,760,492
3 - 6 months	-	89,742
Over 6 months - 1 year	25,920	199,239
Over 1 year	13,765	73,281
Total	<u>19,691,209</u>	<u>15,122,754</u>
Repairs and maintenance services		
Current and less than 3 months	10,634,919	9,550,450
3 - 6 months	2,457,755	161,310
Over 6 months - 1 year	28,862	12,248
Over 1 year	-	46,873
Total	<u>13,121,536</u>	<u>9,770,881</u>
Sales of spare parts		
Current and less than 3 months	24,614,029	14,480,233
3 - 6 months	2,359,213	259,491
Over 6 months - 1 year	157,651	99,950
Over 1 year	14,395	48,954
Total	<u>27,145,288</u>	<u>14,896,820</u>

Details of trade receivables - third parties based on original currencies are as follows:

	June 2010	June 2009
	US\$	US\$
United States Dollars	55,603,389	35,371,849
Rupiah	<u>4,354,644</u>	<u>4,418,414</u>
Total	<u>59,958,033</u>	<u>39,790,263</u>

PT HEXINDO ADIPERKASA Tbk  
 NOTES TO THE FINANCIAL STATEMENTS  
 For First Quarter ended June 30, 2010 and 2009.  
 (Expressed in US Dollars, unless Otherwise Stated)

**5. BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

**a. Trade Receivables**

Details of trade receivables from related parties on sale transactions are as follows:

	June 2010		June 2009	
	US\$	US\$	2010 %	2009 %
Hitachi Construction Machinery Asia and Pacific Pte, Ltd, Singapore	1,186,500	423,950	0.52	0.22
Hitachi Construction Machinery Co, Ltd, Thailand	4,887	-	0.00	-
Hitachi Construction Finance Indonesia	4,408,811	-	1.94	-
<b>Total</b>	<b>5,800,296</b>	<b>423,950</b>	<b>2.47</b>	<b>0.22</b>

Receivables from Hitachi Construction Machinery Asia and Pacific Pte., Ltd., Singapore (HMAP) and Hitachi Construction Machinery Co., Ltd., Japan (HCMJ), represent receivables arising from commissions as sales agent, collection service and technical service on sales of heavy equipment to certain third parties

Receivables from PT Hitachi Construction Machinery Finance Indonesia represents receivables arising from sale on heavy equipment.

The Company's management believes that all trade receivables from related parties can be collected, and thus no allowance for doubtful accounts were provided for

b. <u>Other Receivables</u>	June 2010		June 2009	
	US\$	US\$	2010 %	2009 %
Employees	255,334	216,740	0.11	0.11
Hitachi Construction Machinery Co, Ltd, Jepang	22,134	42,634	0.01	0.02
Hitachi Construction Machinery Global Mining Center Brisbane	428	-	0.00	-
Hitachi Construction Truck Manufacturing Ltd., Canada	-	36,547	-	0.02
Hitachi Construction Machinery Co, Ltd, Indonesia	37,056	-	0.02	-
<b>Total</b>	<b>314,951</b>	<b>295,921</b>	<b>0.14</b>	<b>0.15</b>
<b>Total of receivables from related parties</b>	<b>5,915,248</b>	<b>719,871</b>	<b>2.61</b>	<b>0.37</b>

Receivables from employees mainly represent non-interest bearing for housing loans collectible through monthly payroll deductions.

c. <u>Trade Payables</u>	June 2010		June 2009	
	US\$	US\$	2010 %	2009 %
PT Hitachi Construction Machinery Indonesia	38,440,641	10,087,898	16.95	5.21
Hitachi Construction Machinery Asia & Pacific Pte., Ltd., Singapore	37,876,806	18,653,438	16.70	9.64
Hitachi Construction Machinery Co., Ltd., Jepang	-	847,848	-	0.44
Hitachi Construction Truck Manufacturing Ltd., Canada	12,140	99,115	0.01	0.05
Hitachi Construction Machinery Co., Ltd., Australia	-	1,782,349	-	0.82
<b>Total</b>	<b>76,329,587</b> Rp	<b>31,470,647</b>	<b>33.85</b>	<b>16.26</b>

Payables to PT Hitachi Construction Machinery Indonesia represent payables on purchases of spare parts inventories and heavy equipment.

Payables to Hitachi Construction Machinery Asia and Pacific Pte., Ltd., Singapore (HMAP), represent payables on purchases of spare parts inventories and heavy equipment, and deposits received by the Company from HMAP's customers for purchases of heavy equipment to HMAP, of which the Company is the sales agent.

Payables to Hitachi Construction Machinery Co., Ltd., Japan, represent payables on purchases of spare parts inventories.

Payables to Hitachi Construction Truck Manufacturing Ltd., Canada (HTM), represent portion of revenue sharing of HTM for the rental of heavy equipment owned by HTM to a certain customer.

**PT HEXINDO ADIPERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For First Quarter ended June 30, 2010 and 2009.  
(Expressed in US Dollars, unless Otherwise Stated)

**5. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)**

	June 2010 US\$	June 2009 US\$	Percentage to Total Liabilities	
			2010 %	2009 %
d. <u>Other Payables</u>				
Hitachi Construction Machinery Co., Ltd, Jepang	27,548	9,732	0.01	0.01
Hitachi Construction Machinery Asia & Pacific Pte, Ltd,	1,235,002	1,004,619	0.54	0.52
Total	1,262,550	1,014,351	0.56	0.52

The nature of relationship of the Company with related parties are as follows:

Name of Related Parties

Relationship

1. Hitachi Construction Machinery Co., Ltd, Jepang	Shareholder
2. Hitachi Construction Machinery Asia Pacific Pte, Ltd., Singapore	Shareholder
3. Itochu Corporation, Jepang	Shareholder
4. Hitachi Construction Truck Manufacturing Ltd., Canada	Affiliated Company
5. PT Hitachi Construction Machinery Indonesia	Affiliated Company
6. Hitachi Construction Machinery (Thailand)Co., Ltd.,	Affiliated Company
7. Hitachi Construction Machinery (Shanghai) Co., Ltd., Cina	Affiliated Company
8. Hitachi Construction Machinery Trading Co., Ltd, Jepang	Affiliated Company
9. PT Hitachi Construction Machinery Finance Indonesia	Affiliated Company

**6. FINANCE LEASE RECEIVABLES**

The future collection finance lease receivables required under the lease agreements are as follows:

	June 2010 US\$	June 2009 US\$
Finance lease receivables	406,564	6,810,539
Unearned finance lease income	-	-
Total	406,564	6,810,539
Less Current portion	(406,564)	(6,809,804)
Long-term portion	-	935

Finance lease receivables represent receivables from PT Kaltim Prima Coal (KPC) in connection with rentals of 14 units of heavy equipment purchased from Mitsubishi Corporation .

The Company's management believes that all finance lease receivables can be collected, and thus no allowance for doubtful accounts were provided for.

**7. OTHERS RECEIVABLES - THIRD PARTIES**

This account consists of:

	June 2010 US\$	June 2009 US\$
Austin Engineering	1,834	-
Thiess Contractor	5,306	-
Madhani Talatah Nusa	1,687	2,391
Pama Persada	2,515	-
Tracksparo PT	-	1,076
Petroconas	-	105
Gracemount Pesut Jaya	30,230	-
Bukit Makmur Mandiri	2,490	-
Others	46,604	20,668
Total	90,465	33,240

**PT HEXINDO ADIPERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For First Quarter ended June 30, 2010 and 2009.**  
**(Expressed in US Dollars, unless Otherwise Stated)**

**8. INVENTORIES - NET**

This account consists of:

	<u>June 2010</u>	<u>June 2009</u>
	US\$	US\$
Merchandise inventories		
Heavy equipment	30,597,070	34,960,984
Spare parts	59,488,448	61,156,325
Total	<u>90,086,126</u>	<u>96,117,309</u>
Less allowance for inventories obsolescence	<u>(3,046,700)</u>	<u>(1,568,297)</u>
Net	<u>87,039,426</u>	<u>94,549,013</u>

The movements of allowance for inventories obsolescence during the period are as follows:

	<u>June 2010</u>	<u>June 2009</u>
	US\$	US\$
Balance at beginning of year	2,700,665	1,394,384
Provision during the period	346,035	173,913
Balance at end of year	<u>3,046,700</u>	<u>1,568,297</u>

The Company's management believes that the allowance for inventories obsolescence is adequate to cover possible losses from inventories obsolescence.

All inventories (except for inventories in transit) are covered by insurance against losses from fire and other risks under blanket policies of US\$13,932,962 as of June 30, 2010 and US\$43,150,385 as of June 30, 2009, which the Company's management believes that the insurance coverage is adequate to cover possible losses arising from such risks.

**PT HEXINDO ADIPERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For First Quarter ended June 30, 2010 and 2009.  
(Expressed in US Dollars, unless Otherwise Stated)

**9. PREPAID TAXES**

Prepayment of income taxes:

	June 2010	June 2009
	US\$	US\$
Article 22	1,015,351	563,784
Article 23	143,201	358,326
Article 25	1,580,169	1,165,414
<b>Total prepayment of income taxes</b>	<b>2,738,721</b>	<b>2,087,524</b>
Value Added Tax	-	1,973,671
<b>Total prepaid taxes</b>	<b>2,738,721</b>	<b>4,061,195</b>

Estimated claim for tax refund :

	June 2010	June 2009
	US\$	US\$
Income tax - Period 2007	460,202	1,284,215
Value Added Tax	2,108,370	
<b>Total estimated claim for tax refund</b>	<b>2,558,572</b>	<b>1,284,215</b>

**10. ADVANCE PAYMENT**

This account consists of:

	June 2010	June 2009
	US\$	US\$
Purchasing goods	328,584	5,304,947
Travelling	55,932	51,584
Others	108,201	83,444
<b>Total</b>	<b>492,717</b>	<b>5,439,975</b>



**PT HEXINDO ADIPERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For First Quarter ended June 30, 2010 and 2009.  
(Expressed in US Dollars, unless Otherwise Stated)

**11. PROPERTY AND EQUIPMENT**

This account consists of:

**Direct ownership**

	April - June 2010			
	Beginning Balance	Additions	Deduction	Ending Balance
	US\$	(Reclassifications) US\$	(Reclassification) US\$	US\$
<b>Cost</b>				
Land	9,249,434	-	-	9,249,434
Building	18,175,801	166,667	-	18,342,468
Vehicles	8,807,986	324,379	1,056	9,130,719
Office equipment	4,064,604	205,321	14,039	4,855,886
Furniture & fixtures	1,603,617	19,665	84	1,623,190
Machineries	2,692,988	97,688	-	2,790,676
Tool for after-sales services	3,076,888	147,065	1,003	3,823,550
Heavy equipment - rental	1,492,091	-	-	1,492,091
<b>Leased asset</b>				
Vehicles	466,037	-	255,027.00	211,010
<b>Construction in progress</b>	452,862	73,791	154,307	372,346
<b>Total cost</b>	<b>49,043,118</b>	<b>1,035,177</b>	<b>426,117</b>	<b>49,652,178</b>

**Accumulated Depreciation**

Building	5,055,078	229,176	-	5,284,254
Vehicles	4,685,178	285,857	1,056	4,968,177
Office equipment	3,321,149	128,214	13,981	3,435,382
Furniture & fixtures	1,313,651	32,858	84	1,346,425
Machineries	1,392,220	69,138	-	1,461,358
Tool for after-sales services	3,298,152	96,525	903	3,393,774
Heavy equipment - rental	916,870	75,199	-	990,869
<b>Leased asset</b>				
Vehicles	253,898	14,801	153,016	115,483
<b>Total Accumulated Depreciation</b>	<b>20,234,794</b>	<b>831,588</b>	<b>169,041</b>	<b>20,996,722</b>

**Book value**

**Direct ownership**

Land	9,249,434	-	-	9,249,434
Building	13,120,724	(82,610)	-	13,038,214
Vehicles	1,822,819	38,723	-	1,961,542
Office equipment	1,343,454	77,108	58	1,420,504
Furniture & fixtures	289,868	(13,193)	-	276,773
Machineries	1,289,766	28,650	-	1,289,316
Tool for after-sales services	378,736	51,140	100	429,775
Heavy equipment - rental	577,222	(75,199)	-	502,023
<b>Leased asset</b>				
Vehicles	212,339	(14,801)	102,011	95,527
Construction in progress	452,862	73,791	154,307	372,346
<b>Net book value</b>	<b>28,808,322</b>	<b>103,808</b>	<b>256,476</b>	<b>28,655,453</b>

**PT HEXINDO ADI PERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For First Quarter ended June 30, 2010 and 2009,  
(Expressed in US Dollars, unless Otherwise Stated)

**11. PROPERTY AND EQUIPMENT (continued)**

**Direct ownership**

Cost	April- June 2009			
	Beginning Balance	Additions	Deduction	Ending Balance
	US\$	(Reclassifications) US\$	(Reclassification) US\$	US\$
Land	9,115,696	-	-	9,115,696
Building	8,869,272	8,190,418	-	17,059,689
Vehicles	5,680,034	630,543	71,314	6,039,263
Office equipment	4,164,612	411,399	-	4,576,011
Furniture & fixtures	1,440,136	7,169	-	1,447,305
Machineries	1,755,857	110,031	-	1,865,888
Tool for after-sales services	3,162,155	92,167	-	3,254,322
Heavy equipment - rental	1,660,957	-	-	1,660,957
<u>Leased asset</u>				
Vehicles	468,037	-	-	468,037
<u>Construction in progress</u>	8,360,776	125,027	8,118,308	367,495
<b>Total cost</b>	<b>44,576,531</b>	<b>9,467,654</b>	<b>8,189,622</b>	<b>45,853,404</b>

**Accumulated Depreciation**

Building	4,171,772	82,702	-	4,234,474
Vehicles	4,820,485	83,802	71,314	4,833,073
Office equipment	3,010,724	101,589	-	3,112,313
Furniture & fixtures	1,196,506	27,744	-	1,224,250
Machineries	1,277,872	36,895	-	1,314,767
Tool for after-sales services	2,844,078	68,422	-	2,912,498
Heavy equipment - rental	569,319	161,829	-	731,149
<u>Leased asset</u>				
Vehicles	181,111	15,535	-	178,646
<b>Total Accumulated Depreciation</b>	<b>18,051,868</b>	<b>558,618</b>	<b>71,314</b>	<b>18,539,170</b>

**Book value**

**Direct ownership**

Land	9,115,696	-	-	9,115,696
Building	4,697,500	8,127,718	-	12,825,215
Vehicles	759,549	448,841	-	1,208,390
Office equipment	1,163,888	309,810	-	1,463,898
Furniture & fixtures	243,630	(20,575)	-	223,055
Machineries	477,985	73,836	-	551,921
Tool for after-sales services	318,079	23,745	-	341,824
Heavy equipment - rental	1,091,838	(161,829)	-	929,808
<u>Leased asset</u>				
Vehicles	304,926	(15,535)	-	289,391
<u>Construction in progress</u>	8,360,776	125,027	8,118,308	367,495
<b>Net book value</b>	<b>28,523,668</b>	<b>8,908,936</b>	<b>8,118,308</b>	<b>27,314,294</b>

**PT HEXINDO ADIPERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For First Quarter ended June 30, 2010 and 2009,  
(Expressed in US Dollars, unless Otherwise Stated)

**11. PROPERTY AND EQUIPMENT (continued)**

*Depreciation charged to operations are as follows:*

	June 2010	June 2009
	US\$	US\$
Selling	337,050	222,202
General and administrative	264,829	174,587
Cost of rental heavy equipment	75,199	990,889
Total	<u>677,078</u>	<u>1,387,678</u>

The Company's land are under "Hak Guna Bangunan (HGB)" (non-ownership with limited duration) and "Hak Milik". As of June 30, 2010, the related landrights under HGB will expire between 2017 to 2038 and the Company's management believes that these rights are renewable upon their expiry.

Property and equipment, except for land, are covered by insurance against losses by fire and other risks under blanket policies of US\$31,437,804 as of June 30, 2010 and US\$19,020,799 as of June 30, 2009, which the Company's management believes that the insurance is adequate to cover possible losses arising from such risks.

As of June 30, 2010 and June 30, 2009, the Company's management believes that there is no events or conditions that may indicate impairment of assets.

Leased assets are acquired through financing from PT Orix Indonesia Finance. The leased assets are pledged against the related finance lease obligations.

PT HEXINDO ADIPERKASA Tbk  
 NOTES TO THE FINANCIAL STATEMENTS  
 For First Quarter ended June 30, 2010 and 2009.  
 (Expressed in US Dollars, unless Otherwise Stated)

**12. SHORT-TERM BANK LOANS**

This account represents short-term bank loan obtained from various banks, as follow:

	June 2010 US\$	June 2009 US\$
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	33,000,000
Citibank, N.A., Jakarta	-	3,000,000
PT Bank Mizuho Indonesia	-	10,000,000
<b>Total</b>	<b>-</b>	<b>46,000,000</b>

The Bank of Tokyo - Mitsubishi UFJ, Ltd.

The Company and PT Hitachi Construction Machinery Indonesia obtained a multi-currency loan facility from The Bank of Tokyo Mitsubishi UFJ, Ltd., Jakarta (BTMU Jakarta) with a maximum credit facility of US\$25,000,000 and US\$40,000,000, respectively. The term of this facility is 36 months since date of the agreement. The outstanding principal is due at the date of payment of the interest every month but subject to roll-over every date of payment of interest until the end of credit facility. The loan bears interest at 0.25% above LIBOR per year. This loan is guaranteed by Hitachi Construction Machinery Co., Ltd., Japan, a shareholder. The outstanding balance as of June 30, 2009 are US\$25,000,000, respectively.

The loan obtained from The Bank of Tokyo-Mitsubishi UFJ, Ltd., Singapore (BTMU Singapore) is a multi-currency loan facility for the Company and its related parties (i.e. Hitachi Construction Machinery Asia and Pacific Pte., Ltd., Singapore, Hitachi Construction Machinery Thailand Co., Ltd., Thailand, PT Hitachi Construction Machinery Indonesia, Hitachi Construction Machinery Sdn., Bhd., Malaysia and Cableprice (NZ) Limited) with a maximum credit facility amounting to US\$30,000,000.

The term of this facility is 36 months since date of the agreement. The outstanding principal is due at the date of payment of the interest every month but subject to roll-over every date of payment of interest until the end of credit facility. The loan bears interest at 0.25% above LIBOR per year. The outstanding balance as of June 30, 2009 is US\$8,000,000.

Each loan can be drawdown through BTMU Singapore and/or BTMU Jakarta. This loan is guaranteed by Hitachi Construction Machinery Co., Ltd., Japan, a shareholder.

The related loan agreements with BTMU Jakarta and BTMU Singapore contain certain restriction on the Company, among others, change of its business, and sell, lease, transfer or otherwise dispose substantial part of its assets, unless such activity is made in the ordinary course of the Company's business.

Citibank N.A.

On June 5, 2006, the Company obtained a short term working capital facility from Citibank, N.A., Jakarta with a maximum credit facility of US\$15,000,000. This loan facility have been extended several times, the latest was until June 5, 2011. The loan bears interest at 0.75% above LIBOR per year and is payable in 3 months.

PT Bank Mizuho Indonesia

On April 21, 2006, the Company obtained a short-term working capital facility from PT Bank Mizuho Indonesia with a maximum credit facility of US\$10,000,000. This loan facility have been extended several times, the latest was until April 21, 2011. The loan bears interest at 0.75% above LIBOR per year, is payable in 3 months. The loan contains certain restriction on the Company, among others, to consolidate with or merge into any other corporation and change of its business

**13. TRADE PAYABLES – THIRD PARTIES**

Details of trade payables - third parties in relation with purchases of goods and services are as follows:

	June 2010 US\$	June 2009 US\$
Heavy equipment	3,474,755	1,408,812
Spare parts	1,779,912	1,626,794
Repairs and maintenance	287,397	988,086
<b>Total</b>	<b>5,522,064</b>	<b>4,023,693</b>

As of June 30, 2010 and June 30, 2009, the aging of all trade payables - third parties was current and less than 3 months.

PT HEXINDO ADIPERKASA Tbk  
 NOTES TO THE FINANCIAL STATEMENTS  
 For First Quarter ended June 30, 2010 and 2009.  
 (Expressed in US Dollars, unless Otherwise Stated)

**14. OTHER PAYABLES - THIRD PARTIES**

This account consists of:

	June 2010 US\$	June 2009 US\$
Heavy equipment	7,618,521	2,770,305
Spare parts	79,321	117,100
Others	1,765,803	1,863,694
<b>Total</b>	<b>9,463,645</b>	<b>4,751,099</b>

**15. ACCRUED EXPENSES**

This account consists of:

	June 2010 US\$	June 2009 US\$
Salaries and employee's benefits	1,385,590	1,099,210
Interest	6,102	155,041
Marketing expenses	9,725,193	6,502,730
Others	1,396,491	136,062
<b>Total</b>	<b>12,493,376</b>	<b>7,893,043</b>

**16. TAXES PAYABLES**

Taxes payable represents income taxes payables on:

	June 2010 US\$	June 2009 US\$
Estimated tax payable in current period	3,009,750	1,027,840
<u>The other taxes payables</u>		
Article 21/26	362,007	148,081
Article 23/28	31,380	26,826
Article 25/29	1,162,510	-
Value Added Tax	20,454	-
<b>Total</b>	<b>4,586,001</b>	<b>2,002,747</b>

Income Tax Expense – Current

The reconciliation between income before income tax, as shown in the statements of income and taxable income for three months ended June 30, 2010 and for the year ended June 30, 2009, are as follows:

	June 2010 US\$	June 2009 US\$
Income before income tax expense per statements of income	12,346,245	5,893,784
<u>Add (deduct) temporary differences:</u>		
Provision for inventories obsolescence	346,035	173,913
Depreciation of property and equipment	(145,558)	381,254
Depreciation of leased assets	14,801	15,535
Provision for doubtful accounts	454,671	87,008
Taxes and licenses	14,207	9,456
Entertainment	12,270	13,257
Salaries and wages	(1,048,011)	(62,482)
Donation	5,607	4,847
Others expenses	81,152	127,384
<u>Add (deduct) permanent differences:</u>		
Interest income already subject to final tax	(36,812)	(91,677)
Payment of finance lease obligation	(13,451)	(19,800)
Rental revenue	8,341	-
Gain on sale of property and equipment	-	(3,776)
<b>Taxable Income</b>	<b>12,039,497</b>	<b>6,528,703</b>

PT HEXINDO ADIPERKASA Tbk  
 NOTES TO THE FINANCIAL STATEMENTS  
 For First Quarter ended June 30, 2010 and 2009.  
 (Expressed in US Dollars, unless Otherwise Stated)

**16. TAXES PAYABLES (continued)**

**Deferred Income Tax**

The computations of deferred income tax benefit (expense) on temporary differences between commercial and tax reporting purposes using the maximum tax rate of 25% and 28% for three months ended June 30, 2010 and the year ended June 30, 2009, respectively, are as follows:

	June 2010 US\$	June 2009 US\$
Depreciation of property and equipment	(40,756)	108,751
Depreciation of leased assets	4,144	4,350
Gain on sale of property and equipment	-	(1,057)
Rental revenue	2,335	-
Provision for employee - benefit net	(293,443)	(17,495)
Provision for doubtful accounts	127,308	24,362
Provision for inventories obsolescence	98,890	48,696
Payment of finance lease obligation	(3,766)	(5,544)
<b>Deferred income tax benefit - net</b>	<b>(107,288)</b>	<b>160,063</b>
<b>Taxable Income</b>	<b>12,039,497</b>	<b>6,528,703</b>
<b>Estimated income tax expenses</b>	<b>3,009,750</b>	<b>1,827,840</b>

The deferred tax assets and liabilities as of June 30, 2010 and June 30, 2009, are as follows:

	June 2010 US\$	June 2009 US\$
<b>Deferred tax assets</b>		
Allowance for doubtful accounts	704,245	579,446
Allowance for inventories obsolescence	779,798	398,848
Estimated liability for employees' benefits	303,329	385,878
Rental revenue	352,061	-
<b>Total deferred tax assets</b>	<b>2,229,433</b>	<b>1,364,172</b>
<b>Deferred tax liabilities</b>		
Depreciation of property and equipment	(121,799)	68,303
Depreciation of leased assets	67,569	(3,386,755)
Finance lease receivable	-	4,286,800
Payment of finance lease obligation	(74,924)	(50,911)
Interest Income	-	(1,032,865)
Gain foreign exchange	-	581,452
Gain on sale of property and equipment	-	(49,481)
<b>Total deferred tax liabilities</b>	<b>(129,154)</b>	<b>416,543</b>
<b>Deferred tax assets - net</b>	<b>2,100,279</b>	<b>1,780,715</b>

The computations of income tax expense and tax payable as of June 30, 2010 and June 30, 2009, are as follows:

	June 2010 US\$	June 2009 US\$
<b>Taxable Income (rounded-off)</b>	<b>12,039,000</b>	<b>6,528,445</b>
<b>Income tax expense - current</b>	<b>3,009,750</b>	<b>1,827,840</b>
<b>Prepayment of income taxes:</b>		
Article 22	1,015,351	563,784
Article 23	143,201	358,326
Article 25	1,580,169	1,185,414
<b>Total prepayment of income tax</b>	<b>2,738,721</b>	<b>2,007,524</b>
<b>Estimated tax (receivable) payable</b>	<b>271,029</b>	<b>(259,684)</b>

PT HEXINDO ADIPERKASA Tbk  
 NOTES TO THE FINANCIAL STATEMENTS  
 For First Quarter ended June 30, 2010 and 2009.  
 (Expressed in US Dollars, unless Otherwise Stated)

**17. LONG-TERM BANK LOAN**

This account represents long-term bank loan, as follow:

	June 2010	June 2009
	US\$	US\$
The Bank of Tokyo Mitsubishi UFJ, Ltd., Indonesia (Rp 49.937.333.333 as of June 30, 2010 and Rp 89.270.666.667 as of June 30, 2009)	5,498,100	8,730,671
Current maturities	(3,082,800)	(2,102,668)
Long-term portion	<u>2,415,300</u>	<u>6,548,003</u>

Loans obtained from The Bank of Tokyo-Mitsubishi UFJ, Ltd., Jakarta (BTMU Jakarta) are uncommitted credit facility for investment purposes that were obtained in December 28, 2007 and various dates in 2008 and 2009 with a total maximum credit facility of Rp 118,000,000,000. These loans are payable on installment basis every month for 3 years. These loans bear annual interest at 0.50% above cost of fund for relevant interest period as determined by BTMU Jakarta.

The related loan agreement stated that the Company cannot enter into the various transactions, among others, to sell, lease, transfer or otherwise dispose of part of its assets and obtain a loan from any other party, unless such activity is made in the ordinary course of the Company's business; to declare or pay dividend to the shareholders; to consolidate or merge with other party; and to change of its composition of share capital, shareholders or their shareholdings, composition of the Boards of Directors and Commissioners or its Articles of Association, without prior written consent to BTMU Jakarta.

In relation with payment of dividend to the shareholders, changes in the composition of the Boards of Directors and amendment of its Articles of Association in 2008, the Company had obtained Consent Letter from BTMU on February 24, 2009.

**18. FINANCE LEASE OBLIGATION**

Leased assets are acquired through financing from PT Orix Indonesia Finance. The leased assets are pledged against the related finance lease obligations.

The future minimum finance lease payment required under the lease agreements are as follows:

Years	June 2010	June 2009
	US\$	US\$
2009	-	33,187
2010	6,782	32,593
2011	2,261	4,016
Total	<u>9,043</u>	<u>69,796</u>
Less amount applicable to interest Present value of minimum finance lease payment	<u>(613)</u>	<u>(5,631)</u>
Current maturities	8,430	63,965
Long-term portion	<u>(6,221)</u>	<u>(44,991)</u>
	<u>2,209</u>	<u>18,974</u>

**19. LONG-TERM OTHER PAYABLES**

This account represents long-term payables to Mitsubishi Corporation, Japan, in US Dollar currency in relation to purchases of 14 units of heavy equipment that are leased out to PT Kalina Prima Coal (Note 6). This loan is payable in quarterly installment in 4 years and bears average interest at 8.50% per year. The payables are guaranteed by certain heavy equipment being leased out. The future installment payment of these payables are as follows:

	June 2010	June 2009
	US\$	US\$
2009	-	5,233,251
2010	361,289	810,864
Total	<u>361,289</u>	<u>6,044,115</u>
Less amount applicable to interest Net	<u>(10,302)</u>	<u>(307,848)</u>
Current maturities	350,987	5,736,267
Long-term portion	<u>(350,987)</u>	<u>(4,933,251)</u>
	<u>-</u>	<u>803,816</u>

PT HEXINDO AD/PERKASA Tbk  
 NOTES TO THE FINANCIAL STATEMENTS  
 For First Quarter ended June 30, 2010 and 2009.  
 (Expressed in US Dollars, unless Otherwise Stated)

**20. ESTIMATED LIABILITY FOR EMPLOYEES' BENEFITS**

This account consists of:

	June 2010	June 2009
	US\$	US\$
Employees' benefits liability	2,892,637	1,740,331
Current maturities	(6,821)	(66,883)
Long term portion	2,885,816	1,673,448

The movement of estimated liability for employees' benefits during the period are as follows:

	June 2010	June 2009
	US\$	US\$
Beginning balance	2,747,089	1,606,323
Benefit costs during the period	209,883	136,484
Payment during the period	(64,336)	(2,456)
Ending balance	2,892,637	1,740,331

**21. SHARE CAPITAL**

The share ownership as of June 30, 2010 and June 30, 2009 based on the report from PT Sirca Datapro Perdana, the shares administrator bureau, are as follows:

Shareholders	Number of Shares Issued and fully Paid Rp 100	June 2010	
		Percentage of Ownership	Amount US\$
<b>Local</b>			
Commissioner			
- Donald Christian Sie	64,500	0.008%	1,784
Director			
- Tony Endroyoso	50,000	0.006%	1,383
Public (below 5% ownership each)	146,637,500	17.457%	4,056,736
<b>Foreign</b>			
Director			
- Toru Sakai	1,580,000	0.188%	43,700
Hitachi Construction Machinery Co., Ltd., Japan	408,180,000	48.593%	11,289,543
Itochu Corporation, Jepang Hitachi Construction Machinery Asia and Pacific Pte., Ltd., Singapore	189,400,000	22.548%	5,238,472
Public (below 5% ownership each)	42,620,000	5.074%	1,178,794
	51,468,000	6.127%	1,423,515
Balance as of June, 30 2010	840,000,000	100.00%	23,232,926
		<b>June 2009</b>	
Shareholders	Number of Shares Issued and fully Paid Rp 100	Percentage of Ownership	Amount US\$
<b>Local</b>			
Commissioner			
- Donald Christian Sie	62,500	0.007%	1,729
Director			
- Tony Endroyoso	50,000	0.01%	1,383
Public (below 5% ownership each)	160,075,000	19.06%	4,427,394
<b>Foreign</b>			
Hitachi Construction Machinery Co., Ltd., Japan	408,180,000	48.59%	11,289,543
Itochu Corporation, Jepang Hitachi Construction Machinery Asia and Pacific Pte., Ltd., Singapore	189,400,000	22.55%	5,238,472
Public (below 5% ownership each)	42,620,000	5.07%	1,178,794
	39,612,500	4.72%	1,096,612
Balance as of June 30, 2009	840,000,000	100.00%	23,232,926

**22. ADDITIONAL paid-in CAPITAL – NET**

This account consists of:

	June 2010	June 2009
	US\$	US\$
Additional paid-in capital	8,115,419	8,115,419
Stock issuance costs	(116,583)	(116,583)
Net	7,998,836	7,998,836



**PT HIXINDO ADIPERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For First Quarter ended June 30, 2010 and 2009.  
(Expressed in US Dollars, unless Otherwise Stated)

**23. CASH DIVIDENDS AND GENERAL RESERVE**

In accordance with the minutes of the Annual Shareholders' Meeting of the Company held on June 29, 2009, the minutes of which were notarized by Notarial Deed No. 163 and 164 on the same date of Robert Purba, S.H., the shareholders resolved to declare cash dividends totaling Rp91,560,000,000 (equivalent US\$8,854,568) and Rp 19,320,000,000 (equivalent US\$1,889,496) for the 840,000,000 shares of Rp109 and Rp 23 (full amount) per share, and to appropriate for general reserve from retained earnings amounting to Rp5,000,000,000 (equivalent US\$489,000). The cash dividends were fully paid to the shareholders on August 7, 2009 and in September 2009.

**24. NET REVENUES**

Details of net revenues are as follows:

	June 2010 US\$	June 2009 US\$
Sales and rental of heavy equipment		
Third parties	62,347,226	22,619,719
Related parties	19,966,861	3,040,130
Sales of spare parts		
Third parties	25,562,038	17,589,227
Repairs and maintenance services		
Third parties	12,866,154	9,824,875
Related parties	2,796,890	-
<b>Total Revenue</b>	<b>123,539,968</b>	<b>53,173,951</b>

**25. COST OF REVENUES**

Details of cost of revenues are as follows:

	June 2010 US\$	June 2009 US\$
Sales and rental heavy equipment		
Beginning balance of inventories	39,540,457	36,560,529
Purchasing	70,474,087	20,786,889
Available inventories for sales	110,014,544	57,347,518
Ending inventories	(36,597,678)	(34,960,984)
Cost of sales and rental heavy equipment	73,416,866	22,386,534
Spare-parts:		
Beginning balance of inventories	57,137,992	53,960,265
Purchasing	19,154,114	17,844,750
Available parts inventories	76,292,106	71,805,015
Allowance for inventories obsolescence	346,035	173,913
Ending balance of part inventories	(59,488,448)	(61,156,325)
Cost of spare-parts sales	17,149,693	10,822,603
Repairs and maintenance services cost	11,128,921	7,261,798
<b>Total cost of revenue</b>	<b>101,095,480</b>	<b>40,470,935</b>

**26. OPERATING EXPENSES**

Details of operating expenses are as follows:

	June 2010 US\$	June 2009 US\$
<b>a Selling Expenses:</b>		
Salaries, wages and employee benefits	2,594,586	1,310,581
Travelling	649,376	517,661
Depreciation	337,056	222,202
Communication	132,669	184,999
Warehousing and shipping	153,344	157,205
Transportation	778,590	746,203
Repairs and maintenance	64,359	75,233
Entertainment	40,899	29,865
Rental	134,775	76,513
After sales services	578,493	318,218
Training and education	70,580	79,291
Professional fees	94,923	181,971
Sales and promotion	41,944	27,348
<b>Total selling expenses</b>	<b>5,671,562</b>	<b>3,027,209</b>

PT HEXINDO ADIPERKASA Tbk  
 NOTES TO THE FINANCIAL STATEMENTS  
 For First Quarter ended June 30, 2010 and 2009,  
 (Expressed in US Dollars, unless Otherwise Stated)

**26. OPERATING EXPENSES (Continued)**

**b General and Administrative Expenses:**

Salaries, wages and employee benefits	1,649,107	1,403,785
Stationery and office supplies	896,897	760,700
Depreciation	264,829	174,587
Repairs and maintenance	162,420	129,992
Communication	113,015	157,592
Bank charges	20,531	23,068
Asuransi	169,533	111,386
Water, gas and electricity	175,181	132,223
Taxes	47,356	31,519
Donation	5,607	4,847
Membership	6,882	7,976
Others	177,930	61,167
<b>Total General and administrative expenses</b>	<b>3,689,288</b>	<b>2,990,842</b>
<b>Total Operating expenses</b>	<b>9,360,850</b>	<b>6,926,131</b>

**27. INTEREST INCOME**

This account represents interest income from:

	June 2010	June 2009
	US\$	US\$
Current accounts	36,812	18,083
Financing leases	7,192	66,320
Trade receivables	5,258	7,275
<b>Total</b>	<b>49,262</b>	<b>91,677</b>

**28. INTEREST EXPENSES**

This account represents interest expense on:

	June 2010	June 2009
	US\$	US\$
Bank loans	100,725	378,101
Finance leases	598	2,836
Long-term other payables	12,312	139,026
<b>Total</b>	<b>113,635</b>	<b>519,963</b>

**29. MONETARY ASSETS AND LIABILITIES IN FOREIGN CURRENCIES**

As of June 30, 2010, the Company has monetary assets and liabilities denominated in foreign currencies as follows:

	Foreign Currencies	Equivalent in US\$
<b>Assets</b>		
Cash on hand and in banks		
Rupiah	IDR 39,169,295,913	4,312,539
Japan Yen	JPY 2,435,852.19	27,510
Trade receivables		
Rupiah	IDR 39,551,715,314	4,354,644
Non-Trade receivables		
Rupiah	IDR 405,181,825	44,611
<b>Total Assets</b>		<b>8,739,304</b>
<b>Liabilities</b>		
<b>Trade payables</b>		
Rupiah	IDR 24,776,905,731	2,727,937
AUD	AUD 22,172.90	18,870
EURO	€ 568.32	694
Japan Yen	JPY 4,106,288	46,375
SGD	SGD 14,029.10	10,010
<b>Other payables</b>		
Rupiah	IDR 5,472,846,132	602,560
<b>Bank loan - Long portion</b>		
Rupiah	IDR 49,937,333,333	5,498,100
<b>Total Liabilities</b>		<b>8,904,548</b>
<b>Net monetary liabilities</b>		<b>165,244</b>

**PT HEXINDO ADIPERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For First Quarter Ended June 30, 2010 and 2009*  
(Expressed in US Dollars, unless Otherwise Stated)

**30. SIGNIFICANT AGREEMENTS AND COMMITMENTS**

**a. Royalty Agreement**

shareholder. Based on this agreement, HCMJ agreed to furnish the Company with license, technical information and training in order to remanufacture heavy equipment components. As compensation, the Company shall pay HCMJ royalty fee for the license at 1% of certain product sales and technical assistance services related to heavy equipment component remanufacturing. This agreement will expire on December 31, 2009. Until the completion date of the financial statement, the extended agreement is still in the signing process by both parties

**b. Distributorship Agreements**

The Company has several distributorship agreements in relation to the sale of certain heavy equipment and its spare parts with several licensed companies, among others, HCMJ, Hitachi Construction Machinery Asia and Pacific Pte., Ltd., Singapore (HMAP), a shareholder, PT Hitachi Construction Machinery Indonesia, a related party.

The above agreements generally cover a period of 1 year to 3 years and can be extended from time to time as agreed with the above companies. The agreements require the Company to achieve certain sales targets and provide after sales service on the heavy equipment sold.

**c. Three Parties Sales and Purchase Agreement**

The Company entered into a three parties sales and purchase agreements with HMAP and a certain customer, whereby the Company was appointed as a sales agent on sales of heavy equipment from HMAP to certain customer in Indonesia. Based on these agreements, the Company is responsible to provide service warranty that can be claimed back to HMAP and maintenance support for the heavy equipments sold and administer and fully responsible for collection of any payment incurred from the transaction

As compensation, the Company received commission fee and administration revenue from HMAP for collection of receivable based on the certain percentage of the sales price of heavy equipment and collected receivables which is recorded as part of the "Net Revenues" account in the statements of income.

**d. Commission Agreement**

The Company entered into a commission agreement with HCMJ, whereby based on the agreement, the Company receives commission fee from HCMJ based on the certain percentage of the sales price of heavy equipments sales to certain third parties. As compensation, the Company is responsible to provide the technical assistance of assembling system, perform periodic inspection during the warranty time and provide the training to certain third parties. The commission revenue received by the Company is recorded as part of "Net Revenues" account in the statements of income.

**e. Unused Credit Facility**

As of June 30, 2010 the Company has unused credit facility obtained from :

- PT Bank Resona Perdana, under promissory note loan facility of US\$ 2,000,000 that has been extended until May 13, 2010
- The Sumitomo Trust and Banking Company, Ltd Singapore under uncommitted revolving credit facility with a maximum credit facility of US\$ 10,000,000. This loan facility is available until September 30, 2010
- PT Bank Sumitomo Mitsui Indonesia under uncommitted revolving credit facility for working capital in multi currency with a maximum credit facility of US\$ 15,000,000. This loan is available until September 2010
- The Bank of Tokyo-Mitsubishi UFJ, Ltd., Jakarta under unsecured uncommitted credit facility for working capital in multi currency with a maximum credit facility of US\$ 10,000,000. This loan facility is available until March 31, 2011

**PT HEXINDO ADIPERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For First Quarter Ended June 30, 2010 and 2009*  
(Expressed in US Dollars, unless Otherwise Stated)

**30. SIGNIFICANT AGREEMENTS AND COMMITMENTS (Continued)**

**f. Derivative Instrument - Cross Currency Swap**

On September 1, 2008, the Company entered into cross currency swap contracts with Citibank N.A., Jakarta, whereby the Company shall receive an annual interest income of 1% above the Certificate of Bank Indonesia from the nominal values of Rp20,490 and Rp14,000 at the beginning and will be reduced by Rp1,314 every month and pay annual interests of 5.75% and 5.00% from the nominal values of US\$3,111,901 and US\$1,529,219, respectively, at the beginning and will be reduced by US\$143,528 every month. The interests will be received and paid on monthly basis, starting from September 2008 and each will be matured on July 11, 2011 and December 24, 2010, respectively. Every month, the Company will receive Rp1,314 and pay US\$143,528 to Citibank N.A., Jakarta.

**PT HEXINDO ADIPERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For First Quarter ended June 30, 2010 and 2009.  
(Expressed in US Dollars, unless Otherwise Stated)

**31. INFORMASI SEGMENT**

The following tables present certain information regarding the business and geographical segments as of June 30, 2010 and June 30, 2009 as follows:

<u>Jun 10</u>	Sales, rental of Heavy Equip and commission income	Sales of spare parts	Repair and Maintenance service	Unallocated	Total
<b>Business Segment Information (Primary)</b>					
Segment Revenues	82,314,087	25,562,838	16,663,044		123,539,968
Segment Gross Profit	8,834,771	6,773,494	4,236,224		21,844,489
Segment Operating Income	7,200,080	8,582,530	805,089	(4,164,060)	12,483,639
Segment Assets	103,465,779	80,986,216	13,121,536	29,276,316	226,849,849
Segment Liabilities	90,286,945	16,566,866	863,891	10,702,261	118,419,963
<b>Geographical Segment Information (Secondary)</b>					
Segment Revenues					
Java Island	9,185,726	1,612,957	125,578	-	10,904,263
Outside Java Island	73,148,359	23,949,881	15,537,466	-	112,635,706
<b>Total Segment Revenue</b>	<b>82,314,087</b>	<b>25,562,838</b>	<b>15,663,044</b>	-	<b>123,539,968</b>
Segment Gross Profit					
Java Island	854,711	204,117	43,871	-	1,102,699
Outside Java Island	7,980,060	8,569,377	4,192,353	-	20,741,790
<b>Segment Gross Profit</b>	<b>8,834,771</b>	<b>8,773,494</b>	<b>4,236,224</b>	-	<b>21,844,489</b>
Operating Income					
Java Island	673,298	183,776	12,340	(90,775)	778,641
Outside Java Island	6,526,782	8,398,752	792,749	(4,073,285)	11,704,998
<b>Segment Operating Income</b>	<b>7,200,080</b>	<b>8,582,530</b>	<b>805,089</b>	<b>(4,164,060)</b>	<b>12,483,639</b>
<u>Jun 09</u>	Sales, rental of Heavy Equip and commission income	Sales of spare parts	Repair and Maintenance service	Unallocated	Total
<b>Business Segment Information (Primary)</b>					
Segment Revenues	25,659,849	17,589,227	9,924,075		53,173,951
Segment Gross Profit	3,273,316	6,760,824	2,603,076		12,703,016
Segment Operating Income	2,207,866	6,788,549	220,826	(3,440,358)	5,776,885
Segment Assets	109,692,354	8,969,780	71,076,445	3,750,838	193,489,417
Segment Liabilities	22,102,359	17,373,463	1,268,075	84,001,411	124,745,308
<b>Geographical Segment Information (Secondary)</b>					
Segment Revenues					
Java Island	2,050,040	349,729	145,314	-	2,545,083
Outside Java Island	23,609,809	17,239,498	9,778,761	-	50,628,068
<b>Total Segment Revenue</b>	<b>25,659,849</b>	<b>17,589,227</b>	<b>9,924,876</b>	-	<b>53,173,951</b>

**PT HEXINDO ADIPERKASA Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For First Quarter ended June 30, 2010 and 2009,  
(Expressed in US Dollars, unless Otherwise Stated)

**31. INFORMASI SEGMENT (CONTINUED)**

Segment Gross Profit					
Java Island	271,853	147,984	44,090	-	463,937
<i>Outside Java Island</i>	3,001,462	6,618,630	2,618,986	-	12,239,078
Segment Gross Profit	<u>3,273,315</u>	<u>6,766,624</u>	<u>2,663,076</u>	-	<u>12,703,015</u>
Operating Income					
Java Island	188,075	130,266	8,523	(71,599)	255,265
<i>Outside Java Island</i>	2,019,791	6,658,283	212,305	(3,368,759)	5,521,620
Segment Operating Income	<u>2,207,866</u>	<u>6,788,549</u>	<u>220,828</u>	<u>(3,440,358)</u>	<u>5,776,885</u>

**32. CHANGES ON THE REPORTING CURRENCY**

In accordance with the minutes of the Extraordinary Shareholders' Meeting of the Company held on June 25, 2008, as covered by Notarial Deed No. 123 on the same date of Robert Purba, S.H., the shareholders resolved to change the reporting currency from Rupiah to US Dollar that will be effective for 2009 fiscal year. This change was approved by the Department of Finance of Republic Indonesia in its decision letter No. KEP-159/WP.1.07/WP.1.07/BD.04/2008.