

PT HEXINDO ADIPERKASA Tbk

Financial Statements

For First Half ended September 30, 2010 and 2009.

(In US Dollars)

PT HEXINDO ADIPERKASA Tbk
FINANCIAL STATEMENTS
For First Half ended September 30, 2010 and 2009.

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

ASSETS

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		US\$	US\$
<u>CURRENT ASSETS</u>			
Cash on hand and in banks	3	19,678,665	24,375,286
Receivables			
- Third parties (Net of allowance for doubtful accounts of US\$ 3.004.874 as of September 30, 2010 and US\$ 2.133.346 as of September 30, 2009)	2b,4	65,675,467	35,838,191
- Related parties	2c,5a	1,425,055	7,289,927
- Finance lease receivables - current portion	2i, 6	135,094	3,561,033
- Other receivables - third parties	7	265,877	35,721
Inventories	2d,8	89,354,401	84,148,133
Advance payment	10	789,430	5,984,367
Prepaid expenses	2e	382,821	234,230
Prepaid Taxes	9	6,835,084	6,633,776
TOTAL CURRENT ASSETS		184,541,894	168,100,665
<u>NON CURRENT ASSETS</u>			
Due from related parties	2c,5b	854,087	419,751
Investment in shares of stock	2f	4,579,765	4,612,142
Finance lease receivables - long term portion	2i, 6	-	934,937
Derivative instrument receivables	2m, 30f	10,292	-
Estimated claim for tax refund	9	2,558,572	1,284,215
Deferred tax assets - net	2o,16	2,281,354	2,566,852
Fixed Assets			
Acquisition cost	2g, 11	50,763,471	46,164,420
Accumulated Depreciation	2g, 11	(21,734,850)	(18,909,322)
Net - Book Value		29,028,621	27,255,098
Other assets	2g	194,650	167,815
Total Non-Current Assets		39,507,341	37,240,811
TOTAL ASSETS		224,049,235	205,341,476

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

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

LIABILITIES AND EQUITY

	Notes	2010 US\$	2009 US\$
<u>CURRENT LIABILITIES</u>			
Short-term bank loans	12	-	38,000,000
<u>Trade payables</u>			
- Related parties	2c,5c	76,203,248	42,681,631
- Third parties	13	3,853,847	3,388,627
<u>Other payables</u>			
- Related parties	2c,5d	2,508,604	11,251
- Third parties	14	5,573,299	8,385,388
Accrued expenses	15	13,698,812	12,522,614
Taxes payables	16	8,571,294	7,344,044
<u>Current maturities of long term liabilities:</u>			
Bank loans	17	2,036,483	2,182,668
Finance lease obligation	18	4,291	32,257
Other payables	19	117,545	2,898,230
Estimated liability for employees' benefits	20	6,821	66,883
Total Current Liabilities		112,574,244	117,513,594
<u>NON CURRENT LIABILITIES</u>			
Derivative instrument payables	2m, 30f	-	256,237
<u>Long-term liabilities-net of current portion:</u>			
Bank loan	17	2,459,175	6,023,209
Finance lease obligation	18	2,249	20,041
Other payables	19	-	920,561
Estimated liability for employees' benefits	20	2,920,760	1,801,574
Total Non-Current Liabilities		5,382,184	9,021,622
<u>EQUITY</u>			
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	3,117,008	2,617,008
Unappropriated		71,744,037	44,957,490
TOTAL EQUITY		106,092,807	78,806,260
TOTAL LIABILITIES AND EQUITY		224,049,235	205,341,476

Jakarta, October 25, 2010

Kardinal A Karim, MM
President Director

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

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

	Notes	2010 US\$	2009 US\$
NET REVENUES	2c,2k,24, 30b,30c, 30d	243,639,015	145,277,244
COST OF REVENUES	2c,2k,25	200,149,262	110,698,453
GROSS PROFIT		43,489,753	34,578,791
OPERATING EXPENSES	2k,26		
Selling		9,524,775	7,960,384
General and administrative		7,590,559	5,996,922
Total operating expenses		17,115,334	13,957,306
OPERATING INCOME		26,374,419	20,621,485
OTHER INCOME (CHARGES)			
Interest income	2i,27	106,066	267,157
Gain(loss) on sales of property & equipment		(49)	7,276
Interest expenses	2c,28	(221,136)	(983,503)
Loss on foreign exchange-net	2n	(180,584)	(314,385)
Provision for doubtful accounts	2b,4	(747,815)	(164,669)
Miscellaneous - net	2g	164,440	375,426
Other income (charges) - net		(879,078)	(812,698)
INCOME BEFORE INCOME TAX		25,495,341	19,808,787
INCOME TAX BENEFIT (EXPENSES)			
Current	2o,16	(6,497,000)	(6,466,880)
Deferred	2o,16	73,787	946,198
Income Tax Expense - Net		(6,423,213)	(5,520,682)
NET INCOME		19,072,128	14,288,105
BASIC EARNINGS PER SHARE (in US Dollar)	2p	0.023	0.017

Jakarta, October 25, 2010

Kardinal A 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 Half ended September 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	Anappropriated	
Balance, April 1, 2009		23,232,926	7,998,836	2,128,008	42,659,270	76,019,040
Cash dividends declared		-	-	-	(10,844,064)	(10,844,064)
Appropriation for general reserve				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
Cash dividends declared	23	-	-	-	(12,180,000)	(12,180,000)
Appropriation for general reserve	23			500,000	(500,000)	-
Net income period April - September 2010		-	-	-	19,072,128	19,072,128
Balance, September 30, 2010		23,232,926	7,998,836	3,117,008	71,744,037	106,092,807

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

	2010	2009
	US\$	US\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash receipts from customers	252,072,847	171,733,287
Cash paid to:		
Suppliers	(198,180,138)	(98,117,974)
Operating activities	(20,637,787)	(14,607,939)
Salaries, wages and benefit of employees	(8,517,250)	(6,507,880)
Net cash provided by operations	<u>24,737,673</u>	<u>52,499,494</u>
Payment of interest expenses	(240,888)	(1,086,155)
Payments for income taxes	(15,001,890)	(8,901,133)
Payments for value added taxes	(4,191,215)	(2,950,828)
Net cash provided by (used in) operating activities	<u>5,303,680</u>	<u>39,561,378</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sales of property equipment	439	9,297
Acquisitions of property and equipment	(500,791)	(103,607)
Construction in Progress	(86,357)	(184,816)
Decrease(Increase) of advance payment	286,556	(1,915,235)
Net cash used in Investing activities	<u>(300,153)</u>	<u>(2,194,361)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from short-term bank loan	-	10,000,000
Cash Dividen	(12,180,000)	(10,844,010)
Payment of short-term bank loans	(2,188,188)	(20,031,471)
Payment of finance lease obligation	(14,743)	(36,654)
Net cash provided by (used in)		
Financing Activities	<u>(14,382,931)</u>	<u>(20,912,135)</u>
Net Increase (Decrease) in cash on hand and in banks	<u>(9,379,404)</u>	<u>16,454,882</u>
Cash on hand and in bank at beginning of period	29,058,069	7,920,404
CASH ON HAND AND IN BANK AT END OF PERIOD	<u><u>19,678,665</u></u>	<u><u>24,375,286</u></u>

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

PT HEXINDO ADIPERKASA Tbk
NOTES TO THE FINANCIAL STATEMENTS
For First Half ended September 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. Notarial Deed No. 159 dated July 21, 2008 of Robert Purba, S.H., concerning compliance with Law No. 40 year 2007 and change in fiscal year from January 1 to December 31 to become April 1 to March 31. These amendments were approved by the Ministry of Justice and Human Rights of Republic Indonesia through list Letter No. AHU-55157 AH.01.02 dated August 25, 2008. Its Articles of Association has been amended several times, the latest amendment was notarized through Notarial Deed No.207 and 208, July 29, 2010 of Humbert Lie, SH, SE, MKn.. These amendments had register to the Department of Justice and Human Rights of Republic Indonesia No.: AHU-0062240.AH.01.09. dated August 19, 2010.

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 September 30, 2010, the Company has 11 main branches, 3 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 Helmi, 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
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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.

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

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

Board of Commissioners:

Harry Danui	-	President Commissioner
Toto Wahyudiyanto	-	Commissioner
Donald Christian	-	Commissioner

Directors:

Kardinal Alamsyah Karim, MM.	-	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 September 30, 2010 are as follows:

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

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

Board of Commissioners:

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

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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
Hideo Kumagai	-	Director
Tony Endroyoso	-	Director
Shogo Yokoyama	-	Director
Toru Sakai	-	Director

The composition of the Company's audit committee as of September 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\$440,153 for September 30, 2010 and US\$ 591,967 for September 30, 2009

As of September 30, 2010 and 2009, the Company had 1124 and 1015 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
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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 bussiness, 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 Half ended September 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.

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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

The Company recorded its leasing activities as follows:

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.

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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).

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	<u>2010</u>	<u>2009</u>
1 Euro (EUR)	1,36	1,46
10,000 Indonesian Rupiah (IDR)	1,12	1,03
1 Australian Dollar (AUD)	0,97	0,88
1 Singapore Dollar (SGD)	0,76	0,71
1 Japanese Yen (JP¥)	0,01	0,01

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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 September 30, 2010 and 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.

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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 recognising 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.

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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.

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3. CASH ON HAND AND IN BANKS

This account consists of:

	<u>Sep-10</u>	<u>Sep-09</u>
	US\$	US\$
Cash on hand		
Cash, RP 380.210.169 as of September 30, 2010 and RP 559.963.077 as of September 30, 2009	42,622	57,841
Cash in bank		
Rupiah		
PT Bank CIMB Niaga Tbk (previously Bank Lippo Tbk.) (RP 12.533.445.049 as of September 30, 2010 and RP 7.970.343.098 as of September 30, 2009)	1,404,999	823,298
PT Bank Resona Perdania (RP 78.796.432 as of September 30, 2010 and RP 80.173.589 as of September 30, 2009)	8,833	8,282
PT Bank International Indonesia Tbk (RP 4.034.695.450 as of September 30, 2010 and RP 3.962.875.141 as of September 30, 2009)	452,289	409,346
PT Bank Rakyat Indonesia (RP 0 as of September 30, 2010 and RP 960.140.185 as of 30 September ,2009	-	99,178
PT Bank Danamon Tbk. (RP2.729.446.209 as of September 30, 2010 and RP 1.203.813.956 as 30 September ,2009	305,971	124,348
PT Bank Mandiri (RP 1.661.405.531 as of September 30, 2010 and RP 230.390.277 as of September 30, 2009)	186,244	23,798
PT Bank Mega (RP 7.812.598.484 as of September 30, 2010 and RP 11.635.312.764 as of September 30, 2009)	875,792	1,201,871
Citibank N.A., Jakarta (RP 2.298.405.709 as of September 30, 2010 and RP 1.718.636.660 as of September 30, 2009)	257,651	177,527
PT Bank Negara Indonesia (Persero) Tbk. (RP 72.738.269 as of September 30, 2010 and RP 124.271.512 as of September 30, 2009)	8,154	12,837
PT. Bank Mizuho Indonesia (RP 9.652.186 as of September 30, 2010 and RP 9.742.127 as of September 30, 2009)	1,082	1,004
The Bank of Tokyo Mitsubishi UFJ, Ltd., Jakarta (RP 1.558.090.812 as of September 30, 2010 and RP 3.523.159.184 as of September 30, 2009)	174,662	363,925
Bank Sumitomo Mitsui Indonesia (RP 9.911.864 as of September 30, 2010)	1,111	-
Total Rupiah Accounts	<u>3,676,789</u>	<u>3,245,413</u>
United States Dollars accounts:		
PT Bank Resona Perdania	2,543	2,543
PT Bank International Indonesia Tbk	9,110,792	4,520,959
The Bank of Tokyo-Mitsubishi UFJ, Ltd. Singapore	688,905	876,441
PT Bank Mega	152,998	144,592
Citibank N.A., Jakarta	201,840	329,088
PT. Bank Mizuho Indonesia	78,206	11,054
PT Bank Shinta	195	200
The Bank of Tokyo Mitsubishi UFJ, Ltd., Jakarta	5,689,392	15,164,982
Bank Sumitomo Mitsui Indonesia	5,271	-
Total United States Dollar Accounts	<u>15,930,141</u>	<u>21,049,859</u>
Yen Jepang		
The Bank of Tokyo Mitsubishi UFJ, Ltd. Jakarta (JPY 1,855,427 as of September 30, 2010 and JPY 1,857,964 as of September 30, 2009)	22,197	20,688
PT Bank International Indonesia Tbk. (JPY 578,141 as of September 30, 2010 and JPY 133,423 as of September 30, 2009)	6,916	1,486
Total Yen accounts	<u>29,113</u>	<u>22,173</u>
Total cash in Banks	<u>19,636,043</u>	<u>24,317,445</u>
Total cash on hand and in banks	<u>19,678,665</u>	<u>24,375,286</u>

4. TRADE RECEIVABLES - THIRD PARTIES

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This account represents trade receivables - third parties arising from:

	Sep-10 US\$	Sep-09 US\$
Sales and rental of heavy equipment, used in:		
Plantation and logging	17,259,582	5,851,713
Constructions	415,865	10,384
Mining	15,688,224	4,698,587
Total	33,363,671	10,560,685
Repairs and maintenance services	13,248,730	12,098,768
Sales of spare parts	22,067,940	15,312,084
Total	68,680,341	37,971,537
Less allowance for doubtful accounts	3,004,874	2,133,346
Net	65,675,467	35,838,191

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

	Sep-10 US\$	Sep-09 US\$
Beginning balance	2,270,824	1,979,745
Provision during the period	747,815	164,669
Write-off of accounts during the period	(13,765)	(11,068)
Ending balance	3,004,874	2,133,346

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

	Sep-10 US\$	Sep-09 US\$
Sales and rental of heavy equipment		
Current and less than 3 months	33,332,921	10,162,654
3 - 6 months	18,750	178,243
Over 6 months - 1 year	12,000	166,640
Over 1 year	-	53,148
Total	33,363,671	10,560,685
Repairs and maintenance services		
Current and less than 3 months	12,849,955	11,937,510
3 - 6 months	377,447	57,267
Over 6 months - 1 year	21,328	30,925
Over 1 year	-	73,066
Total	13,248,730	12,098,768
Sales of spare parts		
Current and less than 3 months	21,817,704	15,165,836
3 - 6 months	52,747	70,195
Over 6 months - 1 year	182,314	72,437
Over 1 year	15,175	3,616
Total	22,067,940	15,312,084

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

	Sep-10 US\$	Sep-09 US\$
United States Dollars	64,361,162	34,311,424
Rupiah	4,319,179	3,660,113
Total	68,680,341	37,971,537

5. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a. Trade Receivables

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

	Sep-10 US\$	Sep-09 US\$	Percentage to total assets	
			2010 %	2009 %
Hitachi Construction Machinery Asia and Pasific Pte, Ltd, Singapore	1,202,309	7,289,927	0.54	3.55
Hitachi Construction Machinery Co, Ltd, Thailand	4,887	-	0.00	-
Hitachi Construction Finance Indonesia PT	215,600	-	0.10	-
HCM Camino	2,259	-	0.00	-
Total	1,425,055	7,289,927	0.64	3.55

Receivables from Hitachi Construction Machinery Asia and Pacific Pte., Ltd., Singapore (HMAP) and Hitachi Construction Machinery Co.,
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>	Sep-10 US\$	Sep-09 US\$	Percentage to total assets	
			2010 %	2009 %
Employees	424,361	343,129	0.19	0.17
Hitachi Construction Machinery Co, Ltd., Japan	24,394	39,647	0.01	0.02
Hitachi Construction Machinery Asia and Pasific Pte, Ltd, Singapore	405,332	-	0.18	-
Hitachi Construction Truck Manufacturing Ltd., Canada	-	36,975	-	0.02
Total	854,087	419,751	0.38	0.20
Total of receivables from related parties	2,279,142	7,709,678	1.02	3.75

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

c. <u>Trade Payables</u>	Sep-10 US\$	Sep-09 US\$	Percentage to Total Liabilities	
			2010 %	2009 %
PT Hitachi Construction Machinery Indonesia	38,003,831	26,043,707	16.96	12.68
Hitachi Construction Machinery Asia & Pasific Pte., Ltd., Singapore	38,199,417	16,422,742	17.05	8.00
Hitachi Construction Machinery Co., Ltd., Japan	-	116,067	-	0.06
Hitachi Construction Truck Manufacturing Ltd., Canada	-	99,115	-	0.05
Total	76,203,248	42,681,631	34.01	20.79

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.

5. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

d. <u>Other Payables</u>	Sep-10 US\$	Sep-09 US\$	Percentage to Total Liabilities	
			2010 %	2009 %

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Hitachi Construction Machinery Co., Ltd., Japan	14,129	9,732	0.01	0.00
Hitachi Construction Machinery Asia & Pasific Pte, Ltd,	2,431,958	1,519	1.09	0.00
Hitachi Construction Truck Manufacturing Ltd., Canada	46,800	-	0.02	-
Hitachi Construction Machinery Co., Ltd, Tsuchiura Work	15,718	-	0.01	-
Total	2,508,604	11,251	1.12	0.01

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

<u>Name of Related Parties</u>	<u>Relationship</u>
1. Hitachi Construction Machinery Co., Ltd, Japan	Shareholder
2. Hitachi Construction Machinery Asia Pasific Pte, Ltd., Singapore	Shareholder
3. Itochu Corporation, Japan	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, Japan	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:

	Sep-10	Sep-09
	US\$	US\$
Finance lease receivables	135,094	4,495,970
Unearned finance lease income	-	-
Total	135,094	4,495,970
Less Current portion	(135,094)	(3,561,033)
Long-term portion	-	934,937

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:

	Sep-10	Sep-09
	US\$	US\$
Austin Engineering	751	-
Madhani Talatah Nusa	-	2,525
Pama Persada	2,515	2,310
PT Kaltim Prima Coal	29,890	-
Petroconas	-	111
Gracemount Pesut Jaya	25,345	21,278
Bukit Makmur Mandiri	1,237	-
Telco Construction Engineering	157,734	-
Others	48,406	9,497
Total	265,877	35,721

8. INVENTORIES - NET

This account consists of:

	Sep-10	Sep-09
	US\$	US\$
Merchandise inventories	20	
Heavy equipment	37,063,514	24,364,104

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Spare parts	55,683,622	62,097,506
Total	<u>92,747,136</u>	<u>86,461,610</u>
Less allowance for inventories obsolescence	<u>(3,392,735)</u>	<u>(2,313,477)</u>
Net	<u>89,354,401</u>	<u>84,148,133</u>

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

	Sep-10	Sep-09
	US\$	US\$
Balance at beginning of year	2,700,665	1,394,384
Provision during the period	<u>692,070</u>	<u>919,093</u>
Balance at end of year	<u>3,392,735</u>	<u>2,313,477</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 September 30, 2010 and US\$43.150.385 as of September 30, 2009, which the Company's management believes that the insurance coverage is adequate to cover possible losses arising from such risks.

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9. PREPAID TAXES

Prepayment of income taxes:

	Sep-10 US\$	Sep-09 US\$
Article 22	2,307,269	952,354
Article 23	572,940	892,845
Article 25	3,954,876	3,653,853
Total prepayment of income taxes	6,835,084	5,499,052
Value Added Tax	-	1,134,724
Total prepaid taxes	6,835,084	6,633,776

Estimated claim for tax refund :

	Sep-10 US\$	Sep-09 US\$
Income tax - Period 2007	450,202	1,284,215
Value Added Tax	2,108,370	-
Total estimated claim for tax refund	2,558,572	1,284,215

10. ADVANCE PAYMENT

This account consists of:

	Sep-10 US\$	Sep-09 US\$
Purchasing goods	521,901	5,888,012
Travelling	67,844	34,480
Others	199,685	61,874
Total	789,430	5,984,367

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11. PROPERTY AND EQUIPMENT

This account consists of:

Direct ownership

April-September 2010

	Beginning Balance	Additions (Reclassifications)	Deduction (Reclassification)	Ending Balance
<u>Cost</u>	US\$	US\$	US\$	US\$
Land	9,249,434	-	-	9,249,434
Building	18,175,801	291,555	-	18,467,356
Vehicles	6,607,996	930,782	2,941	7,535,836
Office equipment	4,664,604	504,196	24,558	5,144,242
Furniture & fixtures	1,603,617	39,472	2,996	1,640,094
Machineries	2,652,986	268,625	-	2,921,610
Tool for after-sales services	3,676,888	383,204	1,003	4,059,089
Heavy equipment - rental	1,492,891	-	-	1,492,891
<u>Leased asset</u>				
Vehicles	466,037	-	255,027	211,010
<u>Construction in progres</u>	452,862	86,357	497,311	41,908
Total cost	49,043,116	2,504,192	783,837	50,763,471
Accumulated Depreciation				
Building	5,055,078	460,338	-	5,515,415
Vehicles	4,685,176	442,918	2,941	5,125,152
Office equipment	3,321,149	257,778	24,170	3,554,757
Furniture & fixtures	1,313,651	66,229	2,996	1,376,884
Machineries	1,392,220	145,678	-	1,537,897
Tool for after-sales services	3,298,152	190,999	903	3,488,248
Heavy equipment - rental	915,670	94,792	-	1,010,462
<u>Leased asset</u>				
Vehicles	253,698	25,351	153,016	126,034
Total Accumulated Depreciation	20,234,794	1,684,083	184,027	21,734,850
Book value				
<u>Direct ownership</u>				
Land	9,249,434	-	-	9,249,434
Building	13,120,724	(168,783)	-	12,951,940
Vehicles	1,922,819	487,864	-	2,410,684
Office equipment	1,343,454	246,419	388	1,589,485
Furniture & fixtures	289,966	(26,757)	-	263,209
Machineries	1,260,766	122,947	-	1,383,713
Tool for after-sales services	378,736	192,205	100	570,841
Heavy equipment - rental	577,222	(94,792)	-	482,430
<u>Leased asset</u>				
Vehicles	212,339	(25,351)	102,011	84,976
<u>Construction in progres</u>	452,862	86,357	497,311	41,908
Net book value	28,808,322	820,109	599,810	29,028,621

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11. PROPERTY AND EQUIPMENT (continued)

<u>Direct ownership</u>	April- September 2009			
	Beginning Balance	Additions (Reclassifications)	Deduction (Reclassification)	Ending Balance
<u>Cost</u>	US\$	US\$	US\$	US\$
Land	9,115,696	-	-	9,115,696
Building	8,869,272	8,814,558	45	17,683,785
Vehicles	5,580,034	660,748	180,479	6,060,303
Office equipment	4,164,612	363,603	40,043	4,488,172
Furniture & fixtures	1,440,136	141,375	3,072	1,578,439
Machineries	1,755,857	91,472	20,871	1,826,458
Tool for after-sales Services	3,162,155	209,004	53,090	3,318,069
Heavy equipment - rental	1,660,957	-	168,065	1,492,892
<u>Leased asset</u>				
Vehicles	466,037	-	-	466,037
<u>Construction in progres</u>	8,360,776	184,816	8,411,025	134,567
Total cost	44,575,531	10,465,577	8,876,688	46,164,420
Accumulated Depreciation				
Building	4,171,772	242,682	45	4,414,409
Vehicles	4,820,485	182,574	180,479	4,822,580
Office equipment	3,010,724	232,949	38,092	3,205,581
Furniture & fixtures	1,196,506	64,136	3,035	1,257,607
Machineries	1,277,872	83,290	20,871	1,340,291
Tool for after-sales services				
Tool for after-sales services	2,844,076	155,536	53,056	2,946,556
Heavy equipment - rental	569,319	257,306	112,043	714,583
<u>Leased asset</u>				
Vehicles	161,111	46,604	-	207,715
Total Accumulated Depreciation	18,051,866	1,265,077	407,620	18,909,322
Book value				
<u>Direct ownership</u>				
Land	9,115,696	-	-	9,115,696
Building	4,697,500	8,571,876	-	13,269,376
Vehicles	759,549	478,175	-	1,237,724
Office equipment	1,153,888	130,654	1,951	1,282,591
Furniture & fixtures	243,630	130,654	37	320,833
Machineries	477,985	8,183	-	486,167
Tool for after-sales services	318,079	53,469	34	371,513
Heavy equipment - rental	1,091,638	(257,306)	56,022	778,309
<u>Leased asset</u>				
Vehicles	304,926	(46,604)	-	258,323
<u>Construction in progres</u>	8,360,776	184,816	8,411,025	134,567
Net book value	26,523,666	9,200,500	8,469,068	27,255,098

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11. PROPERTY AND EQUIPMENT (continued)

Depreciation charged to operations are as follows:

	<u>Sep-10</u>	<u>Sep-09</u>
	US\$	US\$
Selling	690,669	491,795
General and administrative	542,669	386,410
Cost of rental heavy equipment	94,792	257,306
Total	<u>1,328,130</u>	<u>1,135,511</u>

The Company's land are under "Hak Guna Bangunan (HGB)" (non-ownership with limited duration) and "Hak Milik". As of September 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 September 30, 2010 and US\$19.020.799 as of September 30, 2009, which the Company's management believes that the insurance is adequate to cover possible losses arising from such risks.

As of September 30, 2010 and 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.

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12. SHORT-TERM BANK LOANS

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

	Sep-10 US\$	Sep-09 US\$
The Bank of Tokyo-Mitsubishi UFJ., Ltd.	-	38,000,000
Total	-	38,000,000

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 September 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 September 30, 2009 is US\$8,000,000.

On July 29, 2009, the Company obtained an unsecured short-term working capital facility from The Bank of Tokyo-Mitsubishi UFJ, Ltd., Jakarta Branch with a maximum credit facility of US\$10,000,000. Availability period on July 29, 2009 - March 31, 2010. The loan bears interest at 0.70% above SIBOR per year. The outstanding balance as of September 30, 2009 is US\$5,000,000.

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 SIBOR 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:

	Sep-10 US\$	Sep-09 US\$
Heavy equipment	1,725,604	1,569,440
Spare parts	1,425,865	1,169,999
Repairs and maintenance	702,377	649,188
Total	3,853,847	3,388,627

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

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14. OTHER PAYABLES - THIRD PARTIES

This account consists of:

	Sep-10 US\$	Sep-09 US\$
Heavy equipment	5,149,736	7,019,655
Spare parts	88,247	36,993
Service and Maintenance	2,668	2,719
Others	332,648	1,326,021
Total	5,573,299	8,385,388

15 ACCRUED EXPENSES

This account consists of:

	Sep-10 US\$	Sep-09 US\$
Salaries and employee's benefits	1,509,266	1,049,543
Interest	1,901	87,162
Marketing expenses	10,612,902	10,887,418
Others	1,574,744	498,491
Total	13,698,812	12,522,614

16. TAXES PAYABLES

Taxes payable represents income taxes payables on:

	Sep-10 US\$	Sep-09 US\$
Estimated tax payable in current period	6,497,000	6,466,880
<u>The other taxes payables</u>		
Article 21/26	270,224	198,622
Article 23/26	1,532,607	17,896
Article 25/29	-	660,646
Value Added Tax	271,463	-
Total	8,571,294	7,344,044

Income Tax Expense – Current

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

	Sep-10 US\$	Sep-09 US\$
Income before income tax expense per statements of income	25,495,341	19,808,787
<u>Add (deduct) temporary differences:</u>		
Provision for inventories obsolescence	692,070	919,094
Depreciation of property and equipment	(545,896)	(1,675,580)
Depreciation of leased assets	25,351	46,604
Provision for doubtful accounts	747,815	164,669
Taxes and licenses	36,992	18,439
Entertainment	29,642	18,141
Salaries and wages	(621,086)	8,752
Donation	24,417	13,019
Others expenses	183,351	118,150
<u>Add (deduct) permanent differences:</u>		
Interest income already subject to final tax	(76,659)	(259,129)
Payment of finance lease obligation	(15,660)	(34,479)
Rental revenue	12,548	3,957,498
Gain on sale of property and equipment	-	(7,276)
Taxable Income	25,988,226	23,096,689

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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% ended September 30, 2010 and the year ended September 30, 2009, respectively, are as follows:

	Sep-10 US\$	Sep-09 US\$
Depreciation of property and equipment	(136,474)	(469,162)
Depreciation of leased assets	6,338	13,049
Gain on sale of property and equipment	-	(2,037)
Rental revenue	3,137	1,108,099
Provision for employee - benefit net	(155,271)	2,450
Provision for doubtful accounts	186,954	46,107
Provision for inventories obsolescence	173,018	257,346
Payment of finance lease obligation	(3,915)	(9,654)
Deferred income tax benefit - net	<u>73,787</u>	<u>946,198</u>
Taxable Income	25,988,226	23,096,689
Estimated Income tax expenses	<u>6,497,000</u>	<u>6,466,880</u>

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

	Sep-10 US\$	Sep-09 US\$
Deferred tax assets		
Allowance for doubtful accounts	763,891	601,191
Allowance for inventories obsolescence	855,926	607,498
Estimated liability for employees' benefits	531,501	405,824
Rental revenue	352,863	-
Total deferred tax assets	<u>2,504,181</u>	<u>1,614,513</u>
Deferred tax liabilities		
Depreciation of property and equipment	(217,517)	(542,972)
Depreciation of leased assets	69,763	44,061
Depreciation on rental assets	-	(3,386,755)
Finance lease receivable	-	5,394,900
Payment of finance lease obligation	(75,073)	(55,021)
Interest Income	-	(1,032,865)
Gain foreign exchange	-	581,452
Gain on sale of property and equipment	-	(50,461)
Total deferred tax liabilities	<u>(222,827)</u>	<u>952,339</u>
Deferred tax assets - net	<u>2,281,354</u>	<u>2,566,852</u>

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

	Sep-10 US\$	Sep-09 US\$
Taxable income (rounded-off)	<u>25,988,000</u>	<u>23,096,000</u>
Income tax expense - current	<u>6,497,000</u>	<u>6,466,880</u>
Prepayment of income taxes:	Sep-10 US\$	Sep-09 US\$
Article 22	2,307,269	952,354
Article 23	572,940	892,845
Article 25	3,954,876	3,653,853
Total prepayment of income tax	<u>6,835,085</u>	<u>5,499,052</u>
Estimated tax (receivable) payable	<u>(338,085)</u>	<u>967,828</u>

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17. LONG-TERM BANK LOAN

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

	Sep-10	Sep-09
	US\$	US\$
The Bank of Tokyo Mitsubishi UFJ., Ltd., Indonesia (Rp 40.104.000.000 as of September 30, 2010 and Rp 79.437.333.333 as of September 30, 2009)	4,495,658	8,205,877
Current maturities	(2,036,483)	(2,182,668)
Long-term portion	<u>2,459,175</u>	<u>6,023,209</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:

<u>Years</u>	Sep-10	Sep-09
	US\$	US\$
2009	-	17,526
2010	4,603	34,424
2011	2,302	4,243
Total	<u>6,905</u>	<u>56,193</u>
Less amount applicable to interest	(365)	(3,895)
Present value of minimum finance lease payment	6,540	52,298
Current maturities	<u>(4,291)</u>	<u>(32,257)</u>
Long-term portion	<u>2,249</u>	<u>20,041</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 Kaltim 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:

	Sep-10	Sep-09
	US\$	US\$
2009	-	1,885,629
2010	120,098	2,089,458
Total	120,098	3,975,087
Less amount applicable to interest	(2,553)	(156,296)
Net	117,545	3,818,791
Current maturities	<u>(117,545)</u>	<u>(2,898,230)</u>
Long-term portion	<u>-</u>	<u>920,561</u>

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20. ESTIMATED LIABILITY FOR EMPLOYEES' BENEFITS

This account consists of:

	<u>Sep-10</u> US\$	<u>Sep-09</u> US\$
Employees' benefits liability	2,927,581	1,868,457
Current maturities	(6,821)	(66,883)
Long term portion	<u>2,920,760</u>	<u>1,801,574</u>

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

	<u>Sep-10</u> US\$	<u>Sep-09</u> US\$
Beginning balance	2,747,089	1,606,323
Benefit costs during the period	419,774	272,928
Payment during the period	(239,282)	(10,794)
Ending balance	<u>2,927,581</u>	<u>1,868,457</u>

21. SHARE CAPITAL

The share ownership as of September 30, 2010 and September 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	<u>September-10</u>	
		Percentage of Ownership	Amount US\$
Local			
Commissioner			
- Donald Christian Sie	64,500	0.008%	1,784
Director			
- Tony Endroyoso	50,000	0.006%	1,383
Public (below 5% ownership each)	127,478,792	15.176%	3,525,840
Foreign			
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, Japan	189,400,000	22.548%	5,238,472
Hitachi Construction Machinery Asia and Pacific Pte., Ltd., Singapore	42,620,000	5.074%	1,178,794
Public (below 5% ownership each)	<u>70,626,708</u>	<u>8.408%</u>	<u>1,953,411</u>
Balance as of September 30, 2010	<u>840,000,000</u>	<u>100.00%</u>	<u>23,232,926</u>
		<u>September-09</u>	
Shareholders	Number of Shares Issued and fully Paid Rp 100	Percentage of Ownership	Amount US\$
Local			
Commissioner			
- Donald Christian Sie	62,500	0.007%	1,729
Director			
- Tony Endroyoso	50,000	0.006%	1,383
Public (below 5% ownership each)	159,281,000	18.962%	4,405,433
Foreign			
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, Japan	189,400,000	22.548%	5,238,472
Hitachi Construction Machinery Asia and Pacific Pte., Ltd., Singapore	42,620,000	5.074%	1,178,794
Public (below 5% ownership each)	<u>38,826,500</u>	<u>4.622%</u>	<u>1,073,873</u>
Balance as of September 30, 2009	<u>840,000,000</u>	<u>100.00%</u>	<u>23,232,926</u>

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22. ADDITIONAL paid-in CAPITAL – NET

This account consists of:

	Sep-10 US\$	Sep-09 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

23. CASH DIVIDENDS AND GENERAL RESERVE

In accordance with the minutes of the Annual Shareholders' Meeting of the Company held on July 29, 2010, the minutes of which were notarized by Notarial Deed No. 207 on the same date of Humberg Lie, SH, SE, MKn Notaris, the shareholders resolved to declare cash dividends totaling US\$12.180.000 for the 840,000,000 shares or US\$0.0145 per share, and to appropriate for US\$500,000. The cash dividends were fully paid to the shareholders on September 21, 2010.

24. NET REVENUES

Details of net revenues are as follows:

	Sep-10 US\$	Sep-09 US\$
Sales and rental of heavy equipment		
Third parties	143,211,353	75,400,519
Related parties	22,967,037	10,309,356
Sales of spare parts		
Third parties	48,900,789	36,290,497
Repairs and maintenance services		
Third parties	24,611,379	23,276,872
Related parties	3,948,457	-
Total Revenue	243,639,015	145,277,244

25. COST OF REVENUES

Details of cost of revenues are as follows:

	Sep-10 US\$	Sep-09 US\$
Sales and rental heavy equipment		
Beginning balance of inventories	39,540,457	36,560,529
Purchasing	145,309,540	58,829,188
Available Inventories for sales	184,849,997	95,389,717
Allowance for inventories obsolescence		149,242.00
Ending Inventories	(37,063,514)	(24,364,104)
Cost of sales and rental heavy equipment	147,786,483	71,174,855
Spare-parts:		
Beginning balance of inventories	57,137,992	53,960,265
Purchasing	30,137,193	30,004,720
Available parts inventories	87,275,185	83,964,985
Allowance for inventories obsolescence	692,070	769,851
Ending balance of part inventories	(55,683,622)	(62,097,506)
Cost of spare-parts sales	32,283,634	22,637,330
Repairs and maintenance services cost	20,079,146	16,886,268
Total cost of revenue	200,149,262	110,698,453

26. OPERATING EXPENSES

Details of operating expenses are as follows:

	Sep-10 US\$	Sep-09 US\$
a. Selling Expenses:		
Salaries, wages and employee benefits	4,247,336	2,850,311
Travelling	1,148,748	1,039,870
Depreciation	690,669	491,795
Communication	325,648	332,032
Warehousing and shipping	217,576	320,629
Transportation	1,510,295	1,458,616
Repairs and maintenance	133,323	116,358
Entertainment	98,805	60,470
Rental	288,358	146,175
After sales services	387,087	670,799
Training and education	148,945	123,690
Professional fees	240,427	286,656
Sales and promotion	87,559	62,983
Total selling expenses	9,524,775	7,960,384

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26. OPERATING EXPENSES (Continued)

b General and Administrative Expenses:

Salaries, wages and employee benefits	3,299,757	2,756,142
Stationery and office supplies	2,067,699	1,565,432
Depreciation	542,669	386,410
Repairs and maintenance	318,431	249,959
Communication	277,404	282,842
Bank charges	39,785	44,574
Asuransi	354,990	220,177
Water, gas and electricity	340,743	273,809
Taxes	123,307	63,294
Donation	34,918	13,019
Membership	24,867	13,697
Others	165,989	127,567
Total General and administrative expenses	<u>7,590,559</u>	<u>5,996,922</u>
Total Operating expenses	<u>17,115,334</u>	<u>13,957,306</u>

27 INTEREST INCOME

This account represents interest income from:

	<u>Sep-10</u>	<u>Sep-09</u>
	US\$	US\$
Current accounts	76,659	47,350
Financing leases	10,775	211,779
Trade receivables	18,632	8,028
Total	<u>106,066</u>	<u>267,157</u>

28. INTEREST EXPENSES

This account represents interest expense on:

	<u>Sep-10</u>	<u>Sep-09</u>
	US\$	US\$
Bank loans	204,433	693,664
Finance leases	869	4,686
Long-term other payables	15,834	285,153
Total	<u>221,136</u>	<u>983,503</u>

29. MONETARY ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

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

	<u>Foreign Currencies</u>	<u>Equivalent in</u>
		US\$
Assets		
Cash on hand and in banks		
Rupiah	IDR 33,179,396,164	3,719,410
Japan Yen	JPY 2,433,567.95	29,115
Trade receivables		
Rupiah	IDR 26,801,887,098	3,004,492
Non-Trade receivables		
Rupiah	IDR 2,939,700	330
Total Assets		<u>6,753,346</u>
Liabilities		
Trade payables		
Rupiah	IDR 19,763,701,080	2,215,511
AUD	AUD 67,461.24	57,413
EURO	€ 568.32	694
Japan Yen	JPY 38,411,610	433,809
SGD	SGD 14,029.10	10,010
Other payables		
Rupiah	IDR 5,068,097,337	568,134
Bank loan - Long portion		
Rupiah	IDR 40,104,000,000	4,495,658
Total Liabilities		<u>7,781,229</u>
Net monetary liabilities		<u>1,027,883</u>

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30. SIGNIFICANT AGREEMENTS AND COMMITMENTS

a. Royalty Agreement

In May 1999, the Company entered into a royalty agreement with Hitachi Construction Machinery Co., Ltd., Japan (HCMJ), a 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 expired on December 31, 2009 and on January 1, 2010 HCMJ agreed this Agreement shall be automatically extended annually on the same terms and conditions.

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 September 30, 2010 the Company has unused credit facility obtained from :

- PT Bank Resona Perdania, 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

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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 Rp28,490 and Rp14,000 at the beginning and will be reduced by Rp1,314 every month and pay annual interests of 5.75% and 5.60% from the nominal values of US\$3,111,961 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.

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31. INFORMASI SEGMENT

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

Sep 10	Sales, rental of Heavy Equip and commission income	Sales of spare parts	Repair and Maintenance service	Unallocated	Total
Business Segment Information (Primary)					
Segment Revenues	166,178,390	48,900,789	28,559,836		243,639,015
Segment Gross Profit	18,166,515	17,330,341	7,992,897		43,489,753
Segment Operating Income	15,108,339	16,799,209	3,459,145	(8,992,274)	26,374,419
Segment Assets	118,648,655	71,755,677	13,248,730	20,396,173	224,049,235
Segment Liabilities	97,275,576	12,141,819	606,362	7,932,671	117,956,428
Geographical Segment Information (Secondary)					
Segment Revenues					
Java island	15,389,428	2,060,663	238,597	-	17,688,688
Outside Java island	150,788,962	46,840,126	28,321,239	-	225,950,327
Total Segment Revenue	166,178,390	48,900,789	28,559,836	-	243,639,015
Segment Gross Profit					
Java island	1,448,172	366,470	84,089	-	1,898,731
Outside Java island	16,718,343	16,963,871	7,908,808	-	41,591,022
Segment Gross Profit	18,166,515	17,330,341	7,992,897	-	43,489,753
Operating Income					
Java island	1,064,087	315,350	15,610	(200,543)	1,194,504
Outside Java island	14,044,252	16,483,859	3,443,535	(8,791,731)	25,179,915
Segment Operating Income	15,108,339	16,799,209	3,459,145	(8,992,274)	26,374,419
Geographical Segment Information (Secondary)					
Segment Revenues					
Java island	6,453,449	673,798	263,213	-	7,390,460
Outside Java island	79,256,426	35,616,699	23,013,659	-	137,886,784
Total Segment Revenue	85,709,875	36,290,497	23,276,872	-	145,277,244
Segment Gross Profit					
Java island	1,448,172	366,470	84,089	-	1,898,731
Outside Java island	16,718,343	16,963,871	7,908,808	-	41,591,022
Segment Gross Profit	18,166,515	17,330,341	7,992,897	-	43,489,753
Operating Income					
Java island	1,064,087	315,350	15,610	(200,543)	1,194,504
Outside Java island	14,044,252	16,483,859	3,443,535	(8,791,731)	25,179,915
Segment Operating Income	15,108,339	16,799,209	3,459,145	(8,992,274)	26,374,419

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

31. INFORMASI SEGMENT (CONTINUED)

Segment Gross Profit					
Java island	664,557	304,916	80,200	-	1,049,673
Outside Java island	13,100,325	14,118,389	6,310,404	-	33,529,118
Segment Gross Profit	13,764,882	14,423,305	6,390,604	-	34,578,791
Operating Income					
Java island	468,586	269,188	3,884	(137,875)	603,783
Outside Java island	11,061,228	13,818,355	1,732,483	(6,594,364)	20,017,702
Segment Operating Income	11,529,814	14,087,543	1,736,367	(6,732,239)	20,621,485

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. The change was approved by the Department of Finance of Republic Indonesia in its decision letter No. KEP-159/WPJ.07/ WPJ.07/BD.04/2009.