

The following is a translation of a prospectus of PT Multipolar Corporation Tbk (a subsidiary of AcrossAsia Limited (“AcrossAsia”)) listed on the Jakarta Stock Exchange and the Surabaya Stock Exchange in Indonesia in which AcrossAsia has a 51.15% interest) issued in Indonesia for information purpose only.

EGM Date	:	June 10, 2005	Period for splitting of HMETD certificate	:	June 23 -29, 2005
Effective Date	:	June 10, 2005	Listing Date at the Jakarta and Surabaya Stock Exchanges	:	June 24, 2005
Last Trading Date for Shares with Rights	:		Right Trading Period	:	June 24 - July 7, 2005
- At Regular and Negotiated Markets	:	June 17, 2005	Rights Exercise Period	:	June 24 - July 7, 2005
- At Cash Markets	:	June 22, 2005			
First Trading Date for Shares without Rights	:		Distribution of Shares Resulting from Rights Exercised	:	June 28 – July 11, 2005
- At Regular and Negotiated Markets	:	June 20, 2005	Last Payment Date for Order of Additional Shares	:	July 11, 2005
- At Cash Markets	:	June 23 2005			
Registration Date for Shareholders Eligible for Rights	:	June 22, 2005	Allocation Date for Additional Shares Ordered	:	July 12, 2005
Right Distribution	:	June 23, 2005	Refund Date for Order of Additional Shares	:	July 14, 2005

THE CAPITAL MARKET SUPERVISORY AGENCY (“BAPEPAM”) DOES NOT DECLARE ITS APPROVAL NOR DISAPPROVAL OF THESE SECURITIES NOR DOES IT DECLARE THE ACCURACY OR ADEQUACY OF THE CONTENT OF THIS PROSPECTUS. ANY STATEMENT TO THE CONTRARY IS CONSIDERED A VIOLATIO OF INDONESIAN LAW.

PT MULTIPOLAR CORPORATION TBK (THE "COMPANY") IS FULLY RESPONSIBLE FOR THE ACCURACY OF ALL INFORMATION AND MATERIAL FACTS, AND THE VERACITY OF ALL OPINIONS EXPRESSED AND PRESENTED WITHIN THIS INFORMATION DOCUMENT.



MULTIPOLAR

Grow and Prosper Together

PT MULTIPOLAR CORPORATION Tbk.

The company’s business activities include a service provider company whose business is based on information technology, and has subsidiary companies involved in the areas of commercial retail, distribution, and others

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RIGHTS ISSUE III (“HMETD”)

2,339,710,000 (two billion three hundred thirty nine million seven hundred ten thousand) Class B Shares with a nominal value of Rp125 (one hundred twenty five Rupiah) for every share offered at the price of Rp125 (one hundred twenty five Rupiah) for every share. Each owner of 4 (four) Class A Shares with his name registered in the Shareholders Registry as of June 22, 2005 at 16:00 WIB will be entitled to 5 (five) Pre-Emptive Rights ("HMETD") to buy 5 (five) Class B Shares with a nominal value of Rp125 (one hundred twenty five Rupiah) for every share offered at a price of Rp125 (one hundred twenty five Rupiah) per share which has to be paid in full at the time of subscription application. There is no difference in rights or rank between Class A and Class B

Shares. This Rights Issue III will be listed on the Jakarta Stock Exchange (“BEJ”) and the Surabaya Stock Exchange (“BES”).

HMETD will be traded on both at the Jakarta and Surabaya Stock Exchanges during a 10 (ten) business-day period beginning from June 24, 2005 up to July 7, 2005. Listing will be implemented on the Jakarta Stock Exchange and the Surabaya Stock Exchange on June 24, 2005. The last date to exercise the HMETD is July 7, 2005 and it will become unavailable thereafter.

In the event that the shares offered in this Rights Issues III are not entirely subscribed by the entitled owners of the HMETD, the remaining allocation will be made available to other Shareholders who subscribe for more than their allocated rights as outlined in the Certificate of Proof HMETD (“SBK”) in accordance with the law. AcrossAsia Limited as a shareholder will exercise its rights to subscribe. In the event there are any remaining allocations thereafter, AcrossAsia Limited and PT Ciptadana Sekuritas as Standby Buyers will purchase as much as 82.86% and 17.14% respectively of the unsubscribed shares at the offering price of Rp125 (one hundred twenty five Rupiah) per share to be paid in full in accordance with the Standby Buyer Agreements No. 50 and 51 respectively, dated April 27, 2005 executed in front of Indah Fatmawati, SH, the replacement of Mrs. Poerbaningsih Adi Warsito, SH., a public notary in Jakarta.

THE COMPANY’S MAIN RISK FACTORS ARE THE RISK OF CHANGE IN BUSINESS PARTNERS’ STRATEGY AND THE RISK OF ITS INVESTMENTS IN ITS SUBSIDIARIES AND ASSOCIATED COMPANIES. OTHER RISK FACTORS CAN BE FOUND IN CHAPTER V OF THIS PROSPECTUS.

THE STOCKHOLDERS ARE ALSO CAUTIONED TO NOTE THAT IF STOCKHOLDER OPTS NOT TO EXERCISE HIS RIGHT TO BUY THE OFFERED CLASS B SHARES IN PROPORTION TO THEIR OWNERSHIP OF THE COMPANY’S SHARES, THE STOCKHOLDER WILL EXPERIENCE A DILUTION OF HIS SHAREHOLDING IN THE COMPANY UP TO 55.55%.

THIS RIGHTS ISSUE III WILL BECOME EFFECTIVE SUBJECT TO THE APPROVAL AT THE COMPANY’S EXTRAORDINARY GENERAL MEETING (“EGM”). IN THE EVENT THAT THE EGM FAILS TO APPROVE THE PROPOSED ISSUANCE OF THE HMETD, ALL ACTIVITIES THAT THE COMPANY HAS EXECUTED WITH REGARD TO THE ISSUANCE OF THE HMETD, IN ACCORDANCE WITH THE ABOVE SCHEDULE, WOULD BE CONSIDERED TO HAVE NEVER BEEN UNDERTAKEN.

This prospectus is issued in Jakarta on June 10, 2005

PT MULTIPOLAR CORPORATION TBK (hereinafter within this Prospectus is referred to as the "Company") has made a registration in connection with this Rights Issue III to BAPEPAM with a registration letter No. CSS.066-2005 dated April 28, 2005 in accordance with the Capital Markets Act No. 8/1995 dated November 10, 1995 as stated in the state gazette No. 64 Year 1995, supplement No. 3608 along with other relevant regulations (hereinafter referred to as "UPM").

For the purpose of this Rights Issue III, the Company is held fully responsible for the accuracy of all information and material facts, and the veracity of all opinions expressed or presented in this Prospectus.

All Professional Supporting Parties of this Rights Issue III are held fully responsible for the accuracy of all data and the veracity of all opinions expressed, reports, or descriptions presented in this Prospectus, in accordance with each of their areas of responsibilities, as prescribed by applicable rules in Indonesia and by their respective ethical codes, professional standards and norms.

All Professional Supporting Parties save for PT Sharestar Indonesia, firmly express that they are not affiliated to the Company, as defined in the UPM.

In reference to this Rights Issue III, all participants, including all affiliated parties, are not authorized to disclose any information or to make any representation other than as contained in this Prospectus without obtaining the prior written permission of the Company.

This Rights Issue III is not registered under any laws or regulations other than those applicable in Indonesia. For those outside of the jurisdiction of Indonesia who receive this Prospectus or an HMETD certificate, it does not constitute an offer or an invitation to buy shares or exercise the HMETD, unless the offer, the purchase of shares and/or the exercise of the HMETD is not in violation of any existing laws, regulations, and applicable stock exchange rules within the countries or jurisdictions outside of Indonesia.

The Company has disclosed all information the public is entitled to know with regard to the Rights Issue III and assures that no other information has been withheld that may otherwise mislead the public.

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DEFINITIONS AND ACRONYMS

Subsidiary	A company where the Company directly or indirectly owns more than 50% of its total issued and fully paid capital
Articles of Association	The Company's articles of association
ATM	Stands for Automated Teller Machine, which is an electronic machine that facilities the customers to draw cash, check balances and overbooking
Banking solution	Solutions used by banks
Bank Vision	Software application for retail banks in Indonesia
Bapepam	The Capital Market Supervisory Board as described in the Capital Markets Act
Share Registrar (BAE)	The party appointed by the Company to conduct share administrative matters in this Rights Issue III, in this case is PT Sharestar Indonesia, located in Jakarta
Business Intelligence	Reporting applications to the central bank and risk management
Core Banking System	A bank's main banking system which covers the typical functionality needed to support its primary operations
Data Center	A secure location for web hosting servers designed to assure that the servers and the data housed on them are protected from environmental hazards and security breaches
Digital Security	An application to secure data transmission
EDC (Electronic Data Capture)	An equipment that processes payments made using debit or credit cards
EMV (Europay Mastercard Visa)	A standard set by Mastercard and Visa for credit or debit cards that use chips
Enterprise Resource Planning	A system that integrates a company's entire applications
Business Day	Monday to Friday except for national public holidays determined by the government of the Republic of Indonesia
HFC (Hybrid Fiber Coaxial)	A cable network that uses 2 media – fiber and coaxial
Home banking	Banking activities that can be conducted by customers from their homes (outside of the banks)

IT Solution	Information technology based solutions
Broadband Network	A network using broadband technology and infrastructure
Master Plan	A document that describes, in narrative and with maps and diagrams, an overall development concept
Rights Issue III	An offer to the Company's shareholders of Pre-Emptive Rights ("HMETD") in the amount of 2,339,710,000 (two billion three hundred thirty nine million seven hundred ten thousand) Common Shares with a nominal value of Rp125 (one hundred twenty five Rupiah) for every share
The Company	PT Multipolar Corporation Tbk, a publicly limited company domiciled in Jakarta
PC	Stands for <i>Personal Computer</i>
Peripherals	A hardware device that supports other hardwares
AGM	Stands for Annual General Meeting that is held in accordance with the Company's Articles of Association
Storage	An electronic equipment to store data
Effective date	The date when the approval for the Rights Issue III is received from the Company's shareholders at the AGM held on June 10, 2005
Traffic puller	Factors that attract consumers to visit
System tiering	Pricing system that is created to suit customer needs
UPM	Refers to the Capital Markets Act No. 8/1995 dated November 10, 1995.

ACRONYMS OF THE NAMES OF SUBSIDIARIES OWNED DIRECTLY OR INDIRECTLY

PT Sharestar Indonesia	SSI
PT Visionet Internasional d/h PT Computrade Indonesia	VI
PT Netstar Indonesia	NI
PT Reksa Puspita Karya	RPK
PT Broadband Multimedia Tbk.	BM
PT Tryane Saptajagat	TSJ
PT Multifiling Mitra Indonesia	MMI
PT Matahari Putra Prima, Tbk.	MPP
PT Matahari Super Ekonomi	MSE
PT Nadya Putra Investama	NPI
PT Matahari Mega Swalayan	MMS
PT Matahari Mega Toserba	MMT

PT Matahari Boston Drugstore
PT Prime Connection Limited
PT Matahari Graha Fantasi
PT Matahari Kafe Nusantara
PT Tata Prima Reksabuana
PT Matahari Dana Prima
Matahari International Finance Company B.V.

MBD
PCL
MGF
MKN
TPRB
MDP
MIFCO

SUMMARY

This summary contains important facts and considerations and is an integral part of and should be read in conjunction with the more detailed information, the financial reports and the notes in this Prospectus. All financial information of the Company is denominated in Rupiah and conforms to the generally accepted accounting principles in Indonesia.

COMPANY DESCRIPTION

The Company was founded pursuant to Bill of establishment No. 7 dated December 4, 1975 presented before Adlan Yunizar SH, a public notary in Jakarta which has since been amended several times, and which has been approved by the Ministry of Legal Affairs and Human Rights of the Republic of Indonesia as specified in Decree No. C2-1093.Ht01-01 year 1982 dated September 3, 1982, registered in Jakarta Pusat district court dated September 9, 1982 No. 3180-3185 and announced in the state gazette of the Republic of Indonesia No. 84 dated October 20, 1987, supplement no. 983.

The Company's Articles of Association have been amended several times and the last change was described in Deed on the decision of the Company's meeting No.84, dated March 30, 2005, made in the presence of Ny. Poerbaningsih Adi Warsito SH., a public notary in Jakarta and approved by the Minister of Legal Affairs Justice of the Republic of Indonesia as specified in its Decree No.C-09157 HT.01.04.TH.2005 dated April 5, 2005 in connection with the change to clause 4 verse 1 of the Company's articles of association and has been registered with Company Registry according to Act No. 3 Year 1982 concerning Company Registry Requirement with Company Registration No. TDP 090315216359 at Company Registry Kodya Jakarta Selatan No. 09.03.1.52.26359, dated April 14, 2005.

Since its establishment in 1975, it engaged in the sale of electronic products and later expanded to include Information Technology (IT) services in 1982. The Company made strategic investments in PT Broadband Multimedia Tbk (BM) in 1994 and in PT Matahari Putra Prima Tbk in 1997.

In the field of IT, the business activities of the Company include hardware sales, rentals, maintenance, and services which include software, consultancy, outsourcing, imports, distribution and trading. In the area of retail, the primary business activities include department store operations, multi-format supermarkets including hypermarkets with "Hypermart" trademark, "Cut Price" discount shops, and "Time Zone" family entertainment and amusement with the trademark. Lastly, in the field of broadband and multimedia, the main business activities include the provision of cable TV and internet access.

In conducting its IT business, the Company is the trade partner of a number of respected companies such as IBM, NCR, Cisco, Oracle, Microsoft, and others. The Company is currently focused on the provision of hardware, software, and consulting services which includes outsourcing services with main customers in the finance, banking, telecommunications, energy and utilities industries in Indonesia.

RISK FACTORS

SPECIAL RISKS

- a. Risk associated with change of business strategy of strategic partners
- b. Risks associated with investments in subsidiary companies and/or affiliate companies

- c. Contract continuity risk
- d. Technological risk
- e. Consumer concentration risk
- f. Human resources risk

GENERAL RISKS

- a. Dependency on the banking industry
- b. Competition risk
- c. Foreign exchange rate risk
- d. Interest rate risk
- e. Risk of fire
- f. Socio-political risks

RISKS ASSOCIATED TO THE COMPANY'S SUBSIDIARIES' BUSINESSES

- a. Retail competition risk
- b. Store rental risk
- c. Government policy risk
- d. Foreign exchange rate risk

RIGHTS ISSUE III

The Board of Directors, on behalf of the Company herewith conducts this Rights Issues III in the amount of 2,339,710,000 (two billion three hundred thirty nine million seven hundred ten thousand) Class B Shares with a nominal value of Rp125 (one hundred twenty five Rupiah) for every share on the market at the price of Rp125 (one hundred twenty five Rupiah) for each share. Each owner of 4 (four) Class A Shares with his name registered in the Shareholders Registry as of June 8, 2005 at 16.00 WIB will be entitled to 5 (five) Pre-Emptive Rights ("HMETD") to buy 5 (five) Class B Shares with a nominal value of Rp125 (one hundred twenty five Rupiah) for every share owned at the offering price of Rp125 (one hundred twenty five Rupiah) per share to be paid in full at the time of subscription application. There is no difference in right or rank between Class A and Class B Shares.

In the event that the shares offered in this Rights Issues III are not entirely subscribed by the entitled owners of the HMETD, the remaining allocation will be made available to other Shareholders who subscribe for more than their allocated rights as outlined in the Certificate of Proof HMETD ("SBK") in accordance to the law. AcrossAsia Limited as a shareholder will exercise its rights to subscribe. In the event there is any remaining allocations thereafter, AcrossAsia Limited and PT Ciptadana Sekuritas as Standby Buyers will purchase as much as 82.86% and 17.14%, respectively, of the unsubscribed shares at the offering price of Rp 125 (one hundred twenty five Rupiah) per share to be paid in full in accordance to the Standby Buyer Agreements No. 50 and 51, respectively, dated April 27, 2005 executed in front of Indah Fatmawati, SH, the replacement of Mrs. Poerbaningsih Adi Warsito, SH., a public notary in Jakarta. All the Class B shares offered in this Rights Issues III will be listed on the Jakarta Stock Exchange (BEJ) and the Surabaya Stock Exchange (BES).

USE OF PROCEEDS

The proceeds raised from the Rights Issues III, less all expenses relating to the Rights Issues III, will be utilized as follows:

1. Approximately 30% (thirty percent) will be used for business development including but not limited to new development efforts in the field of information technology and/or other supporting businesses.
2. Approximately 30% (thirty percent) will be used to reduce a portion of Rp 85,000,000,000 (eighty five billion Rupiah) outstanding loans. These are loans from banks that are not affiliated to the Company and will mature in less that one year. These loans come from Bank Mandiri, Bank Permata and Bank Niaga. The details of the loans are as follows:

Bank	Currency	Ceiling Amount (in IDR equivalent)	Interest rate
Bank Mandiri	USD and IDR	-/+ Rp 274 billion	9.5%-14.25%
Bank Permata	USD	-/+ Rp 52 billion	7.00%
Bank Niaga	USD and IDR	-/+ Rp 26 billion	6.5%-13%

The current relationship with the banks is good. However, the Company intends to improve its financial performance by reducing these loans, especially given the interest rate environment and the fluctuate currency.

3. Approximately 40% (forty percent) will be used to fund the Company's working capital requirements including but not limited to the purchase of inventory and/or accounts receivables and/or sales of hardware with rental scheme.

DIVIDEND POLICY

The Company plans to pay a cash dividend at least once every year. Since the Company is also a parent company, hence apart from the earnings it derives from its own business activity, the amount of cash dividend payments it declares is closely correlated with the earnings of its subsidiary companies and/or the dividends that the Company receives from its Subsidiary Companies during the year while maintaining the Company's financial health and the Subsidiary Companies without reducing the rights of the Company's AGM and is subject to the approval of the creditors and other relevant parties in its determination in pursuant to the Company Articles of Association.

With the aforementioned consideration, hence for the book year of 2004 and so on, the Directors' proposed dividend policy is as follows:

Income after tax	Percentage cash dividend to income after tax
Up to Rp 100 billion	10 % - 15 %
More than Rp 100 billion	15 % - 25 %

THE COMPANY'S CAPITAL STRUCTURE AND SHAREHOLDER COMPOSITION BEFORE AND AFTER THE RIGHTS ISSUE III

If all the HMETD offered in the Rights Issue III is exercised and become the shares of the Company, the proforma capital structure and shareholder composition of the Company before and after the Rights Issues III become as follows:

	Before Rights Issue III			After Rights Issue III		
	Number of Shares	Amount (Rp)	%	Number of Shares	Amount (Rp)	%
Authorized Capital						
Class A shares with nominal value of Rp 500 per share	1,871,768,000	935,884,000,000		1,871,768,000	935,884,000,000	
Class B shares with nominal value of Rp 125 per share	22,452,928,000	2,806,616,000,000		22,452,928,000	2,806,616,000,000	
Total	24,324,696,000	3,742,500,000,000		24,324,696,000	3,742,500,000,000	
Issued and Fully Paid Capital						
Class A shares						
AcrossAsia Limited	938,328,300	469,164,150,000	50.13	938,328,300	469,164,150,000	50.13
Public	938,439,700	466,719,850,000	49.87	938,439,700	466,719,850,000	49.87
Sub total	1,871,768,000	935,884,000,000	100.00	1,871,768,000	935,884,000,000	100.00
Class B shares						
AcrossAsia Limited	-	-		1,172,910,375	146,613,796,875	50.13
Public	-	-		1,166,799,625	145,849,953,125	49.87
Sub total	-	-		2,339,710,000	292,463,750,000	100.00
Total	-	-		4,211,478,000	1,228,347,750,000	
AcrossAsia Limited	938,328,300	469,164,150,000		2,111,238,675	615,777,946,875	50.13
Public	933,439,700	466,719,850,000		2,100,239,325	612,569,803,125	49.87
Total	1,871,768,000	935,884,000,000		4,211,478,000	1,228,397,750,000	100.00
Unissued Capital	22,452,928,000	2,806,616,000,000		20,113,218,000	2,514,152,250,000	

In the event that all the HMETD offered in this Rights Issue III are not exercised into common shares by all the shareholders, the Company's proforma capital structure and shareholder composition of the Company before and after the Rights Issues III become as follows:

	Before Rights Issue III			After Rights Issue III		
	Number of Shares	Amount (Rp)	%	Number of Shares	Amount (Rp)	%
Authorized Capital						
Class A shares with nominal value of Rp 500 per share	1,871,768,000	935,884,000,000		1,871,768,000	935,884,000,000	
Class B shares with nominal value of Rp 125 per share	22,452,928,000	2,806,616,000,000		22,452,928,000	2,806,616,000,000	
Total	24,324,696,000	3,742,500,000,000		24,324,696,000	3,742,500,000,000	

Issued and Fully Paid Capital Class A shares:						
AcrossAsia Limited Public	938,328,300	469,164,150,000	50.13	938,328,300	469,164,150,000	50.13
Sub Total	1,871,768,000	935,884,000,000	100.00	1,871,768,000	935,884,000,000	100.00
Class B shares:						
AcrossAsia Limited PT Ciptadana Sekuritas Public	-	-	-	2,139,710,000	267,463,750,000	91.45
Sub Total	-	-	-	2,339,710,000	292,463,750,000	-
AcrossAsia Limited PT Ciptadana Sekuritas Public	938,328,300	469,164,150,000	50.13	3,078,038,300	736,627,900,000	73.08
Sub Total	-	-	-	200,000,000	25,000,000,000	4.75
Public	933,439,700	466,719,850,000	49.87	933,439,700	466,419,850,000	22.17
Total	-	-	100.00	4,211,478,000	1,228,347,750,000	100.00
Unissued Capital	22,452,928,000	2,806,616,000,000		20,113,218,000	2,514,152,250,000	

SUMMARY OF KEY FINANCIAL INFORMATION

The following tables depict a Summary of Important Company Financial Information for the years ended December 31, 2004, 2003, 2002, 2001 and 2000. The important financial information presented here are drawn from the Company Financial Statements which were previously audited with an unqualified fair opinion without exemption. The Company's financial statements for the years ended December 31, 2004 and 2003 were prepared and audited by the KAP Aryanto Amir Jusuf & Rose, while the Company's financial statements for the years ended December 31, 2002 were prepared and audited by the KAP Prasetio Sarwoko and Sandjaja, and the Company's financial statements for the years ended December 31, 2001 and 2000 were prepared and audited by the KAP Prasetio Utomo & Co. (currently not operating as a public auditor anymore).

	(in million Rupiah)				
	December 31				
	2004	2003*	2002*	2001*	2000*
Total Assets	4,872,717	1,569,258	1,618,211	1,463,976	1,265,433
Total Liabilities	2,899,211	664,869	725,661	587,269	518,296
Total Shareholders Equity	950,825	904,389	892,112	876,707	747,137
Net Sales	2,506,963	594,388	501,441	578,863	364,474
Cost of Goods Sold	1,823,629	476,688	399,186	465,228	281,425
Gross Profit	683,307	117,700	102,255	113,635	83,049
Operation Expenses	534,938	68,625	65,200	52,052	41,771
Income from Operations	148,369	49,075	37,055	61,583	41,278
Net Profit	23,127	11,312	16,140	137,179	120,235
Current Assets/Current Liabilities (%)	134.0%	98.5%	75.3%	54.0%	34.4%

Total Liabilities/Total Shareholders Equity including Minority Rights (%)	304.9%	73.5%	81.3%	67.0%	69.4%
Total Liabilities/Total Assets (%)	59.5%	42.4%	44.8%	40.1%	41.0%

** Has been restated according to accounting standard for investment, from cost method to equity method*

THE COMPANY'S BUSINESS PROSPECTS

The government targeted an economic growth of 5.5% in 2005, higher if compared with the economic growth in 2004 of 5.1%. The government also hoped that this growth rate would continue into 2006 with an estimated growth rate of 5.5-6.5%. The government estimated that this growth will be supported with an increase in exports and investment, which will mostly be new investments rather than expansionary investments. (Source: Indonesia Macroeconomic Assumptions of the Ministry of Finance.)

Supported by stable socio-political and security conditions, the Company believes that a sustained economic growth will create an encouraging environment for the Company's business growth in the future.

Information Technology

The Company will maintain and manage the business of information technology services especially in the banking and financial services industries. In the banking sector, many banks continue to develop their consumer banking business, which means these banks will also require new investments in the purchase of additional equipment such as ATMs, and EDCs. In the industrial sector, the Company also foresees sufficiently wide growth opportunities in sectors such as utilities and the oil and natural gas industries.

The prospects for the outsourcing are huge especially with the introduction of Europay Mastercard Visa (EMV) compliant equipment, which requires all the new EDC – compliant machines have to be implemented by early 2006. The Company also provides the management of data centers on behalf of bank clients. The Company views that prospects for consultancy services will also increase especially among a number of more traditional companies that wish to introduce more technological systems into their businesses.

Retail Business

The growth performance of the retail business translates into big growth opportunities for the Company through MPP – with the growing population base and sustained economic growth. MPP continues to endeavor to expand every year by adding the number of outlets, and renovating existing outlets. With these growth efforts, MPP will also continue to improve the relationships with its trade partners in order to provide the best consumer service. The launch of hypermarket business under the name "hypermart", and the name "cut price" has received positive response from the customers, which will add opportunities to further grow and to reach the market leader position in modern retailers in Indonesia. MPP will continue to become the market leader in this sector by offering the best consumer services.

Broadband Network

This industry offers bright prospects based on the following factors which will continue to support the growth of the business, including the total population of Indonesia of approximately over 210 million people that offers a huge target market for Kabelvision. The growth of digital technology also offers additional good prospects for BM in a new range of exciting consumer products and services including Home Banking, Home Shopping, Video on Demand and Interactive Games. This digital technology can be applied rapidly in Indonesia. TV penetration in Indonesia is still very low compared to its neighboring countries in Asia. This provides the Company with huge growth potentials in cable TV industry.

BRIEF DESCRIPTION OF THE SUBSIDIARY COMPANIES AND THE COMPANY'S INVESTMENTS

As of December 30, 2004, the Company participated in 7 (seven) companies, where the Company has ownership of over 25% and are consolidated in its financial reports.

No	Name	Business	Ownership	Investment Date
1	PT Sharestar Indonesia	Share administration and other services	99	1990
2	PT Visionet International (PT Computrade Indonesia)	Trading	99	2000
3	PT Netstar Indonesia	Trading	99	2002
4	PT Reksa Puspita Karta	Trading	96	1994
5	PT Tyrane Saptajagat	Trading	98	1994
6	PT Multifiling Mitra Indonesia	Archive management	50.20	1994
7	PT Matahari Putra Prima Tbk	Retail	50.10	1997

I. RIGHTS ISSUE III

The Board of Directors, on behalf of the Company herewith conducts this Rights Issues III in the amount of 2,339,710,000 (two billion three hundred thirty nine million seven hundred ten thousand) Class B Shares with a nominal value of Rp125 (one hundred twenty five Rupiah) for every share on the market at the price of Rp125 (one hundred twenty five Rupiah) for each share. Each owner of 4 (four) Class A Shares with his name registered in the Shareholders Registry as of June 22, 2005 at 16:00 WIB will be entitled to 5 (five) Pre-Emptive Rights ("HMETD") to buy 5 (five) Class B Shares with a nominal value of Rp125 (one hundred twenty five Rupiah) for every share owned at the offering price of Rp125 (one hundred twenty five Rupiah) per share to be paid in full at the time of subscription application. There is no difference in right or rank between Class A and Class B Shares.

In the event that the shares offered in this Rights Issues III are not entirely subscribed by the entitled owners of the HMETD, the remaining allocation will be made available to other Shareholders who subscribe for more than their allocated rights as outlined in the Certificate of Proof HMETD ("SBK") in accordance with the laws. AcrossAsia Limited as a shareholder will exercise its rights to subscribe. In the event there is any remaining allocations thereafter, AcrossAsia Limited and PT Ciptadana Sekuritas as Standby Buyers will purchase as much as 82.86% and 17.14%, respectively, of the unsubscribed shares at the offering price of Rp 125 (one hundred twenty five Rupiah) per share to be paid in full in accordance with the Standby Buyer Agreements No. 50 and 51, respectively, dated April 27, 2005 executed in front of Indah Fatmawati, SH, the replacement of Mrs. Poerbaningsih Adi Warsito, SH., a public notary in Jakarta.

All the Class B shares offered in this Rights Issues III will be listed on the Jakarta Stock Exchange (BEJ) and the Surabaya Stock Exchange (BES).



PT MULTIPOLAR CORPORATION TBK ("Company")

A service provider company whose business is based on information technology, and has subsidiary companies involved in the areas of commercial retail, distribution, and others.

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Kecamatan Setiabudi
Jakarta Selatan

MAIN RISK FACTORS **THE COMPANY'S MAIN RISK FACTORS ARE THE RISK OF CHANGE IN** **BUSINESS PARTNERS' STRATEGY AND THE RISK OF ITS INVESTMENTS IN ITS** **SUBSIDIARIES AND ASSOCIATED COMPANIES**

OTHER RISK FACTORS CAN BE FOUND IN CHAPTER V OF THIS PROSPECTUS

The Company was founded pursuant to Bill of establishment No. 7 dated December 4, 1975 presented before Adlan Yunizar SH, a public notary in Jakarta which has since been amended

several times, and which has been approved by the Ministry of Legal Affairs and Human Rights of the Republic of Indonesia as specified in Decree No. C2-1093.Ht01-01 year 1982 dated September 3, 1982, registered in Jakarta Pusat district court dated September 9, 1982 No. 3180-3185 and announced in the state gazette of the Republic of Indonesia No. 84 dated October 20, 1987, supplement no. 938.

The Company's Articles of Association have been amended several times for example at the Company's EGM dated October 2, 1996, the minutes of which specify the deed of minutes of the EGM No. 3 dated October 2, 1996, presented by Amrul Partomuan Pohan SH, LLM., a public notary in Jakarta, which was expressed again in the deed on the EGM's decision No. 22, dated October 9, 1996, presented by Amrul Partomuan Pohan, SH,LLM., a public notary in Jakarta, which has been agreed by the Ministry of Legal Affairs and Human Rights of the Republic of Indonesia as specified in its ministerial decree No. C2-10.632.Ht.01.04 year 1996, dated November 27, 1996, registered in Company Registry Kodya Jakarta Pusat No.390/BH.09.05/I/1997, dated January 24, 1997 and which also has been announced in the supplement No. 1076 of the state gazette of the Republic of Indonesia No. 22 dated March 18, 1997, which agreed for example:

- a. Amending a change in name to "PT MULTIPOLAR CORPORATION TBK"
- b. An increase in the Company's paid-up capital, which was initially Rp150,000,000,000 (one hundred fifty billion Rupiah), which was divided among 150,000,000 (one hundred fifty million) shares with a value of Rp1,000 (one thousand Rupiah) per share to become Rp500,000,000,000 (five hundred billion Rupiah), which is divided among 1,000,000,000 (one billion) shares with a value of Rp500 (five hundreds Rupiah) per share
- c. Splitting the par value (stock split) from Rp1,000 (one thousand Rupiah) to become Rp500 (five hundred Rupiah) per share. The commercial value of the share is the result of a resolution to make the par value at Rp500 (five hundred Rupiah) beginning on April 1, 1997.

Hereinafter the changes in the Company's Articles of Association are specified in:

1. Supplement No. 5936 of the state gazette No. 85, dated October 23, 1998, which includes:
 - a. Ministerial decree from the Ministry of Legal Affairs and Human Rights of the Republic of Indonesia No. C2-5422.Ht.01.04 year 1997, dated June 24, 1997;
 - b. (i) Deed on changes to the Company's Article of Association (Section 15 sentence (2) UU NO. 1/1995), presented by Ny. Poerbaningsih Adi Warsito, S.H., a public notary in Jakarta, dated June 24, 1997, which has been agreed upon by the Ministry of Legal Affairs and Human Rights of the Republic of Indonesia with its ministerial decree No. C2-5422.Ht.01.04 year 97, dated June 24, 1997;
 - (ii) Deed on changes to the Company's Article of Association (Section 15 sentence (3) UU NO. 1/1995), as presented by Ny. Poerbaningsih Adi Warsito, S.H., a public notary in Jakarta, dated June 24, 1997, which has been accepted and noted by Pelaksana Harian Direktur Perdata u.b. Director-General of Hukum and Perundang-undangan, dated June 24, 1997, No. C2-Ht.01.04-A.11354; and
 - (iii) Deed o the Company's AGM decision No. 146 dated June 24, 1997, presented before Ny. Poerbaningsih Adi Warsito, S.H., a public notary in Jakarta, referring to amendments of section 4 sentence (1) of the Company's Articles of Association.
 - c. Registration in Company Registry as according to UU No. 3 Year 1982 concerning Wajib Daftar Perusahaan with No. TDP 09051631169 in Company Registry Kotamadya Jakarta Pusat No. 390.1/BH.09.05/VI/97 on June 27, 1997.
2. Supplement Addition No. 119, Official gazette No. 84, October 20, 1998, which includes:

- a. Report Data changes of Company's Article of Association Data Akta Perubahan Anggaran Dasar Perseroan (Section 15 sentence (3) UU NO. 1/1995), prepared by Nyonya Poerbaningsih Adi Warsito, S.H., Notary in Jakarta, October 14, 1997, which have been accepted and noted by Direktur Perdata, dated November 6, 1997, No. C2-Ht.01.04-A.24328;
 - b. (i) Deed Pernyataan Keputusan Rapat of Company Perseroan No. 30, dated October 3, 1997, referring to amending section 4 sentence (2) of the Company's Articles of Association; and
(ii) Deed Pernyataan Keputusan Rapat of Company Perseroan No. 31, dated October 3, 1997, referring to adjustment entire/all rule the Company's Articles of Association in line with Peraturan IX.J.1, Lampiran Keputusan BAPEPAM No. KEP-13/PM/1997 concerning Pokok-pokok Anggaran Dasar Perseroan Yang Melakukan Penawaran Umum Efek Bersifat Ekuitas and Perusahaan Publik, both presented before Nyonya Poerbaningsih Adi Warsito, S.H., Notary in Jakarta;
 - c. Registration in Daftar Perusahaan as according to UU No. 3 Tahun 1982 concerning Wajib Daftar Perusahaan with No. TDP 09031626359 in Registry Perusahaan Kodya Jakarta Selatan No. 2490/BH.09.03/IV/98, dated 24 April 1998.
3. Addition No. 170, Official gazette No. 2, 5 January 1999, which includes:
 - a. Ministerial decree Kehakiman Republik Indonesia No. C2-13087 HT.01.04.Th.98, dated 7 September 1998;
 - b. (i) Data changes of Company's Article of Association Data Akta Perubahan Anggaran Dasar Perseroan (Section 15 sentence (2) UU NO. 1/1995), prepared by Nyonya Poerbaningsih Adi Warsito, S.H., Notary in Jakarta, dated 25 May 1998, which has been agreed by The Minister of Legal Affairs, Republic of Indonesia with his decision No. C2-13087 HT.01.04.Th.98, dated 7 September 1998,
(ii) Report Data changes of Company's Article of Association Data Akta Perubahan Anggaran Dasar Perseroan (Section 15 sentence (3) UU NO. 1/1995), prepared by Nyonya Poerbaningsih Adi Warsito, S.H., Notary in Jakarta, dated 25 May 1998, which has been accepted and noted by Direktur Perdata dated 7 September 1998, No. C2-13086 HT.01.04.Th.98; and
(iii) Deed Pernyataan Keputusan Rapat of Company Perseroan No. 6, 6 May 1998, presented before Nyonya Poerbaningsih Adi Warsito, S.H., Notary in Jakarta referring to amending section 12 sentence (3), Section 12 sentence (8) and Section 14 sentence (1) Company Articles of Association; and
 - c. Registration in Daftar Perusahaan as according to UU No. 3 Tahun 1982 concerning Wajib Daftar Perusahaan with No. TDP 09031626359 in Registry Perusahaan Kodya Jakarta Selatan No. 2490/BH.09.03/X/98 on October 22, 1998.
 4. Addition No. 308, Official gazette No. 89, November 5, 1999, which includes:
 - a. Report Data changes of Company's Article of Association Data Akta Perubahan Anggaran Dasar Perseroan (Section 15 sentence (3) UU NO. 1/1995), prepared by Nyonya Poerbaningsih Adi Warsito, S.H., Notary in Jakarta, dated May 18, 1999, which has been accepted and noted by Direktur Perdata, dated August 5, 1999, No. C-14239 HT.01.04-TH.99;
 - b. Deed of Minutes Of Company Extraordinary Public Stockholder meeting No. 6, dated May 7, 1999, prepared by Nyonya Poerbaningsih Adi Warsito, S.H., Notary in Jakarta, for example referring to amending section 14 sentence (2) and amending section 4 sentence (4) Company Articles of Association to be adapted for KEP-44/PM/1998 as for increase capital without Rights Issues (HMETD) Penambahan Modal Tanpa Hak Memesan Efek Terlebih Dahulu; and

- c. Registration in Daftar Perusahaan as according to UU No. 3 Tahun 1982 concerning Wajib Daftar Perusahaan with No. TDP 09031626359 in Registry Perusahaan Kodya Jakarta Selatan No. 2490.02/BH/09.03/VIII/1999 on August 16, 1999.
5. Addition No. 5938, Official gazette Republic of Indonesia No. 80, dated October 6, 2000, which includes:
- Ministrial decree Hukum and Perundang-undangan Republik Indonesia No. C-10446 HT.01.04.TH.2000, dated May 17, 2000;
 - Deed Data changes of Company's Article of Association data Perubahan Anggaran Dasar Perseroan (Section 15 sentence (2) UU NO. 1/1995), prepared by Mrs. Maria Theresia Suprapti, S.H., substitution from Nyonya Poerbaningsih Adi Warsito, S.H., Notary in Jakarta, dated April 27, 2000, which has been agreed by The Minister of Hukum and Perundang-undangan Republik Indonesia with his decision No. C-10446 HT.01.04.TH.2000, dated May 17, 2000;
 - Deed Pernyataan Keputusan Rapat of Company Perseroan No. 23, dated April 24, 2000, prepared before Nyonya Maria Theresia Suprapti, S.H., Notary in Jakarta, for example referring to amending section 4 of the Company's Articles of Association; and
 - Registration in Daftar Perusahaan as according to UU No. 3 Tahun 1982 concerning Wajib Daftar Perusahaan with No. TDP 090315126359 in Registry Perusahaan Kodya Jakarta Selatan No. 578/RUB 09.03/VI/2000, dated June 19, 2000.
6. Addition No. 1016, Official gazette Republic of Indonesia No. 91, dated 12 November 2002, which includes:
- Acceptance report deed of changes of the Company's Articles of Association Laporan Akta Perubahan Anggaran Dasar Perseroan by The Minister of Legal Affairs and Human right Republik Indonesia No.C-18641 HT.01.04.TH.2002 dated September 26, 2002 referring to amending section 11 and section 14 of the Company's Articles of Association;
 - Deed Pernyataan Keputusan Rapat Perseroan No. 65, dated July 29, 2002, made before Nyonya Indah Fatmawati S.H., substitution from Mrs. Poerbaningsih Adi Warsito S.H., Notary in Jakarta; and
 - Registration in Daftar Perusahaan as according to UU No. 3 Tahun 1982 concerning Wajib Daftar Perusahaan with No. TDP 090315216359 in Registry Perusahaan Kodya Jakarta Selatan No.1296/RUB 09.03/X/2000, dated October 15, 2002.
7. a. Deed Pernyataan Keputusan Rapat Perseroan No.84, March 30, 2005, prepared before Mrs. Poerbaningsih Adi Warsito S.H., Notary in Jakarta;
- Acceptance Laporan Akta Perubahan Anggaran Dasar Perseroan by Human right Republic of Indonesia and The Minister of Legal Affairs No.C-09157 HT.01.04.TH.2005 dated April 5, 2005 referring to amending section 4 article 1 of the Company's Articles of Association;
 - Registration in Daftar Perusahaan as according to UU No. 3 Tahun 1982 concerning Wajib Daftar Perusahaan with No. TDP 090315216359 in Registry Perusahaan Kodya Jakarta Selatan No. 09.03.1.52.26359, dated April 14, 2005.
 - Official gazette Republic of Indonesia is in the process.

The Company's capital structure and shareholders composition as per the Shareholders Registry as of March 31, 2005 as obtained from PT Sharestar Indonesia are outlined as follows:

	Number of Share	Amount (Rp)	Percentage (%)
Authorized Capital			
Class A Shares with nominal value of Rp.	1,871,768,000	935,884,000,000	

500/share			
Class B Shares with nominal value of Rp.	22,452,928,000	2,806,616,000,000	
125/share			
Total Authorized Capital	24,324,696,000	3,742,500,000,000	
Issued and Fully Paid Capital			
AcrossAsia Limited	938,328,300	469,164,150,000	50.13
Public*	933,439,700	466,719,850,000	49.87
Total Issued and Fully Paid Capital	1,871,768,000	935,884,000,000	100.00
Unissued Capital	22,452,928,000	2,806,616,000,000	

* with ownership less than 5%

If all the HMETD offered in the Rights Issues III are executed and become the shares of the Company, the capital structure and shareholders composition of the Company before and after the Rights Issues III become as follows:

	Before Rights Issue III			After Rights Issue III		
	Number of Shares	Amount (Rp)	%	Number of Shares	Amount (Rp)	%
Authorized Capital						
Class A shares with nominal value of Rp 500 per share	1,871,768,000	935,884,000,000		1,871,768,000	935,884,000,000	
Class B shares with nominal value of Rp 125 per share	22,452,928,000	2,806,616,000,000		22,452,928,000	2,806,616,000,000	
Total	24,324,696,000	3,742,500,000,000		24,324,696,000	3,742,500,000,000	
Issued and Fully Paid Capital						
Class A shares						
AcrossAsia Limited	938,328,300	469,164,150,000	50.13	938,328,300	469,164,150,000	50.13
Public	938,439,700	466,719,850,000	49.87	938,439,700	466,719,850,000	49.87
Sub total	1,871,768,000	935,884,000,000	100.00	1,871,768,000	935,884,000,000	100.00
Class B shares						
AcrossAsia Limited	-	-		1,172,910,375	146,613,796,875	50.13
Public	-	-		1,166,799,625	145,849,953,125	49.87
Sub total	-	-		2,339,710,000	292,463,750,000	100.00
Total	-	-		4,211,478,000	1,228,347,750,000	
AcrossAsia Limited	938,328,300	469,164,150,000		2,111,238,675	615,777,946,875	50.13
Public	933,439,700	466,719,850,000		2,100,239,325	612,569,803,125	49.87
Total	1,871,768,000	935,884,000,000		4,211,478,000	1,228,397,750,000	100.00
Unissued Capital	22,452,928,000	2,806,616,000,000		20,113,218,000	2,514,152,250,000	

In the event that all the HMETD offered in this Rights Issue III are not exercised into common shares by all the shareholders, the Company's capital structure and shareholders composition of the Company before and after the Rights Issues III become as follows:

	Before Rights Issue III			After Rights Issue III		
	Number of Shares	Amount (Rp)	%	Number of Shares	Amount (Rp)	%

Authorized Capital						
Class A shares with nominal value of Rp 500 per share	1,871,768,000	935,884,000,000		1,871,768,000	935,884,000,000	
Class B shares with nominal value of Rp 125 per share	22,452,928,000	2,806,616,000,000		22,452,928,000	2,806,616,000,000	
Total	24,324,696,000	3,742,500,000,000		24,324,696,000	3,742,500,000,000	
Issued and Fully Paid Capital						
Class A shares:						
AcrossAsia Limited	938,328,300	469,164,150,000	50.13	938,328,300	469,164,150,000	50.13
Public	938,439,700	466,719,850,000	49.87	938,439,700	466,719,850,000	49.87
Sub Total	1,871,768,000	935,884,000,000	100.00	1,871,768,000	935,884,000,000	100.00
Class B shares:						
AcrossAsia Limited	-	-		2,139,710,000	267,463,750,000	91.45
PT Ciptadana Sekuritas Public	-	-		200,000,000	25,000,000,000	8.55
Sub Total	-	-		2,339,710,000	292,463,750,000	-
AcrossAsia Limited	938,328,300	469,164,150,000	50.13	3,078,038,300	736,627,900,000	73.08
PT Ciptadana Sekuritas Public	-	-	-	200,000,000	25,000,000,000	4.75
Sub Total	933,439,700	466,719,850,000	49.87	933,439,700	466,419,850,000	22.17
Total	-	-	100.00	4,211,478,000	1,228,347,750,000	100.00
Unissued Capital	22,452,928,000	2,806,616,000,000		20,113,218,000	2,514,152,250,000	

In the 12 months following the date when the registration statement of this Rights Issue III becomes effective, the Company will not plan to issue or list any shares and/or other securities that are convertible to shares.

II. USE OF PROCEEDS FROM THE RIGHTS ISSUES III

The proceeds raised from the Rights Issues III, less all expenses relating to the Rights Issues III, will be utilized as follows:

1. Approximately 30% (thirty percent) will be used for business development including but not limited to new development efforts in the field of information technology and/or other supporting businesses
2. Approximately 30% (thirty percent) will be used to reduce Rp85,000,000,000 (eighty five billion rupiah) outstanding loans. These are loans from banks that are not affiliated to the Company and will mature in less than one year. These loans come from Bank Mandiri, Bank Permata and Bank Niaga. The details of the loans are as follows:

Bank	Currency	Ceiling Amount (in IDR equivalent)	Interest rate
Bank Mandiri	USD and IDR	-/+Rp 274 billion	9.5%-14.25%
Bank Permata	USD	-/+ Rp 52 billion	7%
Bank Niaga	USD and IDR	-/+ Rp 26 billion	6.5%-13%

The Company's current relationship with the banks is good. However, the Company intends to improve its financial performance by reducing these loans, especially given the interest rate environment and the fluctuate currency.

- Approximately 40% (forty percent) will be used to fund the Company's working capital requirements including but not limited to the purchase of inventory and/or accounts receivables and/or sales of hardware with rental scheme.

The Company will be accountable for the actual usage of the proceeds raised from this Rights Issues III to the Company's shareholders in the Annual General Meeting ("AGM") and periodically to BAPEPAM in accordance with BAPEPAM regulations No. X.K.4 regarding the Report of Actual Usage of Public Offering Proceeds.

III. STATEMENT OF DEBT

As of December 31, 2004, the Company has outstanding liabilities equal to Rp2,899,211 million as presented in the Company's financial statements which have been audited by the Public Accountancy Office ("KAP") Aryanto Amir Jusuf and Mawar dated March 18, 2005 expressed with an unqualified opinion.

Description	(in million rupiah) Amount
CURRENT LIABILITIES	
Short term loans	441,562
Promissory Notes	17,116
Trade payables and others	616,149
Tax payables	32,548
Accrued expenses	357,694
Current maturity long term debts	81,841
Other current liabilities	47,845
Total Current Liabilities	1,594,755
LONG TERM LIABILITIES	
Dues to related parties	5,582
Defferred Tax Liabilities – net	9,363
Promissory Notes	135,622
Long term debts – net of current maturities	250,243
Bonds – net	822,149
Other long term liabilities	81,497
Total Non Current Liabilities	1,304,456
TOTAL LIABILITIES	2,899,211

Description of each component is as follows:

1. Current Liabilities

Short term loans

The short term loans as of December 31, 2004 for Rp441,562 million was the balance of credit facility that the Company, MPP and its subsidiaries received from:

- a) PT Bank Mandiri Tbk, which was working capital credit facility with respective maximum amount of Rp52,000 million and Rp250,000 million. This facility will be matured in June and July 2005, respectively, and bears the annual interest rate of 12% up to 16% in 2004. To the Company, this facility was secured against Rp61,948 million of receivables and Rp16,180 million of inventory. To the subsidiaries, this facility was secured against inventory with retail value of minimum 110% of the facility amount and certain buildings.
- b) Working capital facility to the Company from PT Bank Negara Indonesia Tbk in the amount of not more than Rp80,000 million. This facility was extended in 2004 and will mature on June 13, 2005. In June 2004, the Company received additional working capital facility from PT Bank Negara Indonesia Tbk of Rp25,000 million that will mature on June 13, 2005. This facility bears the annual interest rate of between 14.75% and 16% in 2004. This facility was secured against 27 million shares of PT Broadband Multimedia Tbk, the Company's fixed assets with book value of Rp15,526 million in 2004, the Company's property investment of Rp3,497 million and the Company's inventory of Rp30,000 million.
- c) On June 25, 2004, MPP, a subsidiary, obtained revolving working capital facility from PT Bank Danamon Indonesia Tbk in the amount of Rp100,000 million and forex transaction line in the form of Pre-settlement of Exposure on Foreign Exchange (PSE/FX)/Settlement Risk (SR) with a maximum PSE-FX of US\$400 thousand and SR of US\$5,000 per day. This facility matures in June 2005. This facility was secured against inventory with retail value of minimum 110% of the facility amount. This facility bears the annual interest rate of 10.93%.
- d) Facility from PT Bank Permata Tbk which was used to finance the purchase of inventory what was later sold to a customer that was approved by PT Bank Permata Tbk (hereinafter known as "Sale Contract"). The facility amount is maximum US\$5,500 thousand and matures on July 8, 2005. In June 2004, this facility was split into short term facility as much as US\$4,000 thousand and long term facility as much as US\$1,500 thousand. This facility bears the annual interest rate of 7% in 2004. This facility is secured against the Company's escrow account, receivables with a minimum value of 150% of the facility amount and inventory financed by this facility with minimum value of 125% of the facility amount.
- e) In 2004, the Company received a term loan from PT Bank Niaga Tbk with a maximum amount of Rp7,000 million to purchase inventory. This loan was secured against buildings and certain computers owned by the subsidiaries and bears the interest rate of 13%. In addition, the Company also received project financing for the purchase of inventory from PT IBM Indonesia with a maximum amount of US\$2,000 thousand with 6% interest rate and is secured against the Company's escrow account, receivables with a minimum value of 125% of the facility amount and inventory financed by this facility with a minimum value of 110% of the facility amount. Both facilities will mature on November 29, 2005.
- f) In 2004, the Company received an extension of facility from PT Bank Internasional Indonesia Tbk with a maximum amount of US\$12,500 thousand consisting of US\$1,000 thousand FX line, US\$1,500 thousand BG line and US\$10,000 thousand project

financing and will all mature on October 21, 2005 with an annual interest rate of 6% in 2004. This facility is secured against the Company's escrow account, receivables, inventory financed by this facility with a minimum value of 125% of this facility amount.

- g) In 2004, the Company had a number of factoring agreements (with recourse) with PT BNI Multi Finance. The amount of receivables sold was Rp6,179 million and US\$266 thousand with retention value of 15%. This liability bears 16.5% interest rate for the rupiah facility and 8.75% for the US\$ facility. This liability will mature on a number of dates between May and December 2005.

The covenants in these agreements require the Company, among others, not (subject to approval from the lender) to use the facility outside its intended use of proceeds, transfer and/or rent out the Company in whatsoever form and intention to other parties, change the legal status of the Company, transfer the Company's share ownership either among its current shareholders or to other parties, obtain or extend loan, sell, transfer or divest part or all of its assets, change the Company's structure through merger, acquisition or liquidation, act as guarantor or pledge its assets to other parties, conduct activities that are out of the Company's ordinary business activities, invest in or start a new business that is over 20% of the Company's total assets, repay shareholders' loan, distribute earnings or dividends, obtain leasing, open branches or representative offices, change the board of commissioners and directors, enter into a transaction with parties including but not limited to affiliated companies outside of ordinary business activities, and purchase at a price more expensive than market price or sell at market price. The covenants also require the Company maintain certain financial ratios. As of December 31, 2004, the Company and its subsidiaries have fulfilled all the covenants. PT Bank Permata Tbk with its letter No. 033/BP-CASR/V/05 dated May 30, 2005 and PT Bank BNI Tbk with its letter No. JRM/2.1/739/R dated June 3, 2005, have both agreed to amend its negative covenants from "the borrower is not allowed to pay out dividends without written consent from the bank" to "the borrower will inform the bank in writing no later than 7 business days since the decision is made".

Promissory Notes

The Company and its subsidiaries issued short term debentures to third parties that were managed by PT Kridatama Swakarsa. These debentures were denominated in US\$ and were in the amount of US\$1,627 thousand. These debentures will mature on a number of dates between one and twelve months (mature between January and April 2005). The interest rate on these debentures range between 3.0% to 3.75% in 2004.

The Company issued promissory notes for Rp2,000 thousand to PT Bank Mayapada Tbk with an interest rate of 18% to 25% in 2004. These notes have been extended several times and will mature on December 28, 2005.

Trade payable and others liabilities

These trade payables are liabilities to the suppliers of Rp483,110 million arising from the purchase of retail items, hardwares, software and other supporting items.

On December 31, 2004, other liabilities include liabilities arising from MPP's loyalty program, as much as Rp26,565 million and its liabilities to contractors for renovation work to the buildings, including store decoration, and to third parties for marketing expenses.

Tax payable

The Company's tax payable as of December 31, 2004 was Rp32,548 million arising from income tax payable which comprised:

	(in million Rupiah)
Pasal 21	10,830
Pasal 23	6,264
Pasal 25	52
Pasal 26	744
Pasal 29	590
Pasal 4 (2)	34
Others	169
VAT-net	13,865
Total	32,548

Payable Expenses

The Company's payable expenses as of December 31, 2004 were Rp357,694 million, mostly in connection with salaries, wages, employee benefits, marketing and equipment, maintenance and service, electricity and power, insurance, interest, consultant fees and others.

Current Portion of Long Term Loan

The Company's current portion of long term loan as of December 31, 2004 was Rp81,841 million which comprised Rp 68,798 million of bank loan and Rp 12,905 million of loans to non financial institutions as well as leasing of Rp 138 million.

Other Current Liabilities

As of December 31, 2004, other current liabilities included estimated loss incurred from the store restructuring of MPP, the Company's subsidiary. In connection with the planned store restructuring to face the difficult economy, MPP's directors' meetings in 1996 and 1997 and PT Matahari Super Ekonomi's directors' meeting in 1996 determined to continually analyze and maximize MPP's operations in order to improve profitability and store location, close several MPP's stores that had not given value-added, reduce the floor area of a number of stores to ensure efficiency and change Galeria and MSE's store concept. Based on this plan, MPP set aside some provisions, such as provision for fixed asset losses, estimated loss due to store restructuring, provision for non-operational asset losses (long term lease for burnt store), provision for store deposit loss, provision for loss due to unused or unrestored long term lease to other stores. In 2004, MPP added Rp 1,861 million to the provisions, which will be booked into Provision for Store Restructuring and credited against the relevant asset accounts, or booked into Estimated Loss due to Store Restructuring. From 1997 to December 31, 2004, MPP and MSE closed 31 stores and utilized Rp67,627 million of provision. The balance in Estimated Loss due to Store Restructuring and the relevant asset accounts were each Rp26,584 million and Rp93,628 million as of December 31, 2004.

2. Non-Current Liabilities

Related Parties Liabilities

The Company's Related Parties Liabilities as of December 31, 2004 was Rp3,846 million.

Tax payable – Net

The Company's tax payable as of December 31, 2004 was Rp9,363 million which belonged to MPP and SSI's deferred taxes.

Promissory Notes – long term

Promissory notes, in the amount of Rp55,000 million and managed by PT Ciptadana Sekuritas, were issued on September 27, 2004 and will mature on January 31, 2006. These notes do not bear interest.

Promissory notes, in the amount of Rp19,645 million issued by the Company to PT Link Net, were uncollateralized and non-interest bearing notes that will mature on December 31, 2006. Rp4,195 million of these notes was paid in 2003.

Promissory notes, in the amount of Rp2,100 million issued by the Company to PT Satriajati Patria Luhur, were uncollateralized and non-interest bearing notes that will mature on July 1, 2006.

Promissory notes, in the amount of Rp30,000 million issued by the Company to PT Multi Sarana Integrasi, were collateralized with a helicopter owned by PT Air Pasifik Utama. These notes bear a 15% interest rate and will mature on December 31, 2006.

Promissory notes, in the amount of Rp19,302 million issued by the Company to PT Usaha Maya Gemilang, were uncollateralized and non-interest bearing notes that will mature on December 31, 2006. In 2003, Rp600 million of these notes was paid.

Promissory notes in the amount of Rp25,370 million managed by Corfina Finance Ltd were issued by a subsidiary to a third party in 2001. These notes were uncollateralized and bore a 16% interest rate in 2004. In 2003, Rp11,000 million of these notes was paid. In November 2004, Corfina Finance Ltd agreed to write off the interest incurred from November 26, 2001 to November 25, 2004 and to extend the notes' maturity to November 25, 2006 with a 16% interest rate p.a.

Long Term Loan after Current Portion of Long Term Loan

The Long Term Loan (after Current Portion of the Long Term Loan) as of December 31, 2004 was Rp 250,243 million as follows:

	(in millionRupiah)
Loans from banks:	
PT Bank Mandiri Tbk	231,400
PT Bank Internasional Indonesia Tbk	16,198
PT Bank Niaga Tbk	12,466
PT Bank Permata Tbk	9,393
PT Bank Akita	2,501
<i>Subtotal</i>	<u>271,958</u>
Loans from non-financial institutions:	
Eastbourne Worldwide Ltd	47,083
<i>Total</i>	<u>319,041</u>
Less portions that come due in less than one year:	
PT Bank Mandiri Tbk	54,048

PT Bank Internasional Indonesia Tbk	6,479
PT Bank Niaga Tbk	4,675
PT Bank Permata Tbk	3,131
PT Bank Akita	465
<i>Subtotal</i>	68,798
Long term loan	250,243

The Company entered into a facility agreement with PT Bank Mandiri Tbk on August 23, 2003, which was updated on October 7, 2003, for a facility of Rp260,333 million. Subsequently, based on the July 13, 2004 facility agreement, PT Bank Mandiri Tbk agreed to convert the balance of the Investment Credit I to Rp100,000 million and US\$5,559 thousand; and the balance of the Investment Credit II became US\$11,442 thousand. Rupiah-denominated facility carries a 14.25% interest rate p.a. and US\$-denominated carries a 9.5% rate p.a. All this facility will mature in 2008 with fixed quarterly amortization.

This facility was collateralized with MPP's shares owned by the Company, RPK's investment in PT Broadband Multimedia Tbk ("BM"), BM's shares owned by AcrossAsia Limited (formerly AcrossAsia Multimedia Limited) (the majority shareholder), long term investment in the Company's and the subsidiary's property assets and the Company's and the subsidiary's fixed assets. This facility is also linked to the collateral for the short-term facility from PT Bank Mandiri Tbk.

In 2004, the facilities from PT Bank Internasional Indonesia Tbk, PT Bank Niaga Tbk and PT Bank Permata Tbk were facilities that were used by the Company to finance the inventory purchase that was agreed by the banks (sales contract). Most of the financed inventory purchase was from PT IBM Indonesia. Every facility of these sales contracts mature according to the length of the sales contracts that were financed. The facilities for sales contracts that are more than 1 (one) year include:

- Facility from PT Bank Internasional Indonesia Tbk (BII) that will mature on April 20, 2007 and August 28, 2007 with a 6% interest rate in 2004 and collateralized with the Company's escrow account, receivables and inventory purchased with this facility with a minimum loan-to-value of 125%.
- Facility from PT Bank Niaga Tbk in the amount of US\$1,342 thousand with maturity on August 23, 2007 and a 6% interest rate in 2006 and was collateralized with the Company's escrow account, receivables with a maximum loan-to-value of 125% and inventory purchased with this facility with a minimum loan-to-value of 110%.
- Facility from PT Bank Permata Tbk in the amount of US\$1,500 thousand. As of December 31, 2004, Rp9,393 million was drawn down to finance a project. This facility will mature on September 16, 2007 and carries a 7% interest rate for US\$ denominated facility and 14% for Rupiah denominated facility in 2004. This facility was collateralized with the Company's escrow account, receivables with a minimum loan-to-value of 150% and inventory purchased with this facility of a minimum 125% loan-to-value.

In 2004, the Company obtained an amortizing investment credit facility from PT Bank Akita for Rp2,750 million. This facility carries a 11% interest rate p.a. and will mature on May 6, 2009 and was collateralized with the IBM hardware purchased with this facility and receivables.

Facility from Eastbourne Worldwide Ltd came from the transfer of loan from Japan Asia Investment Corporation (JAIC). In December 2003, JAIC transferred all this facility to

Eastbourne Worldwide Ltd. In the same month, the Company successfully restructured this facility. On December 5, 2004, Eastbourne Worldwide Ltd approved the restructuring of the Company's principal and interest repayment. This facility will be repaid in three installments:

	(in Rupiah million)
	Rp
December 23, 2006	7,062
December 23, 2007	7,062
December 23, 2008	32,958
Total	47,082

This facility carries a 3-month SBI rate plus 2% interest rate. According to the facility agreement, the Company is not allowed to collateralize to other parties (negative pledge) MPP's shares in the amount of Rp30,000 million owned by the Company and BM's shares in the amount of Rp60,000 million owned by AcrossAsia Limited (formerly AcrossAsia Multimedia Limited).

The facility agreements mentioned above do not allow the Company and its subsidiaries, except with the creditors' consent, to use the facilities out of their intended use, obtain other facilities from other parties in whatever forms, either for working capital or investment, unless for usual business activities, become guarantor or collateralize most or all of the Company's assets to other parties, conduct an investment in excess of 20% of total assets, provide financing to whoever including shareholders, unless for usual business activities, sell or transfer by any means or release a portion or all of the Company's assets as collateral, transfer a portion or all of the Company's rights or obligations, conduct a merger, and file a motion or instruct other party to file a motion to the court to deem the Company bankrupt or delay of loan repayment. On December 31, 2004, the Company and its subsidiaries complied with all the requirements in the facility agreements.

Bonds – net

The bonds were issued by MPP, which consisted of the following:

- a. Matahari's Bond I year 2002 with fixed coupon. On September 25, 2002, MPP issued Bond I year 2002 with fixed coupon. PT Bank Negara Indonesia Tbk acted as trustee. The bond's nominal value was Rp450,000 million and its face value was Rp50 million per bond. The bonds will mature on September 25, 2007. The bonds had a idAA-rating with stable outlook from PT Perneringkat Efek Indonesia (Pefindo). The rating for the period of 2004/2005 was idA+ with stable outlook. The Surabaya Stock Exchange with its letter No JKT-033/LIST-EMITEN/BES/IX/2002 dated September 26, 2002 approved the listing of the bonds on its board.

The bonds have a fixed coupon rate of 17.875% p.a. for 5 years from September 25, 2002. PT Kustodian Sentral Efek Indonesia (KSEI) acts as paying agent and will administer the quarterly coupon payment from December 25, 2002 to September 25, 2007. The bonds were collateralized with land, buildings and equipment with a loan-to-value of 125%. The bond proceeds were used to open new stores and renovate existing stores and for MPP's working capital, among other things to purchase merchandise. According to the trustee agreement, MPP is obliged to, among others, fulfill certain financial ratios. As of December 31, 2004, all financial ratios were met. In the event that the bond rating falls below idA-, MPP is obliged to provide sinking

fund for the year that such an event takes place and the subsequent years as long as the rating stays below idA-, with the following requirements:

- in the first year, as much as 10% of the bond nominal value; or
- in the second year, as much as 15% cumulatively of the bond nominal value; or
- in the third year, as much as 20% cumulatively of the bond nominal value; or
- in the fourth year, as much as 30% cumulatively of the bond nominal value; or
- in the fifth year, as much as 40% cumulatively of the bond nominal value.

- b. Matahari's Bond II year 2004 with fixed coupon and Syariah Ijarah Bond I year 2004. On May 11, 2004, MPP issued Bond II year 2004 with fixed coupon and Syariah Ijarah Bond I year 2004. PT Bank Negara Indonesia Tbk acted as the trustee. The nominal values were Rp300,000 million and Rp150,000 million respectively with nominal value per bond of Rp50 million and will mature on May 11, 2009. The conventional bonds were rated idA+ with stable outlook and the Syariah Ijarah bonds were rated idA+(sy) with stable outlook. The Surabaya Stock Exchange with its letter No. JKT-007/LIST-EMITEN/BES/V/2004 dated May 10, 2004 approved the listing of the bonds on its board. The conventional bonds carry a fixed coupon rate of 13.8% p.a. for 5 years from May 11, 2004. KSEI acted as the paying agent and administered the quarterly interest payment from August 11, 2004 to May 11, 2009. Every Syariah Ijarah bondholder is entitled to receive a 13.8% Ijarah fee p.a. These fees will be paid for 5 years from May 11, 2004 onward. KSEI acted as the paying agent and administered the quarterly Ijarah fee payment from August 11, 2004 to May 11, 2009. The bonds were collateralized with land and building with 115% loan-to-value. The proceeds from the conventional bonds were used to open new stores and renovate existing stores and for MPP's working capital, among others, to purchase merchandise. The proceeds from the Syariah bonds were used to rent space as determined by Akad Wakalah. According to the trustee agreement, MPP is obliged to, among others, fulfill certain financial ratios. As of December 31, 2004, all financial ratios were met. In the event that the bond ratings fall below idA- and idA-(sy), MPP is obliged to provide sinking fund for the year that such an event takes place and the subsequent years as long as the ratings stay below idA- and idA-(sy), with the following requirements:
- in the first year, as much as 10% of the bond nominal value or the outstanding value of the Syariah Ijarah bonds; or
 - in the second year, as much as 15% cumulatively of the bond nominal value or the outstanding value of the Syariah Ijarah bonds; or
 - in the third year, as much as 20% cumulatively of the bond nominal value or the outstanding value of the Syariah Ijarah bonds; or
 - in the fourth year, as much as 25% cumulatively of the bond nominal value or the outstanding value of the Syariah Ijarah bonds; or
 - in the fifth year, as much as 30% cumulatively of the bond nominal value or the outstanding value of the Syariah Ijarah bonds.

Other Long Term Liabilities – Net

As of December 31, 2004, the Company's other long term liabilities were Rp81,497 million which comprised Estimated Liabilities for Work Compensation of Rp12,888 million which were provision set aside for termination, service recognition and compensation to the employees in accordance with Act No. 13 year 2003, loans to non-financial institutions of Rp15,425 million which were rental loans by MPP, a subsidiary, where rental payment for the burnt stores was stopped and would resume as soon the stores resume operations, and other long term liabilities.

3. Significant Agreements

- a. On May 18, 1994, the Company entered into a license distribution agreement with BankVision Software Ltd (BV) of the United States that was later updated on November 28, 1997 where the Company received exclusive license to sell and distribute products with BV's trade name. As agreed between both parties, the Company would pay BV a US\$250 thousand one-time payment as a fee for the exclusive license. The updated agreement is valid for 99 years.
- b. In 1997, MPP, a subsidiary, entered into an agreement with PT Permana Indoasri Nusantara (PIN) whereby PIN obtained the license to market and rent MPP's store space in Serang, Sukabumi, Cianjur and Karawang. This agreement is valid for 3 months after the shopping mall where the store space is located opens for commercial operations. Up to December 31, 2004, only the shopping mall in Karawang has been opened for operation.
- c. In March 2001, MPP, a subsidiary, entered into a rental agreement with PT Citraciti Pasific to rent an 11,000m² store space in Pekanbaru for 20 years, divided into 4 periods, each for 5 years, and starts 4 months after the hand-over of the store space to MPP. As stipulated in the agreement, as of December 31, 2004, MPP has already given Rp 3,795 million rental deposit and Rp5,795 million down payment. As of December 31, 2004, the store was not in operation.
- d. On March 8, 2001, MPP, a subsidiary, entered into a license agreement with IGA, Inc (IGA) where IGA gave the authority and license to MPP to use IGA's brand name to (i) identify MPP as IGA's member, (ii) distribute and market products that meet IGA's quality and provide services in accordance to IGA's system in MPP's stores, and (iii) affix labels on products that meet IGA's quality standards. On the same date, MPP, a subsidiary, entered into a service agreement with IGA to obtain services and support from IGA, including directions and consultation, international public relations and presence in important events.
- e. In July 2001, MPP, a subsidiary, entered into a rental agreement with PT Benteng Teguh Perkasa to rent a 9,800m² store space in Kramat Jati, Jakarta, for 20 years, with rental price of Rp75,100 million. The rental started in November 2004. As stipulated in the agreement, MPP has given down payment. As of December 31, 2004, the balance of the rental price was Rp23,581 million. As of December 31, 2004, MPP was still negotiating with the landlord to reduce the rental period from 20 years to 11 years.
- f. In June 2002, MPP, a subsidiary, entered into a property agency agreement with PT Dwimustika Mas (DM) as the franchisee of Coldwell Banker USA to assist MPP in conducting a feasibility study and identifying new locations for new store development in the future.

Based on DM's offer letter, in December 2002, MPP agreed to purchase a 12,000m² store space located in Depok with a purchase price of Rp90,000 million. As stipulated in the sale and purchase agreement, as of December 31, 2004, MPP has given a Rp89,000 million down payment. In February 2004, MPP entered into a sale and purchase agreement for an additional 1,045m² store space with a purchase price of Rp9,405 million. As stipulated in the sale and purchase agreement, MPP has given a Rp9,405 down payment. Hence, the total down payment per December 31, 2004 was Rp 98,405 million. As of December 31, 2004, the store was not yet opened.

Based on the DM's offer letter, in May 2004, MPP agreed to purchase a 19,400m² store space located in Jakarta with a purchase price of Rp206,150 million. As of December 31, 2004, no payment was made.

- g. On December 27, 2002, MPP, a subsidiary, entered into a management agreement with PT Matahari Graha Fantasi (MGF), a subsidiary of MPP, where MPP agreed to provide consultancy services to MGF. As a compensation, MPP receives annual management fee, calculated as a percentage of MGF's gross profit. This agreement is valid for 12 years commencing from January 1, 2003.

Income and management fee of Rp3,894 million in 2004 was eliminated from the consolidated financial statements.

- h. In January 2003, MGF, a subsidiary, entered into a business system license agreement with Avel Pty Limited of Australia (acts as a licensor) where the licensor gave MGF the exclusive license to use TimeZone Business System in Indonesia. As its compensation, the licensor receives an annual royalty, calculated as a percentage of MGF's gross profit. This agreement is valid for 12 years commencing from January 1, 2003. A Rp 8,793 million royalty fee was included in the Sales and General Expenses (under marketing expenses) in 2004.
- i. In February 2003, MPP, a subsidiary, entered into a rental agreement with PT Margamas Indah Development to rent a 4,500m² temporary store space and a 14,100m² permanent store space in Ujung Pandang. The rental period of the temporary space is 11 years or will be ended as soon as the permanent store space is completed. The rental period of the permanent store space is 11 years after the store space is completed. As stipulated in the agreement, MPP has given Rp1,000 million and Rp7,900 million as deposit and down payment for the temporary and permanent store space, respectively, as of December 31, 2004. As of December 31, 2004, the store space was not opened yet.
- j. In October 2003, MPP, a subsidiary, entered into a sale and purchase agreement with PT Pendopo Niaga to purchase a 11,000m² store space in Malang for Rp99,585 million. As stipulated in the agreement, MPP gave a Rp99,585 million down payment as of December 31, 2004. As of December 31, 2004, the store was not opened yet.
- k. In March 2004, MPP, a subsidiary, entered into a rental agreement with PT Sarana Griya Prasanana Banguna to rent a 10,515m² store space in Solo for 11 years commencing from the opening date of the store space and is extendable. As stipulated in the agreement, MPP has given a Rp15,000 million down payment as of December 31, 2004. As of December 31, 2004, the store space was not open yet.
- l. In May 2004, MPP, a subsidiary, entered into a rental agreement with PT Federal Investindo to rent a 11,950m² store space in Batam. The rental period is from the store's opening date to August 2016 and is extendable. As stipulated in the agreement, MPP gave a SGD320 thousand deposit and SGD300 thousand down payment as of December 31, 2004. As of December 31, 2004, the store was not opened yet.
- m. In June 2004, MPP, a subsidiary, entered into a open book master logistic services agreement with PT Exel Indonesia (Exel) whereby Exel agrees to provide logistics services to MPP. MPP agrees to reimburse all expenses incurred by Exel during the period of its engagement subject to consent from all parties. In addition, MPP will pay a

management fee in the first year. This agreement is valid from July 1, 2004 to June 1, 2009.

- n. In July 2004, MPP, a subsidiary, entered into a rental agreement with PT Govindo Utama to rent a 7,808m² store space in Banjarmasin for 11 years from the store space opening date and is extendable. As stipulated in the agreement, MPP has paid a Rp 630 million deposit as of December 31, 2004. As of December 31, 2004, the store was not opened yet.
- o. In August 2004, MPP, a subsidiary, entered into a rental agreement with PT Donindo Menara Utama to rent a 9,000m² store space in Banjarmasin for 11 years from the store space opening date and is extendable. As stipulated in the agreement, MPP paid a Rp1,500 million deposit as of December 31, 2004. As of December 31, 2004, the store was not opened yet.
- p. In September 2004, MPP, a subsidiary, entered into a rental agreement with PT Santosa Mitra Kalindo to rent a 12,071m² store space in Pontianak for 11 years from the store space opening date and is extendable. As stipulated in the agreement, MPP paid a Rp 1,300 million deposit as of December 31, 2004. As of December 31, 2004, the store was not opened yet.
- q. In September 2004, MPP, a subsidiary, entered into a sale and purchase agreement with PT Unitech Prima Indah to purchase a 13,417m² store space in Medan for Rp112,466 million. As stipulated in the agreement, MPP paid a Rp 112,466 million down payment as of December 31, 2004. As of December 31, 2004, the store was not opened yet.
- r. In November 2004, MPP, a subsidiary, entered into a cooperation agreement with the city government in Malang to rebuild Pasar Besar Malang located in the city. MPP is responsible for the rebuilding of the burnt store in Pasar Besar Malang. In return, MPP's rental period is extended until 2034.

After the date of the consolidated financial statements until the effective date of the registration statement, the Company does not have any other liabilities or obligations except those expressed above in the consolidated financial statements, which have also been presented within this Prospectus.

With the good existing relationship with its creditors as well as the improvement of the Company's performance in the future, the management of the Company believes that all its financial obligations can be concluded in accordance with the specified conditions.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

a. General

The Company provides information technology (IT) services including trading and servicing, lease of computers, other computer-related products, IT consulting services, and also as business partner of some notable names including IBM, NCR, Cisco, Oracle, Microsoft and other partners. In addition, the Company also has strategic investment in other businesses including retail through PT Matahari Putra Prima Tbk (MPP), broadband network and multimedia services through PT Broadband Multimedia Tbk, and archival data management services through PT Mitra Multifiling Indonesia.

b. Financial Analysis

The financial analysis and discussion below are based upon the Consolidated Financial Statements of the Company and its subsidiaries for the years ended December 31, 2004 and 2003 which were audited by KAP Aryanto Amir Jusuf & Rose, with an unqualified opinion and the Consolidated Financial Statements of the Company and its subsidiaries for the year ended December 31, 2002 which were audited by KAP Prasetio, Sarwoko & Sandjaja, with an unqualified opinion.

Description	(in million rupiah)		
	2004	2003*	2002*
Net Sales, Services and Others	2,506,936	594,388	501,441
Cost of Sales and Services	1,823,629	476,688	399,186
Gross Profit	683,307	117,700	102,255
Operating Expenses	534,938	68,625	65,200
Operating Profit	148,369	49,075	37,055
Other Income (Charges)	(83,900)	(59,800)	(38,155)
Net Income	23,127	11,312	16,140
Total Assets	4,872,717	1,569,258	1,618,211
Total Equity	950,825	904,389	892,112

* Consolidated Financial Statements of the Company and its subsidiaries for the year ended December 31, 2003 and 2002, were restated according to the generally accepted accounting standards for investment, from cost method to equity method.

On September 27, 2004, the Company increased the percentage of its ownership shares in MPP from 47.44% to 50.10% so that the Company's consolidated financial statements as of December 31, 2004 also includes the consolidated financial statements of MPP and its subsidiaries whose results are reflected beginning from the date when majority control was obtained, that is for the 3-month period ended December 31, 2004. On December 29, 2004, the Company also increased the percentage of its ownership in MMI from 50.00% to 50.20%.

SALES AND INCOME GROWTH

December 31, 2004 compared to December 31, 2003

The Company's sales in 2004 increased by Rp1,912,548 million or 321.77% compared to sales in 2003. This increase was due to the consolidation of MPP's 3-month sales (from September 27, 2004) into the Company's sales. The Company's IT sales were relatively stable. Sales from IT hardware rental increased by Rp 20,612 million or 108.5% and sales from professional services also increased by Rp26,544 million (including sales from IT consulting services of Rp7,011 million) or an increase of 56.6%. At the same period of time, sales of IT software declined by Rp 30,403 million or 54.2% and sales of IT hardware also declined by Rp24,075 million or 5.1%.

December 31, 2003 compared to December 31, 2002

The Company's sales in 2003 increased by Rp92,947 million or increased by 18.54% compared to sales in 2002. This increase was due to the increase in IT spending by the banking sector. Sales of IT hardware increased by Rp53,994 million or 13.0% and sales of IT software increased by Rp34,095 million or 154.9%. In 2003, the Company started its IT consulting services that booked sale of Rp6,614 million.

INCOME FROM OPERATIONS

December 31, 2004 compared to December 31, 2003

The Company's income from operations in 2004 was Rp148,369 million, or increased by 202.33% compared to the previous year. This increase was due to the consolidation of MPP's 3-month income from operations (from September 27, 2004) into the Company's number. The Company's income from IT operations declined by Rp15,354 million or 31.13% which was mainly due to the decrease in the Company's gross profit margins from 19.8% in 2003 to 17.9% in 2004 due to increased competition in the IT business. However, IT consulting services that were started by the Company in 2003 experienced a significant increase in gross profit margins from 32.3% in 2003 to 61.7% in 2004 (despite its small contribution to the Company's sales).

December 31, 2003 compared to December 31, 2002

The Company's income from operations in 2003 was Rp49,075 million or increased by 32.43% compared to the previous year. The margin increased from 7.4% in 2002 to 8.3% in 2003. This was due to the Company's higher growth of sales than that of operation expenses resulting from the Company's increased control on all expenditures and causing margins to increase despite a drop in the gross profit margins.

NET PROFIT

December 31, 2004 compared to December 31, 2003

The Company's consolidated net profit was Rp23,127 million, an increase of 104.45% compared to the previous year. The net profit margin was 0.9% in 2004, a decline from 1.9% in 2003, especially due to the consolidation of MPP's 3-month sales in 2004.

December 31, 2003 compared to December 31, 2002

The Company's net profit in 2003 was Rp11,312 million, a decrease of 29.91% compared to the previous year. Net profit margin also decreased to 1.9% in 2003 from 3.2% in 2002 which was mainly due to the written-off of deferred taxes from fiscal losses that could not be compensated.

ASSET GROWTH , LIABILITIES AND EQUITY

ASSET

The Company's total assets as of December 31, 2004, 2003, and 2002 amounted to Rp4,872,717 million, Rp1,569,258 million and Rp1,618,211 million, respectively. Most of the assets as of December 31, 2004 were MPP's Rp4,086,018 million assets; hence, the Company's IT assets were Rp1,752,063 million. The 3.0% decline in 2003's assets was due to the decrease in the Company's inventory. The 210.5% increase in 2004's assets was due to the consolidation of MPP's total assets to the Company's number. The 9.9% increase in the Company's IT assets was due to the investment made in rentable fixed assets due to more IT spending made with a rental scheme.

LIABILITIES

The Company's total liabilities as of December 31, 2004, 2003 and 2002 amounted to Rp3,921,892 million, Rp664,869 million and Rp 716,099 million, respectively. Most of the

liabilities as of December 31, 2004 were MPP's Rp2,196,665 million; hence, the Company's IT liabilities were Rp774,238 million. The 8.4% decline in the Company's total liabilities in 2003 was due to repayment of short term liabilities. The 489.9% increase in the Company's total liabilities in 2004 was due to the consolidation of MPP's total liabilities to the Company's number. The 16.4% increase in the Company's IT liabilities was due to the increase in bank loans to fund the fixed assets that are rented to its clients.

EQUITY

Total equity as of December 31, 2004, 2003 and 2002 amounted to Rp950.825 million, Rp904.389 million, and Rp892.112 million, respectively. This is also equivalent to an increase of 5.1% in 2004 from 2003 and 1.4% in 2003 from 2002. The increase was primarily due to the decrease in the Company's deficit balance resulting from the Company's profitability.

COMPANY LIQUIDITY AND SOLVENCY

Liquidity reveals the Company's ability to fulfill its short-term liabilities. Liquidity is measured by comparing the Company's current assets with its current liabilities at one particular date.

Solvency reveals the Company's ability to fulfill both short-term and long-term liabilities. This is measured by comparing its total liabilities with its total equity (equity solvency) as well as comparing its total liabilities with its total assets (asset solvency) at one particular date.

The Company's liquidity on December 31, 2004, 2003 and 2002 were respectively equivalent to 134.0%, 98.5% and 75.3%. The Company's equity solvency as of December 31, 2004, 2003 and 2002 were respectively equivalent to 146.9%, 73.5% and 81.3%. The Company's asset solvency levels for December 31, 2004, 2003 and 2002, were respectively equal to 59.5%, 42.4% dan 44.8%.

RETURN ON ASSETS

The Company's return on assets is measured by comparing its net profit with its total assets. As of December 31, 2004, 2003 and 2002, the Company's return on assets were respectively 0.5%, 0.7%, and 1.0%. The decline in its 2004 return on assets was due to the consolidation of MPP to the Company's consolidated balance sheet.

RETURN ON EQUITY

The Company's return on equity is measured by comparing its net profit with its total equity. As of December 31, 2004, 2003 and 2002, the Company's return on equity were respectively 2.4%, 1.3%, and 1.8%. The increase in the 2004 return on equity shows the Company's improved ability to generate profits for the shareholders.

c. Marketing Analysis

Information Technology

In conducting its marketing activities, the Company forms several business units based on the industries that they serve. The Company also creates a number of business partnerships with several business partners such as IBM, NCR, Cisco and others. The Company also conducts direct marketing using its well established relationships and by referrals from previously completed projects.

Retail Business

In its retail business, the Company through MPP, conducts promotional efforts that build MPP's image in the society by giving the best service and quality that are done through television, newspaper and by becoming sponsors or giving donations to various events. Other strategies include sale promotions for special occasions such as Hari Raya, Christmas, New Year and school holiday. To offer convenience and value-added to its customers, MPP also has a customer loyalty program through its Matahari Club Card.

Broadband Network

Revenue from BM is generated from cable TV subscription, advertising slots, Internet subscription, corporate access network and others. BM focuses its offerings to 2 market segments: residential and commercial. Its management has used several marketing strategies to introduce cable TV to more customers by, among others, conducting direct sales, telemarketing, sales blitz and micromanaging, which is to assign one salesperson to focus on several streets in order to increase penetration rate.

d. Business prospects

In the future, the Company's vision is to continue to focus on its IT services, which are its core competencies, as well as to develop new businesses in other services that will increase the Company's growth to become the leading service-oriented company.

Information Technology

The Company will continue its IT services, which are its core competencies, by focusing on financial services and banking sectors. The recent inclination among banks to offer consumer banking will increase demand for new IT investments such as ATMs and EDCs. The Company also believes in opportunities to provide services to other sectors such as utilities and oil & gas.

The prospect in outsourcing services is also very good especially with the introduction of Europay Mastercard Visa (EMV) compliance for all those equipments by 2006. The Company also offers data center management to these banks. The Company equally believes that IT consulting services is also very promising especially with the migration done by clients from being capital intensive to technology intensive.

Retail business

The increase in population and economic growth provides the growth in the retail business and an opportunity for the Company's growth through MPP. MPP constantly expands every year by adding new stores and renovating its current stores. Along with the growth of its business, MPP continually improves its relationship with its business partners to give the best services to its customers. The launch of its hypermarket business under the "hypermart" brand name and "cut price" brand name has received positive response from its customers that will help propel MPP to become the leader in modern retail in Indonesia. MPP attempts to stay as the market leader in this sector and provide services that surpass customer's expectations.

Broadband network

Cable TV offers a bright future due to, among others, the Indonesian huge population base of approximately 210 million that serves as the potential market. The development in digital technology also contributes to such bright future by enabling the Company to offer new services such as Home Banking, Home Shopping, Video on Demand and Interactive Games. This digital technology can be rolled out rapidly in Indonesia. Cable TV's penetration is still very low in Indonesia compared to other Asian countries. This offers a great opportunity for the Company to grow its cable TV business.

V. RISK FACTORS

As with other endeavors, the Company's businesses are faced with challenges and risks arising from various factors. The risks that can affect the Company's performance can be summarized as follows:

SPECIAL RISKS

a. Risk in Change of Business Strategy from Strategic Partners

The globalization era where changes come swiftly in every aspect could change the priorities and strategies of global companies, including those that are the Company's business partners, such as NCR, IBM and Cisco. Such changes could lead to the termination of the Company's relationship with them. In the event that this termination takes place, the Company's profitability could be impacted significantly.

b. Investment in Subsidiary companies and/or Affiliate Companies

As a company that has strategic investments in subsidiaries and affiliated companies, the Company has a relatively high dependency on the activities and performance of these subsidiaries and/or affiliated companies. In the event that the activities and profitability of these subsidiaries decline, the Company's profitability could in turn decline as well.

c. Contract Continuity Risk

The Company provides services to its customers on a project by project basis, which are mostly short term in nature. This could allow the customers to migrate from one provider to another at the end of the project. Should this migration happen, the Company's continued sales could be disrupted.

d. Technological Risk

The Company's business depends significantly on the progress in technology. The Company has to be able to update itself with every progress that takes place very frequently. Failure to update itself could have direct impact on the Company's profitability.

e. Consumer Concentration Risk

Most of the Company's sales come from a small number of customers. Therefore, changes in the customers' conditions, such as financial conditions, management change, policy change, could have direct impact on the Company's sales.

f. Human Resources Risk

The Company depends significantly on its human resources to provide the best services to its customers. The Company's business involves professional and expert employees, which therefore become the Company's valuable assets. However, competition for human resources in this industry is very high where high turnover is very common. The Company needs to be able to retain its employees to maintain its operations.

GENERAL RISKS

a. Dependency on the Banking Industry

The banking sector has given the highest contribution to the Company's sales. Therefore, changes in this sector will have immediate impact to the demand of IT products and services that the Company offers. The Indonesian banking sector is very vulnerable to changes such as economic and socio-political stability. In the event that there is a crisis in the banking sector that influences the Company's IT sales, the Company's performance will be impacted significantly.

b. Competition Risk

The IT business or the businesses of the Company's each subsidiary such as retail, broadband network and multimedia and others are very competitive. The IT business is very progressive and innovative and hence introduces new opportunities to new players. Solutions that accurately address the customer needs will be needed to stay ahead in the market and defend market share. For retail business, the Company also realizes that there are players with large capital that could invest in this business in the form of new businesses or business expansion that could reduce the market share of the Company and its subsidiary.

c. Foreign Exchange Rate Risk

Most of the Company's purchases are denominated in foreign currencies, but these are offset with most of the Company's sales that are also foreign currency denominated such that the strengthening of foreign currencies will have no impact on the Company's profitability.

On the other hand, the weakening of foreign currencies will impact the Company's profitability considering that most of the Company's operating expenses are Rupiah denominated. However, this impact is not significant given the fact that the ratio of these operating expenses to gross profit is relatively small.

The Company has loans that are foreign currency denominated from Bank Mandiri, Bank Permata, Bank Niaga and Bank Internasional Indonesia. Any strengthening of foreign currencies in which these loans are denominated will increase the Company's liability in rupiah. However, considering that the Company's operating profit is also denominated in foreign currencies, such risk can be minimized. Aside from these loans, the Company has no other liabilities denominated in foreign currencies.

d. Interest Rate Risk

Most of the Company's loans bear floating interest rates. An increase in these interest rates could affect the Company's profitability.

e. Risk of Fire

The Company and its subsidiaries have a number of other risks, such as:

- Risk of fire
The Company and its subsidiaries are fully covered by insurance. However, it does not eliminate the risk of fire that could disrupt the operations of the Company and its subsidiaries that could in turn cause the decline in their profitability.
- Risk of Insurance Claims
Despite having insurance coverage to cover again the risk of fire, the Company and its subsidiaries still face the risk of the ability of the insurance companies to pay all the losses incurred by the Company and its subsidiaries. This could in turn still cause the decline in their profitability.

f. Socio-political risks

The Company's and its subsidiaries' businesses are a part of the national financial industry that is influenced by national economic and socio-political conditions. Therefore, in the event that there is political instability that has impacts on the general economic conditional, the Company's performance could be impacted.

RISKS ASSOCIATED TO THE COMPANY'S SUBSIDIARIES' BUSINESSES

In this discussion, more emphasis will be given on the retail business done by MPP due to the significant contribution it has to the Company's overall business. On the other hand, the contribution of the other subsidiaries, such as SSI and MMI, is relatively smaller.

The following are the risks in retail business:

a. Competition risk

Despite requiring huge capital, due to its promising prospect, this sector invites a lot interest from a lot of parties to make an investment, either in the form of new business or expanding their existing business. The more competition there is in this sector, the less market share the Company could have, which in turn could reduce the Company's sales.

b. Store rental risks

Choosing the location of stores is one of the important decisions in the Company's expansion. In general, the Company's stores are located in shopping malls and central areas that are reachable by main transportation means for consumers in the middle and upper-middle income brackets (which are the Company's target market). Failure to extend the rental period or to find new locations could result in the decline of the Company's market share, which could in turn reduce the Company's sales.

c. Government policy

Changes in the government's economic policies that could influence the national economic growth could influence the Company's business activities. One of the policies that has impact on the Company's business activities is the Presidential Decree No. 118 year 2000 dated August 16, 2000 concerning the change to the Presidential Decree No. 96 year 2000 regarding those businesses that are closed and open subject to certain requirements, whereby it is stipulated that large retail and trading companies are exempted from categorized as businesses that are closed for companies whose capital include foreign citizens or entities.

This economic policy change introduces competition to the business that could lead to reduced market share and reduced sales.

d. Foreign exchange rate risk

In conducting its business, especially at the subsidiary level, the subsidiaries import some of its goods from overseas and have liabilities in foreign currencies. Meanwhile, the revenues received by the subsidiaries are mostly denominated in Rupiah. Should the foreign currencies strengthen against the Rupiah that leads to an increase in the foreign currency denominated liabilities compared to its foreign currency denominated revenues, the subsidiaries' profitability will be affected.

However, considering the relatively small amount of its imports compared to its total merchandise purchasing, such foreign exchange rate risk is also relatively small.

VI. SUBSEQUENT EVENTS AFTER THE INDEPENDENT AUDITOR REPORT

A. After the date of the Independent Auditors' Report, on March, 18 2005, there were some important events that occurred that must be noted and included in this Prospectus:

Pursuant to the statement of decision of the meeting as enacted in deed No. 84 dated March 30, 2005 by public notary Poerbaningsih Adi Warsito, SH., specifying the approval to change the par value in its portfolio to Rp125 per share, so that the Company's shares will consist of 2 (two) share types, specifically:

1. Class A Shares with value of Rp500 per share
2. Class B Shares with value of Rp125 per share

With reference to the aforementioned, the Company's authorized capital, which is equal to Rp3,742,500,000,000, will be divided into 1,871,768,000 Class A Shares with a nominal value of Rp500 per share, and 22,452,928,000 Class B Shares with a nominal value of Rp125 per share. The total authorized capital of 1,871,768,000 Class A Shares with a total value of Rp935,884,000,000 has been placed and paid in full. There is no difference in the rights or rank between Class A and Class B Shares.

This change in the Articles of Incorporation has been reported to The Minister of Justice and Human Rights, Republic of Indonesia in his letter No. C-09157 HT.01.04.TH.2005 dated April 5, 2005.

B. In March 2005, the Company obtained a Demand Loan facility from PT Bank Lippo Tbk with a maximum value equal to Rp55,000,000,000, with duration of 24 months and an interest rate of 14% per year. This loan is guaranteed by 15,500,000 shares of MPP, the business receivables, and inventories of the Company.

VII. COMPANY DESCRIPTION

1. Brief History

The Company was founded pursuant to Bill of establishment No. 7 dated December 4, 1975 presented before Adlan Yunizar SH, a public notary in Jakarta which has since been amended several times, and which has been approved by The Minister of Legal Affairs of the Republic of

Indonesia as specified in its Decree No. C2-1093.Ht01-01.Th.82 dated September 3, 1982, registered in Kantor Kepaniteraan Central Jakarta district court dated September 9, 1982 under No. 3180 up to No. 3185 and announced in supplement No. 938 of the state gazette of the Republic of Indonesia No. 84 dated October 20, 1987.

The Company's Articles of Association have been amended several times for example during the Company's EGM dated October 2, 1996, the minutes of which specify the Deed on the minutes of the Company's EGM No. 3 dated October 2, 1996, presented by Amrul Partomuan Pohan SH, LLM., a public notary in Jakarta, which was expressed again in Deed on the decision of the Company's EGM No. 22, dated October 9, 1996, presented by Amrul Partomuan Pohan, SH,LLM., a public notary in Jakarta, which have been agreed by the Minister of Justice, the Republic of Indonesia as specified in its Decree No. C2-10.632.Ht.01.04 TH.96, dated November 27, 1996, registered in Company Registry Kodya Central Jakarta No.390/BH.09.05/I/1997, dated January 24, 1997 and which also has been announced in supplement No. 1076 of the state gazette of the Republic of Indonesia No. 22 dated March 18, 1997, which agreed for example:

- a. Amending a change in name to "PT MULTIPOLAR CORPORATION TBK"
- b. An increase in the Company's paid-up capital, which was initially Rp150,000,000,000 (one hundred fifty billion Rupiah), which was divided among 150,000,000 (one hundred fifty million) shares with a value of Rp1,000 (one thousand Rupiah) per share to become Rp500,000,000,000 (five hundred billion Rupiah), which is divided among 1,000,000,000 (one billion) shares with a value of Rp500 (five hundreds Rupiah) per share
- c. Resolving the par value (stock split) from Rp1.000 (one thousand Rupiah) to become Rp500 (five hundred Rupiah) per share. The commercial value of the share is the result of a resolution to make the par value at Rp500 (five hundred Rupiah) beginning on April 1, 1997.

Hereinafter the change in the Company Articles of Association specified in:

1. Supplement No. 5936, Official gazette No. 85, dated October 23, 1998, which includes:
 - a. The ministerial decree of the Minister of Justice of the Republic of Indonesia (the Minister of Justice and Human Rights of the Republic of Indonesia) No. C2-5422.Ht.01.04-Th.97, dated June 24, 1997;
 - b. (i) Changes on the Company's Article of Association (Clause 15 verse (2) UU No. 1/1995), presented by Nyonya Poerbaningsih Adi Warsito, S.H., a public notary in Jakarta, dated June 24, 1997, which has been agreed upon by the Minister of Justice of the Republic of Indonesia with his decision No. C2-5422.Ht.01.04-Th.97, dated June 24, 1997;
 - (ii) Changes on Company's Article of Association (Clause 15 verse (3) UU No. 1/1995), as presented by Nyonya Poerbaningsih Adi Warsito, S.H., a public notary in Jakarta, dated June 24, 1997, which has been accepted and noted by Pelaksana Harian Direktur Perdata u.b. Director-General Hukum and Perundang-undangan, dated June 24, 1997, No. C2-Ht.01.04-A.11354; and
 - (iii) Deed on the decision of the Company's meeting No. 146 June 24, 1997, presented before Nyonya Poerbaningsih Adi Warsito, S.H., a public notary in Jakarta, referring to amendments of clause 4 verse (1) of the Company's Articles of Association.
 - c. Registration in Daftar Perusahaan as according to UU No. 3 Year 1982 concerning Wajib Daftar Perusahaan with No. TDP 09051631169 in Registry Perusahaan Kotamadya Jakarta Pusat No. 390.1/BH.09.05/VI/97 on June 27, 1997.
2. Supplement No. 119, Official gazette No. 84, October 20, 1998, which includes:

- a. Changes on the Company's Article of Association (Section 15 sentence (3) UU NO. 1/1995), prepared by Nyonya Poerbaningsih Adi Warsito, S.H., Notary in Jakarta, October 14, 1997, which have been accepted and noted by Direktur Perdata, dated November 6, 1997, No. C2-Ht.01.04-A.24328;
 - b. (i) Deed Pernyataan Keputusan Rapat of the Company No. 30, dated October 3, 1997, referring to amending section 4 sentence (2) Company Articles of Association; and
(ii) Deed Pernyataan Keputusan Rapat of the Company No. 31, dated October 3, 1997, referring to adjustment entire/all rule Company Articles of Association in line with Peraturan IX.J.1, Lampiran Keputusan BAPEPAM No. KEP-13/PM/1997 concerning Pokok-pokok Anggaran Dasar Perseroan Yang Melakukan Penawaran Umum Efek Bersifat Ekuitas and Perusahaan Publik, both presented before Nyonya Poerbaningsih Adi Warsito, S.H., Notary in Jakarta;
 - c. Registration in Daftar Perusahaan as according to UU No. 3 Tahun 1982 concerning Wajib Daftar Perusahaan with No. TDP 09031626359 in Registry Perusahaan Kodya Jakarta Selatan No. 2490/BH.09.03/IV/98, dated April 24, 1998.
3. Addition No. 170, Official gazette No. 2, January 5, 1999, which includes:
- a. Ministerial decree Kehakiman Republik Indonesia No. C2-13087 HT.01.04.Th.98, dated September 7, 1998;
 - b. (i) Changes on the Company's Articles of Association (Section 15 sentence (2) UU NO. 1/1995), prepared by Nyonya Poerbaningsih Adi Warsito, S.H., Notary in Jakarta, dated May 25, 1998, which has been agreed by The Minister of Legal Affairs, Republic of Indonesia with his decision No. C2-13087 HT.01.04.Th.98, dated September 7, 1998,
(ii) Changes on the Company's Articles of Association (Section 15 sentence (3) UU NO. 1/1995), prepared by Nyonya Poerbaningsih Adi Warsito, S.H., Notary in Jakarta, dated May 25, 1998, which has been accepted and noted by Direktur Perdata dated September 7, 1998, No. C2-13086 HT.01.04.Th.98; and
(iii) Deed Pernyataan Keputusan Rapat of the Company No. 6, May 6, 1998, presented before Nyonya Poerbaningsih Adi Warsito, S.H., Notary in Jakarta referring to amending section 12 sentence (3), Section 12 sentence (8) and Section 14 sentence (1) Company Articles of Association; and
 - c. Registration in Daftar Perusahaan as according to UU No. 3 Tahun 1982 concerning Wajib Daftar Perusahaan with No. TDP 09031626359 in Registry Perusahaan Kodya Jakarta Selatan No. 2490/BH.09.03/X/98 on October 22, 1998.
4. Supplement No. 308, Official gazette No. 89, November 5, 1999, which includes:
- a. Changes of the Company's Articles of Association (Section 15 sentence (3) UU NO. 1/1995), prepared by Nyonya Poerbaningsih Adi Warsito, S.H., Notary in Jakarta, dated May 18, 1999, which has been accepted and noted by Direktur Perdata, dated August 5, 1999, No. C-14239 HT.01.04-TH.99;
 - b. Deed of Minutes Of the Company's Extraordinary Public Stockholder meeting No. 6, dated May 7, 1999, prepared by Nyonya Poerbaningsih Adi Warsito, S.H., Notary in Jakarta, for example referring to amending section 14 sentence (2) and amending section 4 sentence (4) Company Articles of Association to be adapted for KEP-44/PM/1998 as for increase of capital without a Rights Issues; and
 - c. Registration in Daftar Perusahaan as according to UU No. 3 Tahun 1982 concerning Wajib Daftar Perusahaan with No. TDP 09031626359 in Registry Perusahaan Kodya Jakarta Selatan No. 2490.02/BH/09.03/VIII/1999 on August 16, 1999.

5. Supplement No. 5938, Official gazette Republic of Indonesia No. 80, dated October 6, 2000, which includes:
 - a. Ministerial decree Hukum and Perundang-undangan Republic of Indonesia No. C-10446 HT.01.04.TH.2000, dated 17 May 2000;
 - b. Changes on the Company's Articles of Association (Section 15 sentence (2) UU NO. 1/1995), prepared by Mrs. Maria Theresia Suprapti, S.H., substitution from Nyonya Poerbaningsih Adi Warsito, S.H., Notary in Jakarta, dated April 27, 2000, which has been agreed by The Minister of Hukum and Perundang-undangan Republik Indonesia with his decision No. C-10446 HT.01.04.TH.2000, dated May 17, 2000;
 - c. Deed Pernyataan Keputusan Rapat the Company No. 23, dated April 24, 2000, prepared before Nyonya Maria Theresia Suprapti, S.H., Notary in Jakarta, for example referring to amending section 4 Company Articles of Association; and
 - d. Registration in Daftar Perusahaan as according to UU No. 3 Tahun 1982 concerning Wajib Daftar Perusahaan with No. TDP 090315126359 in Registry Perusahaan Kodya Jakarta Selatan No. 578/RUB 09.03/VI/2000, dated June 19, 2000.

6. Supplement No. 1016, Official gazette Republic of Indonesia No. 91, dated November 12, 2002, which includes:
 - a. Acceptance of the changes to the Company's Articles of Association by the Minister of Legal Affairs and Human right of the Republic of Indonesia No.C-18641 HT.01.04.TH.2002 September 26, 2002 referring to amending section 11 and Section 14 Company Articles of Association;
 - b. Deed Pernyataan Keputusan Rapat of the Company No. 65, dated July 29, 2002, made before Nyonya Indah Fatmawati S.H., substitution from Mrs. Poerbaningsih Adi Warsito S.H., Notary in Jakarta; and
 - c. Registration in Daftar Perusahaan as according to UU No. 3 Tahun 1982 concerning Wajib Daftar Perusahaan with No. TDP 090315216359 in Registry Perusahaan Kodya Jakarta Selatan No.1296/RUB 09.03/X/2000, dated October 15, 2002.

7.
 - a. Deed Pernyataan Keputusan Rapat of the Company No.84, March 30, 2005, prepared before Mrs. Poerbaningsih Adi Warsito S.H., Notary in Jakarta;
 - b. Acceptance of the changes to the Company's Articles of Association by the Minister of Legal Affairs and Human right of the Republic of Indonesia No.C-09157 HT.01.04.TH.2005 dated April 5, 2005 referring to amending section 4 article 1 Company Articles of Association;
 - c. Registration in Daftar Perusahaan as according to UU No. 3 Tahun 1982 concerning Wajib Daftar Perusahaan with No. TDP 090315216359 in Company Registry Kodya Jakarta Selatan No. 09.03.1.52.26359, dated April 14, 2005.
 - d. Official gazette of the Republic of Indonesia is in the process.

The following are the changes in the Company's capital structure and share ownership composition after the LPSH-PSH date of Rights Issue II:

1. Based on:
 - (a.) Deed No. 3 dated October 2, 1996, concerning the minutes of the Company's EGM prepared by and presented before Amrul Partomuan Pohan, SH., LLM, a public notary in Jakarta, and restated in deed no. 22 dated October 9, 1996, concerning the minutes of the Company's EGM, prepared by and presented before Amrul Partomuan Pohan, SH., LLM, a public notary in Jakarta concerning the splitting of the Company's shares nominal value from Rp1,000 (one thousand Rupiah) to become Rp500 (five hundred Rupiah) per share; juncto

- (b.) Deed No. 146 dated June 24, 1997 on the decisions of the Company's meeting, prepared by and presented before Nyonya Poerbaningsih Adi Warsito, S.H., a public notary in Jakarta, which stated that the Company's EGM Dated June 24, 1997 had agreed to increase the Company's authorized capital from Rp 500,000,000,000 (five hundred billion rupiah) to Rp 1,660,000,000,000 (one trillion six hundred sixty billion rupiah);

The Company's capital structure became as follows:

Authorized Capital: Rp 1,660,000,000,000 (one trillion six hundred sixty billion rupiah), divided into 3,320,000,000 (three billion three hundred twenty billion) shares, each with a nominal value of Rp500 (five hundred rupiah);

Issued Capital: Rp137,136,000,000 (one hundred thirty seven billion one hundred thirty six million rupiah), divided into 274,272,000 (two hundred seventy four million two hundred seventy two thousand) shares;

Fully paid capital: Rp137,136,000,000 (one hundred thirty seven billion one hundred thirty six million rupiah) or 100% (one hundred percent) of all the nominal value of the shares issued at the Company.

Based on the abovementioned deed, the Company's shareholders became as follows:

No.	Shareholder's Name	Amount of shares	Shares nominal value (par Rp 500)	Percentage (%)
1.	PT Lippo Asia	104,509,200	52,254,600,000	38.10
2.	Public	169,762,800	84,881,400,000	61.90
Total		274,272,000	137,136,000,000	100.00

2. Based on:

- a. Deed no. 30 on the decisions of the Company's meeting: and
- b. Deed no. 31 on the decisions of the Company's meeting, both dated October 31, 1997, prepared by and presented before Nyonya Poerbaningsih Adi Warsito, S.H., a public notary in Jakarta, the Company's EGM dated June 24, 1997 approving, among others, issuing as many as 1,508,496,000 (one billion five hundred eight million four hundred ninety six thousand) shares by way of Rights Issue II to its shareholders by issuing HMETD, therefore the Company's capital structure became as follows:

Authorized Capital: Rp1,660,000,000,000 (one trillion six hundred sixty billion rupiah), divided into 3,320,000,000 (three billion three hundred twenty billion) shares, each with a nominal value of Rp500 (five hundred rupiah);

Issued Capital: Rp891,384,000,000 (eight hundred ninety one billion three hundred eighty four million rupiah), divided into 1,782,768,000 (one billion seven hundred eighty two million seven hundred sixty thousand) shares;

Fully paid capital: Rp891,384,000,000 (eight hundred ninety one billion three hundred eighty four million rupiah) or 100% (one hundred percent) of all the nominal value of the shares issued at the Company.

Based on the abovementioned deeds, the Company's shareholders became as follows:

No.	Shareholder's Name	Amount of shares	Shares nominal value (par Rp 500)	Percentage (%)
1.	PT Lippo Asia	482,547,150	2,412,735,750,000	27.07
2.	Public	1,300,220,850	650,110,425,000	72.93
Total		1,782,768,000	891,384,000,000	100.00

3. Based on Deed no. 6 dated May 6, 1998 on the decisions of the Company's meeting, prepared by and presented before Nyonya Poerbaningsih Adi Warsito, S.H., a public notary in Jakarta, the Company's EGM dated May 6, 1998 approving, among others, increasing the Company's authorized capital from Rp1,660,000,000,000 (one trillion six hundred sixty billion rupiah) to Rp3,500,000,000,000 (three trillion five hundred billion rupiah), therefore the Company's capital structure became as follows:

Authorized Capital: Rp 3,500,000,000,000 (three trillion five hundred billion rupiah), divided into 7,000,000,000 (seven billion) shares, each with a nominal value of Rp500 (five hundred rupiah);

Issued Capital: Rp891,384,000,000 (eight hundred ninety one billion three hundred eighty four million rupiah), divided into 1,782,768,000 (one billion seven hundred eighty two million seven hundred sixty thousand) shares;

Fully paid capital: Rp891,384,000,000 (eight hundred ninety one billion three hundred eighty four million rupiah) or 100% (one hundred percent) of all the nominal value of the shares issued at the Company.

Based on the abovementioned deed, the Company's shareholders became as follows:

No.	Shareholder's Name	Amount of shares	Shares nominal value (par Rp 500)	Percentage (%)
1.	PT Lippo Asia	482,547,150	2,412,735,750,000	27.07
2	Masyarakat	1,300,220,850	650,110,425,000	72.93
Total		1,782,768,000	891,384,000,000	100.00

4. In 2000, AcrossAsia Multimedia Limited* bought the Company's shares from PT Lippo Asia and the public, as described in the Company's transparency report and letters to Bapepam:
- No. Ref. CSS.129-2000, dated June 5, 2000, which among others stated that between May 19-22, 2000, AcrossAsia Multimedia Limited* had bought 297,778,800 shares of the Company;
 - No. Ref. CSS.132-200, dated June 8, 2000, which among others stated that AcrossAsia Multimedia Limited* had bought 166,000,000 shares on May 2, 2000 and had bought 188,680,000 shares on May 5, 2000

Similar to PT Lippo Asia, AcrossAsia Multimedia Limited* is a company controlled by the Riady family such that the sale of shares did not lead to any change of control in the Company. With the purchase made by AcrossAsia Multimedia Limited*, the Company's shareholders became as follows:

No.	Shareholder's Name	Amount of Class A shares	Shares nominal value (par Rp 500)	Percentage (%)
1.	Public	1,130,309,200	565,154,600,000	63.4
2.	AcrossAsia Multimedia Limited*	652,458,800	326,229,400,000	36.6
Total		1,782,768,000	891,384,000,000	100.00

* According to AcrossAsia Multimedia Limited's ordinary and special resolutions dated July 26, 2004, AcrossAsia Multimedia Limited changed its name into AcrossAsia Limited.

5. Based on Deed no. 23 dated April 24, 2000 on the decisions of the Company's meeting, prepared by and presented before Nyonya Theresia Suprapti, S.H., replacement of Nyonya Poerbaningsih Adi Warsito, S.H., a public notary in Jakarta, the Company's EGM dated February 15, 2000, approved, among others, (i) increasing the Company's authorized capital from Rp 3,500,000,000,000 (three trillion five hundred billion rupiah) to Rp 3,742,500,000,000 (three trillion seven hundred forty two billion five hundred million rupiah) and (ii) issue as many as 89,138,400 (eighty nine million one hundred thirty eight thousand four hundred) shares in connection with Capital Increase without Pre-emptive Rights juncto Deed no. 84 dated March 30, 2005, prepared by and presented before Nyonya Poerbaningsih Adi Warsito, S.H., a public notary in Jakarta, which among other things approved the classification of Class B Shares with nominal value of Rp125 (one hundred twenty five rupiah) per share, therefore the Company's capital structure became as follows:

Authorized Capital: Rp3,742,500,000,000 (three trillion seven hundred forty two billion five hundred million rupiah), divided into 7,485,000,000 (seven billion four hundred eighty five million) shares, each with a nominal value of Rp500 (five hundred rupiah), divided into:

- 1,871,768,000 (one billion eight hundred seventy one million seven hundred sixty eight thousand) Class A Shares each with nominal value of Rp500 (five hundred rupiah),
- 22,452,928,000 (twenty two billion four hundred fifty two million nine hundred twenty eight thousand) Class B Shares each with nominal value of Rp125 (one hundred twenty five rupiah)

Issued Capital: Rp935,884,000,000 (nine hundred thirty five billion eight hundred eighty four million rupiah), divided into 1,871,768,000 (one billion eight hundred seventy one million seven hundred sixty eight thousand) Class A Shares;

Fully paid capital: Rp935,884,000,000 (nine hundred thirty five billion eight hundred eighty four million rupiah) or 100% (one hundred percent) of all the nominal value of the shares issued at the Company.

Based on the abovementioned deed, the Company's shareholders became as follows:

No.	Shareholder's Name	Amount of Class A shares	Share nominal value (par Rp500)	Percentage (%)
1.	AcrossAsia Multimedia Limited*	938,328,300	469,164,150,000	50.13
2.	Public	933,439,700	466,719,850,000	49.87

No.	Shareholder's Name	Amount of Class A shares	Share nominal value (par Rp500)	Percentage (%)
Total		1,871,768,000	935,884,000,000	100.00

6. The capital structure of the Company based on Deed no. 84 dated March 30, 2005, prepared by and presented before Ny. Poerbaningsih Adi Warsito SH., a public notary in Jakarta, and based on the Shareholders Registry as of March 31, 2005 as obtained from PT Sharestar Indonesia is outlined as follows:

	Number of Share	Amount (Rp)	Percentage (%)
Authorized Capital			
Class A Shares with nominal value of Rp500 per share	1,871,768,000	935,884,000,000	
Class B Shares with nominal value of Rp125 per share	22,452,928,000	2,806,616,000,000	
Total Authorized Capital	24,324,696,000	3,742,500,000,000	
Fully Paid Capital			
AcrossAsia Limited	938,328,300	469,164,150,000	50.13
Public*	933,439,700	466,719,850,000	49.87
Total Fully Paid Capital	1,871,768,000	935,884,000,000	100.00
Unissued Capital	22,452,928,000	2,806,616,000,000	

* with ownership less than 5%

2. Brief Description of Shareholders of the Company in the form of Corporations

I. AcrossAsia Limited

a) Brief History

AcrossAsia Limited was founded in the Cayman Islands on 6 March 2000 under the laws of the Cayman Islands. The shares of AcrossAsia Limited have been registered in the Growth Enterprise Market (GEM) of The Stock Exchange Hong Kong Limited since July 13, 2000. At the Extraordinary Stockholders' Public Meeting which was conducted last July 26, 2004, the stockholders of AcrossAsia Limited agreed to change the name of AcrossAsia Multimedia Limited to become AcrossAsia Limited.

b) Nature of Business

AcrossAsia Limited and its subsidiaries are engaged in retail business that run department stores, supermarkets, and hypermarkets. It is also engaged in the business of operating and maintaining a broadband and internet network, IT services, and cellular telecommunications.

c) Capital

Description	Nominal Value (IDR)		
	Number of share	Amount (Rp 000)	Percentage (%)
Authorized Capital	150,000,000,000	17,920,050,000	
Fully Paid Capital			
Cyport Limited	2,669,094,788	318,869,370	52.70
HKSCC Nominees Limited	1,227,849,868	146,687,556	24.24
Other shareholders	1,167,670,729	139,498,032	23.06

Total Fully Paid-up Capital	5,064,615,385	605,054,958	100.00
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* AcrossAsia Limited's nominal value was presented in HK dollars. For this prospectus, the nominal value is converted into Indonesian rupiah with an exchange rate of Rp 1,194.67 per 1 HK dollar (as of December 31, 2004)

d) Supervision and Management

As of December 31, 2004, the supervision and management of AcrossAsia Limited were as follows:

Executive Directors

Dr. Cheng Wen Cheng

Mr. Marshall Wallace Cooper

Non-Executive Directors

Mr. Jonathan Limbong Parapak

Independent Non-Executive Directors

Mr. Richard Arthur Woolcott (*Chairman of the Board*)

Mr. Kwok Ming Cheung

Mr. King Fai Tsui

3. Supervision and Management

Pursuant to the Company's Articles of Association, the Company is led by Directors which are under the supervision of Commissioners, who are specifically selected and are nominated at the AGM each serving from the date of the AGM until the closing of the fifth AGM thereafter. The duties and responsibilities of the Commissioners and the Directors are outlined in the Company's Articles of Association.

The members of the Board of Commissioners and Directors of the Company as specified in deed no. 55 dated May 27, 2005 on the decision of the Company's meeting, prepared by Nyonya Poerbaningsih Adi Warsito, S.H., a public notary in Jakarta, are as follows:

COMMISSIONERS

Dr. Cheng Cheng Wen President Commissioner

(Photo image)

A US citizen, 60 years old. Obtained a Bachelor of Science degree from National Cheng Kong University in Taiwan in 1966 and a Master of Science degree in 1970 and a PhD in Electrical Engineering in 1973 from Iowa State University. Currently, also serves as the president director and CEO of HK-based AcrossAsia Limited. Joined the Company to serve as its president commissioner in 2002 and currently also serves as the president commissioner of PT Matahari Putra Prima Tbk since 2001. Started his career at Bell Telephone Manufacturing (Belgium) and Bell Laboratories (USA) and possesses 25 years of experience in R&D and management skills in technology industry. Served as the COO and Executive Vice President of Phillips Electronics Group in China/HK and Taiwan and as CEO and founder of Hong Kong Science Park Corporation.

Jonathan L. Parapak Independent Commissioner

(Photo image) An Indonesian citizen, 63 years old. Obtained a Master of Engineering Science degree from Tasmania University in Australia in 1968 and the title Wibawa Seroja Nugraha (highest scoring participant) from Lemhanas in Jakarta in 1984. Has been serving as the Company's independent commissioner since 2000, as PT Matahari Putra Prima Tbk's independent commissioner since December 1999. A number of noted professional experiences from 1999 to present date include as president commissioner at PT AsiaNet Multimedia, PT Broadband Multimedia Tbk and PT Natrindo Telepon Seluler/Lippo Telecom and as commissioner at PT Siloam Health Care Tbk, PT Bukit Sentul Tbk and PT Pacific Utama. In addition, also served as the president director of PT Indosat Tbk (1980-1991), the president commissioner of PT Indosat Tbk (1991-2000), the secretary general of the Ministry of Tourism, Post and Telecommunications (1991-1998) and Parsenibud (1998-1999).

M. Salim Radjiman Independent Commissioner

(Photo image) An Indonesian citizen, 57 years old. Obtained a Sarjana Hukum degree from Gajah Mada University in 1973. Has been the Company's independent commissioner since 2004. Currently, has also been sitting as the advisor to PT Bank Lippo Tbk since 2002. Started his career at PT ACME's legal department (1975-1980), as an attorney at law (1980-1982) and as PT Bank Lippo Tbk's head of legal division (1982-2002).

Marshall Wallace Cooper Commissioner

(Photo image) An Australian citizen, 45 years old. Obtained a diploma in Business Administration from Perth Institute of Technology in Australia in 1981. Has been serving as the Company's commissioner since 2004. Also serves as the CEO of PT Broadband Multimedia Tbk since 2002. Before that, served as CFO of PT Broadband Multimedia Tbk (1999-2001).

Jeffrey Koes Wonsono President Director

(Photo image) An Indonesian citizen, 45 years old. Obtained a Master of Business Administration from Golden Gate University in 1986. Has been serving as the Company's director since 2003 till present date. Also has been serving as the CEO of PT AsiaNet Multimedia since 2000 till present date. Also has been serving as the commissioner at PT Matahari Putra Prima Tbk since 1997 till present date. Started his career as Senior Marketing Officer at Mitsubishi Corporation Jakarta (1980-1981), Corporate Banking and Finance Group at Bank Pertiayaan Indonesia (now PT Bank Lippo Tbk) (1981-1985), Executive Director of PT Bank Multicor (1985-1989), Vice President Director of PT LTCB Central Asia (1989-1992), President Commissioner of PT Bank Mayapada International Tbk (1990-2000), director and CEO of PT Multipolar Corporation Tbk (1998-2000)

and as Commissioner of PT Multipolar Corporation Tbk (2000-2002).

Eddy Handoko

Vice President Director

(Photo image)

An Indonesian citizen, 49 years old. Obtained a Bachelor in Business Administration in 1980 from the University of Southern California, USA. Has been serving as the Company's vice president director since 2005. Still sits as an advisor to PT Matahari Graha Fantasi. Started his career at Citibank from 1980-1987 with last position as Vice President, Head of Credit for Consumer Group. Served as the director of business development at Unibank (1987-1989). Joined Bank Lippo since 1989 as a director. Served as the president director of PT Mayatexdian Industri and PT Lippo Securities (1990-2000), before returning to Bank Lippo as vice president director (2000-2003).

Harijono Suwarno

Director

(Photo image)

An Indonesian citizen, 43 years old. Obtained a Sarjana Teknik in Telecommunications in 1977 from Trisaksi University. Has been serving as the Company's director since 2004. Currently, has been serving as the president director of PT TeleNet since 2002 and as a director of PT Panorama Timur Jaya since 1993. Started his career at CV Chandra Bhakti in Malang as a representative in Jakarta (1973-1977), as workshop engineer of PT Guna Electro (1977) and of PT Centronix (1977-1981), as project manager (1981-1982), sales manager (1982-1988) and general manager (1988-1992) of PT Panorama Timur Jaya. Active in numerous training sessions locally and overseas.

Ketut Budi Wijaya

Director

(Photo image)

An Indonesian citizen, 50 years old. Obtained a Sarjana Ekonomi degree from Sekolah Tinggi Ekonomi Indonesia in 1982. Has been serving as a director of the Company since 1990. Started his career as production planning staff at PT Bridgestone Tyre Indonesia (1976), as an audit supervisor at KAP Darmawan & Co (1976-1977) and as a senior audit manager at PT Bank Lippo Tbk (1987-1990).

Antonius Agus Susanto

Director

(Photo image)

An Indonesian citizen, 47 years old. Obtained a Sarjana Teknik degree from Trisakti University in 1985 and a MM in Marketing degree from Universitas Pelita Harapan in 1999. Has been serving as a director of the Company since 1990. Started his career as a sales representative of PT Komputa Agung (1982-1984), sales representative (1984), sales manager (1985-1988) and deputy manager (1989-1990) of PT Multipolar Corporation Tbk.

**Dicky Setiadi
Moechtar**

Director

(Photo image) An Indonesian citizen, 45 years old. Graduated from University Des Saarlandes in Germany in 1984. Has been serving as a director of the Company since 2002. Started his career as a programmer (1984-1986), an assistant manager, analytical systems (1986-1991) at Bank Pertiya Indonesia, and several positions (managing director IT, operation, general affair, asset administration, distribution financial services) at PT Bank Lippo Tbk (1999-2002). Joined the Company at 2002 as Special Task Force Head.

Lay Krisnan Cahya Director

(Photo image) An Indonesian citizen, 44 years old. Obtained a Sarjana Ekonomi degree in Accounting from Tarumanegara University in 1986. Has been serving as a director of the Company since 2001. Started his career as assistant financial manager at PT Makmur Baru (1980-1984), several positions at PT Bank Panin Tbk (Head of Back Office, AVP dan Chief Dealer Treasury Department dan Vice President / General Manager Investment Department) (1984-1995), and as Head of Treasury at PT Bank Bali Tbk (1995-2001).

4. Human Resources

The Company's management realizes that its success depends on the quality of its human resources. Hence, the Company's management consistently focuses its efforts on increasing the quality of its human resources, starting from the recruiting process, training and education programs, employee benefit program and employee retirement plan.

To increase the quality of its human resources, throughout 2004, the Company has sent most of its employees to attend trainings such as seminars, workshops, either held internally or outside of the firm, locally or overseas.

In addition to giving salaries that satisfy the required regional minimum wages, the Company also provides various benefits such as insurance coverage with Jamsostek, employee benefit program, employee cooperative, training, company rules and regulations, employee transport, uniform and others. Currently, the Company has no organized unions.

Employee Composition

The employee compositions at the Company and its subsidiaries as of December 31, 2004 based on positions, education levels and age are as follows:

Based on positions

Position	Company	SSI	MMI	MPP	Total
Director	7	1	2	33	43
General Manager	8	0	12	632	652
Manager	36	1	0	350	387
Team Leader	19	7	0	1,438	1,464
Staff	154	1	76	12,529	12,760
Total	224	10	90	14,982	15,306

Based on Education

Education	Company	SSI	MMI	MPP	Total
≤ Junior high	2	0	7	179	188
Senior high	26	2	44	12,992	13,064
Academy	31	6	34	502	573
Undergraduate	147	2	5	1,269	1,423
Post graduate	18	0	0	40	58
Total	224	10	90	14,982	15,306

Based on Age

Age	Company	SSI	MMI	MPP	Total
18-25	13	0	30	4,702	4,745
26-35	139	7	45	8,145	8,336
36-45	56	2	14	1,556	1,628
46-55	16	1	1	579	597
Total	224	10	90	14,982	15,306

Currently, VI and NI are newly established companies and will start operations soon, while RPK and TSJ are companies that have no operations; hence, they don't have employees other than Commissioners and Directors.

Other than the abovementioned 224 employees, the Company currently employs 2 (two) foreign expert employees from Malaysia (1 person) and from Australia (1 person). They are employed as a manufacturing system expert and a technical service expert with the following work permits from the Department of Labor:

No	Name	Country of Origin	Work Permit No.	Issuance Date	Validity
1	Ti Lian Eng	Malaysia	2677/MEN/P/IKTA/2004	June 10, 2004	Being extended
2	Matthew Peter Field	Australia	5273/MEN/P/IKTA/2004	October 18, 2004	August 16, 2004 – August 15, 2005

5. Brief Description of the Subsidiary Company

The Company conducts its business activity on its own and/or through a subsidiary or affiliated company. The table below outlines the names of these subsidiary company and affiliate companies where the Company has at least 50,00% (fifty percent) share of ownership.

No.	Subsidiary	Percentage Ownership (%)	Entry Year
1.	PT Sharestar Indonesia (SSI)	99.00	1990
2.	PT Visionet Internasional (VI) d/h PT Computrade Indonesia	99.90	2000
3.	PT Netstar Indonesia (NI)	99.00	2002
4.	PT Reksa Puspita Karya (RPK)	96.00	1994
5.	PT Tryane Saptajagat (TSJ)	98.00	1994
6.	PT Multifiling Mitra Indonesia (MMI)	50.20	1994
7.	PT Matahari Putra Prima, Tbk. (MPP)	50.10	1997
	PT Matahari Super Ekonomi (MSE)	100.00	
	Matahari International Finance Company B.V. (MIFCO)	100.00	
	PT Nadya Putra Investama (NPI)	99.90	
	PT Matahari Dana Prima (MDP)	99.99	
	PT Taraprima Reksabuana (TPRB)	99.00	
	PT Matahari Kafe Nusantara (MKN)	99.00	

PT Matahari Mega Swalayan (MMS)	99.90
PT Matahari Mega Toserba (MMT)	99.90
PT Matahari Boston Drugstore (MBD)	75.00
Prime Connection Limited (PCL)	100.00
PT Matahari Graha Fantasi (MGF)	50.01

Note: (*) With the ratification of Act No. 1 Year 1995 on March 7, 1995, regarding corporations that stipulates, among others, the minimum number of shareholders in a corporation, the Company may reduce its shareholding in subsidiaries where it currently owns 100%.

Description of Subsidiary and Affiliate Companies are as follows:

1. PT Sharestar Indonesia (SSI)

The Company's ownership in SSI as of the preparation of this Prospectus is 100% (one hundred percent) and all capital of SSI has been paid and remitted in full.

a) Founding

SSI was established pursuant to Deed No. 45, dated June 6, 1990 and made and presented before Amrul Partomuan Pohan, SH., Notary in Jakarta, which has been approved by The Minister of Legal Affairs, Republic of Indonesia by letter Keputusan No. C2-6439.Ht.01.01.Th.91 dated December 11, 1990, registered in Kepaniteraan Central Jakarta district court under No. 2675/1990 dated December 18, 1990, and also announced in Official gazette Republic of Indonesia No. 8 January 25, 1991, supplement No. 281.

b) Nature of Business

SSI was established to provide depository and management services of shares traded in Indonesia and money market marketable securities issued by other legal bodies and companies; and also acts as the payment agent in the redemption of capital market securities and obligations; SSI also conducts ethical business activity on behalf of other pertinent or indirect parties in the areas of trading, depository and management of marketable shares and securities; and conducts activities which complements capital market activity.

c) Capital Structure

The capital structure of SSI is as specified in Deed on the decision of SSI's EGM No. 1, dated February 2, 2000, as prepared and presented to Myra Yuwono, S.H., Notary in Jakarta, is as follows:

Authorized Capital: Rp1,000,000,000 (one billion Rupiah), divided into 1,000,000 (one million) bearer shares, each with a nominal value of Rp1,000 (one thousand Rupiah);

Issued Capital: Rp500,000,000 (five hundred million Rupiah), divided into 500,000 (five hundred thousand) shares;

Fully paid capital: Rp500,000,000 (five hundred million Rupiah) or 100% (one hundred percent) of all the nominal value of the shares placed at SSI.

d) Supervision and Management

The Board of Commissioners and Directors of the company pursuant to Deed on the decision of SSI's EGM No. 1, dated February 2, 2000, as prepared and presented to Myra Yuwono, S.H., Notary in Jakarta, is as follows:

Commissioners

President Commissioner	:	Ketut Budi Wijaya
Commissioner	:	Antonius Agus Susanto
Commissioner	:	Lay Krisnan Cahya

Directors

President Director	:	Jenny Kuistono
Director	:	Suroto
Director	:	Sri Mulyati Handoyo
Director	:	Yopie Widjaya

e) Financial summary

The following is the key financial summary of SSI for the years ending December 31, 2004 and 2003, audited by KAP Aryanto Amir Jusuf & Mawar, and for year ended December 31, 2002, audited by KAP Prasetio, Sarwoko dan Sandjaja with an unqualified opinion.

(in million rupiah)	December 31,		
	2004	2003	2002
BALANCE SHEET			
Assets			
Current assets	26,181	25,371	29,119
Fixed assets	9,007	18,774	20,695
Total assets	35,189	44,145	49,815
Liabilities and shareholders equity			
Current liabilities	13,423	22,599	27,666
Non current liabilities	592	1,089	1,906
Minority shareholders	0	0	0
Shareholders equity	21,174	20,457	20,243
Total liabilities and shareholders equity	35,189	44,145	49,815
INCOME STATEMENT			
Sales	3,216	6,724	12,798
Operating expenses	537	4,554	2,084
Gross profit	2,679	2,170	10,714
Income (losses) from operations	(1,389)	432	1,430
Income (losses) before tax	983	369	841
Net income (losses)	718	214	268

2. PT Visionet Internasional (VI)

The Company ownership in VI as of the preparation of this Prospectus is 100% (one hundred percent) and all capital of VI has been issued and paid in full.

a) Founding

VI was established in Jakarta and was founded in accordance with applicable regulations in the Republic of Indonesia, and pursuant to (i) VI's bill of establishment No. 273, October 17, 1990 and (ii) VI's Updated Deed No. 3, dated April 3, 1995, both prepared and presented before Misahardi Wilamarta, S.H., notary in Jakarta, which has been approved by The Minister of Legal Affairs and Human Rights, Republic of Indonesia in Ministerial decree Kehakiman Republik Indonesia No. C2-6387.Ht.01.01.Th.95, dated May 22, 1995, which was included in Supplement No. 6751, Official Gazette Republic of Indonesia No. 65, dated August 15, 1995.

b) Nature of Business

VI is involved in the areas of industrial trading, development, mining, agriculture, services, land transportation, printing, and industry.

c) Capital Structure

The capital structure of VI is as specified in Deed on VI's EGM decision No. 8, dated October 13, 2004, as prepared and presented to Myra Yuwono, S.H., Notary in Jakarta, is as follows:

Authorized Capital: Rp100,000,000,000 (one hundred billion rupiah), divided into 200,000,000 (two hundred million) shares, each with a nominal value of Rp500 (five hundred Rupiah);

Issued Capital: Rp30,000,000,000 (thirty billion Rupiah), divided into 60,000,000 (sixty million) shares;

Fully paid capital: Rp30,000,000,000 (thirty billion Rupiah) or 100% (one hundred percent) of all the nominal value of the shares placed at VI.

d) Supervision and Management

The Board of Commissioners and Directors of VI pursuant to Deed on VI's EGM decision No. 8, dated July 8, 2004, as prepared and presented to Myra Yuwono, S.H., Notary in Jakarta, is as follows:

Commissioners

President Commissioner	:	Dicky Setiadi Moechtar
Commissioner	:	Harijono Suwarno
Commissioner	:	Antonius Agus Susanto
Commissioner	:	Lay Krisnan Cahya
Commissioner	:	Sylvia Lestariwati Fique Kertawihardja

Directors

President Director	:	Tarza Infra Halim
Director	:	Ir. Sujanto Halim
Director	:	Karib Chiang
Director	:	Ir. Makmur Jaury

e) Financial summary

The following is the key financial summary of VI for the years ending December 31, 2004 and 2003, audited by KAP Aryanto Amir Jusuf & Mawar, and for year ended December 31, 2002, audited by KAP Prasetio, Sarwoko dan Sandjaja with an unqualified opinion.

(in million rupiah)	December 31,		
	2004	2003	2002
BALANCE SHEET			
Assets			
Current assets	20,956	260	23,312
Fixed assets	46,588	48,803	48,244
Total assets	67,544	49,063	71,556
Liabilities and shareholders equity			
Current liabilities	1,103	21,647	41,524
Non current liabilities	14,370	53,641	37,637
Minority shareholders	0	0	0
Shareholders equity	52,071	(26,225)	(7,604)
Total liabilities and shareholders equity	67,544	49,063	71,556
INCOME STATEMENT			
Sales	0	10,238	144,744
Operating expenses	0	24,265	141,273
Gross profit	0	(14,027)	3,471
Income (losses) from operations	(980)	(14,928)	(1,631)
Income (losses) before tax	4,046	(18,620)	(10,163)
Net income (losses)	4,046	(18,620)	(10,208)

3. PT Netstar Indonesia (NI)

The Company ownership in NI as of the preparation of this Prospectus is 100% (one hundred percent) and all capital of NI has been issued and paid in full.

a) Founding

NI was established in Jakarta and was founded in accordance with applicable regulations in the Republic of Indonesia, and pursuant to (i) NI's bill of establishment No. 37, December 28, 2001, prepared and presented before Myra Yuwono, S.H., Notary in Jakarta, which has been approved by The Minister of Legal Affairs and Human Rights, Republic of Indonesia in a ministerial decree No. C-02253.Ht.01.01.Th.2002, dated February 11, 2002, which is included in Supplement No. 4619 of the state gazette of the Republic of Indonesia No. 38, dated May 10, 2002, and also registered in Company Registry according to Act No. 3 Year 1982 concerning Company Registry Requirement with Company Registered Number 090315235148 at Company Registry Kodya Jakarta Selatan no. 366/BH 09.03/III/2002 dated March 4, 2002.

b) Nature of Business

NI is an active service provider, specializing in science development and technology services, excluding legal and taxation, trading industry, printing, and transportation.

c) Capital Structure

The capital structure of NI as specified in its bill of establishment No. 37, dated December 28, 2001, prepared and presented before Myra Yuwono, S.H., Notary in Jakarta, is as follows:

Authorized Capital: Rp10,000,000,000 (ten billion Rupiah), divided into 20,000,000 (twenty million) bearer shares, each with a nominal value of Rp500 (five hundred Rupiah);

Issued Capital: Rp2,500,000,000 (two billion five hundred million Rupiah), divided into 5,000,000 (five hundred thousand) shares;

Fully paid capital: Rp2,500,000,000 (two billion five hundred million Rupiah) or 100% (one hundred percent) of all the nominal value of the shares placed at NI.

d) Supervision and Management

The Board of Commissioners and Directors of NI pursuant to the Deed on NI's EGM decision No. 62, November 30, 2004, as prepared and presented to Myra Yuwono, S.H., Notary in Jakarta, which has been approved and registered in the Database Sisminbakum Direktorat Jenderal Administrasi Hukum Umum of the Ministry of Legal Affairs and Human Rights, Republic of Indonesia in Ministerial decree Kehakiman Republik Indonesia No. No. C-Um.02.01.448 dated January 11, 2005, is as follows:

Commissioners

President Commissioner : Ketut Budi Wijaya.
Commissioner : Antonius Agus Susanto.
Commissioner : Dicky Setiadi Moechtar.

Directors

President Director : Tarza Infra Halim
Director : Lay Krisnan Cahya.
Director : Yopie Widjaya

e) Financial summary

The following is the key financial summary of NI for the years ending December 31, 2004 and 2003, audited by KAP Aryanto Amir Jusuf & Mawar, and for year ended December 31, 2002, audited by KAP Prasetio, Sarwoko dan Sandjaja with an unqualified opinion.

(in million rupiah)	December 31,		
	2004	2003	2002
BALANCE SHEET			
Assets			
Current assets	614	571	678
Fixed assets	291	396	973
Total assets	905	966	1,651
Liabilities and shareholders equity			
Current liabilities	0	0	547
Non current liabilities	0	23	24
Minority shareholders	0	0	0
Shareholders equity	905	944	1,080
Total liabilities and shareholders equity	905	966	1,651
INCOME STATEMENT			
Sales	0	0	1,034
Operating expenses	0	0	946
Gross profit	0	0	89
Income (losses) from operations	(33)	(137)	(1,411)
Income (losses) before tax	(39)	(137)	(1,420)
Net income (losses)	(39)	(137)	(1,420)

4. PT Reksa Puspita Karya (RPK)

The Company ownership in RPK as of the preparation of this Prospectus is 100% (one hundred percent) and all capital of RPK has been issued and paid in full.

a) Founding

RPK was founded pursuant to Deed No. 187 dated January 18, 1993, prepared and presented before Mrs. Poerbaningsih Adi Warsito, SH., Notary in Jakarta, which have been approved by the Ministry of Legal Affairs and Human Rights of the Republic of Indonesia by letter Keputusan No. C2-3509.Ht.01.01.Year 1993 dated May 12, 1993, as registered in Kepaniteraan South Jakarta district court No.955/A.PT/HKM/1994/PN.JAK.SEL dated June 9, 1994 and announced in the Official Gazette, Republic of Indonesia No. 70 dated September 2, 1994, Supplement No. 6246.

b) Nature of Business

RPK is involved in public trading activities that includes a bureau of construction, which is accepts, plans, and executes the development of houses, plant facilities, public roads, bridges, irrigation, airfields, seaports, or as a developer (contractor); established and operate a technical services bureau, which accepts, plans, and executes the installation of electrical, water, telecommunications, machinery, diesel and gas; commercial public activities including import and export, local and inter-island trade, better calculation of persons or legal bodies on the basis of commission or commendation, as purveyor, grocer, supplier, distributor, agent or representative of other legal bodies or companies, either from within or abroad except travel agency; established and operate various industrial undertakings and commercializing the proceeds; public mining including exploration, exploitation and also marketing of the mine ore as permitted by the government; has endeavored in the field of agriculture, plantation, forestry, ranch, fishery, fish farming; and endeavored in the field of land transportation, of goods and people; and endeavored in the field general bureau services, except services in the area of law; has conducted printing business activity including publication, binding, and advertisement.

c) Capital Structure

The capital structure of RPK is specified in the deed on RPK's EGM decision No. 7, dated December 8, 1999, prepared and presented before Myra Yuwono, S.H., Notary in Jakarta, which has approved the change in nominal par value of shares from an initial Rp1,000,000 (one million rupiah) to Rp500 (five hundred rupiah) and in reference to adjustment with Act No. 1 Year 1995 concerning Limited Liability Companies ("UUPT"), which was obtained with the approval from Ministry of Justice and Human Rights of the Republic of Indonesia with its ministerial decree No. C-8957.HT.01.04Year 2000, dated April 18, 2000 and as has been announced in Supplement No. 4721 of the Republic of Indonesia's state gazette No.67 dated August 22, 2000, as follows:

Authorized Capital: Rp100,000,000 (one hundred million Rupiah), divided into 200,000 (two hundred thousand) shares, each with a nominal value of Rp500 (five hundred Rupiah);

Issued Capital: Rp25,000,000 (twenty five million Rupiah), divided into 50,000 (fifty thousand) shares;

Fully paid capital: Rp25,000,000 (twenty five million Rupiah) or 100% (one hundred percent) of all the nominal value of the shares placed at RPK.

d) Supervision and Management

The Board of Commissioners and Directors of RPK pursuant to Deed on RPK's EGM decision No. 22, dated May 14, 2003, as prepared and presented to Myra Yuwono, S.H., Notary in Jakarta, is as follows:

Commissioners

President Commissioner : Ketut Budi Wijaya
 Commissioner : Antonius Agus Susanto
 Commissioner : Jenny Kuistono

Directors

President Director : Ir. Makmur Jaury
 Director : Yopie Widjaya
 Director : Sri Mulyati Handoyo

e) Financial summary

The following is the key financial summary of RPK for the years ending December 31, 2004 and 2003, audited by KAP Aryanto Amir Jusuf & Mawar, and for year ended December 31, 2002, audited by KAP Prasetio, Sarwoko dan Sandjaja with an unqualified opinion.

(in million rupiah)	December 31,		
	2004	2003	2002
		Restated	Restated
BALANCE SHEET			
Assets			
Current assets	246	8,730	7,120
Fixed assets	61,521	47,724	50,927
Total assets	61,767	56,454	57,417
Liabilities and shareholders equity			
Current liabilities	1	234	233
Non current liabilities	86,636	94,887	93,136
Minority shareholders	0	0	0
Shareholders equity	(24,871)	(38,667)	(35,953)
Total liabilities and shareholders equity	61,767	56,454	57,417
INCOME STATEMENT			
Sales	0	0	0
Operating expenses	0	0	0
Gross profit	0	0	0
Income (losses) from operations	0	(1)	(3)
Income (losses) before tax	13,796	(743)	(3,275)
Net income (losses)	13,796	(2,714)	(4,987)

RPK also has shareholding participation in:

- a. PT Aneka Tirta Nusa ("ATN") in the form of share ownership amounting to 27,474,859 (twenty seven million four hundred seventy four thousand eight hundred fifty nine) shares equivalent to Rp13,737,429,500 (thirteen billion seven hundred thirty seven million four

hundred twenty nine thousand five hundred Rupiah) or 1.9% (one and nine tenths percent) of all capital placed in ATN.

- b. PT Natrindo Kartu Panggil ("NKP") in the form of share ownership amounting to 100 (one hundred) shares equivalent to Rp50,000 (fifty thousand Rupiah) or 1% (one percent) of all capital placed in NKP.
- c. PT Natrindo Global Telekomunikasi ("NGT") in the form of share ownership amounting to 10,000,000 (ten million) shares equivalent to Rp5,000,000,000 (five billion Rupiah) or 20% (twenty percent) of all capital placed in NGT.
- d. PT Broadband Multimedia Tbk ("BM") in the form of share ownership amounting to 75,537,872 (seventy five million five hundred thirty seven thousand eight hundred and seventy two) shares equivalent to Rp37,768,936,000 (thirty seven billion seven hundred sixty eight million nine hundred thirty six thousand Rupiah) or 20.18% (twenty point one eight percent) of all capital placed in BM.
- e. PT Tirtamandiri Sejahtera ("TS") in the form of share ownership amounting to 100 (one hundred) shares equivalent to Rp1,000,000 (one million Rupiah) or 20% (twenty percent) of all capital placed in TS.
- f. PT Tyrane Saptajagat ("TSJ") in the form of share ownership amounting to 2,000 (two thousand) shares equivalent to Rp1,000,000 (one million Rupiah) or 2% (two percent) of all capital placed in TSJ.
- g. PT Sharestar Indonesia ("SI") in the form of share ownership amounting to 5,000 (five thousand) shares equivalent to Rp5,000,000 (five million Rupiah) or 1% (one percent) of all capital placed in SI.

5. PT Tryane Saptajagat (TSJ)

The Company ownership in TSJ as of the preparation of this Prospectus is 100% (one hundred percent) and all capital of TSJ has been paid and remitted in full.

a) Founding

TSJ is domiciled in Jakarta, pursuant to bill of establishment TSJ No. 127, dated June 17, 1993, as prepared and presented before Sri Bandiningsih, S.H.,C.N., the substitute notary of Bandoro Raden Ayu Mahyastoeti Notonagoro, S.H., Notary in Jakarta. As approved in a ministerial decree No. C2-9588 HT.01.01. Year 94, dated June 22, 1994, which has been registered in the registry of South Jakarta district court, under No. 2011/A.PT/HKM/1994/PN.JAK.SEL, dated November 22, 1994 and has also been announced in Supplement No. 4721 of the state gazette of the Republic of Indonesia No. 4, dated January 13, 1995.

b) Nature of Business

TSJ is involved in the field of trading, industry development, technical bureau, mining, agribusiness, transportation, printing, and other services.

c) Capital Structure

The capital structure of TSJ as specified in Section 4 of the Deed on TSJ's EGM decision No. 49, March 31, 2000, prepared and presented before Myra Yuwono, S.H., Notary in Jakarta, is as follows:

Authorized Capital: Rp100,000,000 (one hundred million Rupiah), divided into 200,000 (two hundred thousand) shares, each with a nominal value of Rp500 (five hundred Rupiah);

Issued Capital: Rp50,000,000 (fifty million Rupiah), divided into 100,000 (one hundred thousand) shares;

Fully paid capital: Rp50,000,000 (fifty million Rupiah) or 100% (one hundred percent) of all the nominal value of the shares placed at TSJ.

d) Supervision and Management

The Board of Commissioners and Directors of TSJ pursuant to the Deed on the Meeting's Decision No. 10, October 10, 2003, as prepared and presented to Myra Yuwono, S.H., Notary in Jakarta, is as follows:

Board of Commissioners

President Commissioner : Ketut Budi Wijaya
 Commissioner : Antonius Agus Susanto
 Commissioner : Jenni Kuistiono

Board of Directors

President Director : Ir. Makmur Jaury
 Director : Yopie Widjaya
 Director : Sri Mulyati Handoyo

e) Financial summary

The following is the key financial summary of TSJ for the years ending December 31, 2004 and 2003, audited by KAP Aryanto Amir Jusuf & Mawar, and for year ended December 31, 2002, audited by KAP Prasetio, Sarwoko dan Sandjaja with an unqualified opinion.

(in million rupiah)	December 31,		
	2004	2003	2002
BALANCE SHEET			
Assets			
Current assets	5	1,350	2,820
Fixed assets	53	29	30
Total assets	57	1,379	2,849
Liabilities and shareholders equity			
Current liabilities	0	0	1
Non current liabilities	0	1,326	2,344
Minority shareholders	0	0	438
Shareholders equity	57	53	66
Total liabilities and shareholders equity	57	1,379	2,849
INCOME STATEMENT			
Sales	0	0	0
Operating expenses	0	0	0

Gross profit	0	0	0
Income (losses) from operations	0	(1)	(7)
Income (losses) before tax	4	173	(138)
Net income (losses)	4	173	(138)

6. PT Multifiling Mitra Indonesia (MMI)

The Company ownership in MMI as of the preparation of this Prospectus is 50.20% (fifty and two tenths percent) and all capital of MMI has been paid and remitted in full.

a) Founding

MMI was founded and operated according to and pursuant to applicable regulations of the Republic of Indonesia and is also domiciled in Jakarta, pursuant to its bill of establishment No. 157, dated July 9, 1992, prepared and presented before Misahardi Wilamarta, S.H., notary in Jakarta, as approved by the Ministry of Justice and Human Rights of the Republic of Indonesia in a ministerial decree No. C2-2420.Ht.01.01 year 1994, dated February 12, 1994, which has been included in Supplement No. 3506 of the state gazette of the Republic of Indonesia No. 49, dated June 21, 1994, as approved by the Ministry of Justice and Human Rights of the Republic of Indonesia.

b) Nature of Business

MMI is involved in providing a building for archival and storage services,, providing archive storage services, retrieval, destruction of archives, and others services relating to documentation and archive handling.

c) Capital Structure

The capital structure of MMI as specified in Section 4 of MMI's Deed on the Meeting's Decision No. 37 dated December 29, 2004, prepared and presented before Unita Christina Winata, S.H., Notary in Tangerang who is domiciled in Serpong, and has reported to the Ministry of Justice and Human Rights of the Republic of Indonesia No. C-04035 HT.01.04 year 2005 dated February 17, 2005, is as follows:

Authorized Capital: Rp2,000,000,000 (two billion Rupiah), divided into 2,000,000 (two million) shares, each with a nominal value of Rp1,000 (one thousand Rupiah);

Issued Capital: Rp1,004,000,000 (one billion four million Rupiah), divided into 1,004,000 (one million four thousand) shares;

Fully paid capital: Rp1,004,000,000 (one billion four million Rupiah) or 100% (one hundred percent) of all the nominal value of the shares placed at MMI.

d) Supervision and Management

The Board of Commissioners and Directors of MMI pursuant to the Deed on MMI's EGM decision No. 11, dated February 23, 2005, as prepared and presented before Suparlan, S.H., pursuant to decree of the Ministry of Justice and Human Rights of the Republic of Indonesia dated January 18, 2005 No. C-02.Ht.03.07 year 2005, a substitute notary of Unita Christina Winata, S.H., Notary in Tangerang Tangerang who is domiciled in Serpong, and has reported to the Ministry of Justice and Human Rights of the Republic of Indonesia No. C-Um-02.01.2728, is as follows:

Board of Commissioners

President Commissioner	:	Jonathan Limbong Parapak
Commissioner	:	Harijono Suwarno
Commissioner	:	Lay Krisnan Cahya
Commissioner	:	Antonius Agus Susanto

Board of Directors

President Director	:	Silvia Lestariwati Fique Kertawiharja
Director	:	Jenny Kuistiono
Director	:	Ir. Makmur Jaury

e) Financial summary

The following is the key financial summary of MMI for the years ending December 31, 2004 and 2003, audited by KAP Aryanto Amir Jusuf & Mawar, and for year ended December 31, 2002, audited by KAP Prasetio, Sarwoko dan Sandjaja with an unqualified opinion.

(in million rupiah)	December 31,		
	2004	2003	2002
BALANCE SHEET			
Assets			
Current assets	15,029	9,675	5,814
Fixed assets	13,295	13,291	11,128
Total assets	28,324	22,965	16,942
Liabilities and shareholders equity			
Current liabilities	2,603	2,300	2,020
Non current liabilities	554	1,378	480
Minority shareholders	0	0	438
Shareholders equity	25,167	19,287	14,443
Total liabilities and shareholders equity	28,324	22,965	16,942
INCOME STATEMENT			
Sales	14,806	13,124	10,393
Operating expenses	0	0	0
Gross profit	14,806	13,124	10,393
Income (losses) from operations	7,044	6,816	4,036
Income (losses) before tax	7,949	7,091	4,068
Net income (losses)	5,781	5,075	2,903

7. PT Matahari Putra Prima, Tbk (MPP)

The Company's ownership in MPP as of the preparation of this Prospectus is 50.10% (fifty and one tenths percent) and all capital of MPP has been issued and paid in full.

a) Founding

MPP was founded by Hari Darmawan and Susana Darmawan with Bill of establishment No. 30, dated March 11, 1986, prepared and presented before Budiarti Karnadi, SH., Notary in Jakarta. The Deed has been ratified by the Ministry of Justice of the Republic of Indonesia as expressed in its decree No. C25238.Ht.01.01 year 1986 dated July 26, 1986, and has been registered in Central Jakarta district court No. 1745/1986 on August 27, 1986, and has also appeared in

Supplement No.2954 of the state gazette of the Republic of Indonesia No. 73, dated September 10, 1991.

b) Nature of Business

MPP is primarily involved in the field of retail operations and management including department stores and supermarkets.

c) Capital Structure

The capital structure of MPP as specified in the Deed on MPP's EGM decision No. 88 dated January 30, 2002, as prepared and presented before Mrs. Poerbaningsih Adi Warsito, S.H., Notary in Jakarta is as follows:

Authorized Capital: Rp5,400,000,000,000 (five trillion four hundred billion rupiah), divided into 10,800,000,000 (ten billion eight hundred million) shares, each with a nominal value of Rp500 (five hundred Rupiah);

Issued Capital: Rp1,352,997,000,000 (one trillion three hundred fifty two billion nine hundred ninety seven million Rupiah), divided into 2,705,994,000 (two billion seven hundred five million nine hundred ninety four thousand) shares;

Fully paid capital: Rp1,352,997,000,000 (one trillion three hundred fifty two billion nine hundred ninety seven million Rupiah) or 100% (one hundred percent) of all the nominal value of the shares placed at MPP.

d) Supervision and Management

The Board of Commissioners and Board of Directors of MPP as listed in deed no. 26 dated May 21, 2004, on the minutes of AGM of MPP, prepared by Ny. Poerbaningsih Adi Warsito, SH., a public notary in Jakarta are as follows:

Board of Commissioners

President Commissioner	:	Cheng Cheng Wen
Independent Commissioner	:	Jonathan L Parapak
Independent Commissioner	:	Jusuf Arbianto Tjondrolukito
Independent Commissioner	:	John Bellis
Independent Commissioner	:	Mardi Henko Sutanto
Commissioner	:	Jeffrey Koes Wonsono
Commissioner	:	Ganesh Chander Grover

Board of Directors

President Director	:	Benyamin Jonathan Mailool
Director	:	Hendra Sidin
Director	:	Lina Haryanti Latif
Director	:	Carmelito Jimenez Regalado
Director	:	Ketut Budi Wijaya
Director	:	Andre Rumantir

e) Financial summary

The following is the key financial summary of MMI for the years ending December 31, 2004, 2003, 2002 audited by KAP Prasetio, Sarwoko & Sandjaja with an unqualified opinion.

(in million rupiah)	December 31,		
	2004	2003	2002
BALANCE SHEET			
Assets			
Current assets	1,835,997	1,305,914	1,478,129
Fixed assets	2,250,021	2,115,522	1,820,332
Total assets	4,086,018	3,421,436	3,298,461
Liabilities and shareholders equity			
Current liabilities	1,219,314	1,148,438	1,035,056
Non current liabilities	909,990	470,705	528,638
Minority shareholders	67,361	53,303	62,793
Shareholders equity	1,889,353	1,748,990	1,671,974
Total liabilities and shareholders equity	4,086,018	3,421,436	3,298,461
INCOME STATEMENT			
Sales	5,619,731	5,064,943	5,208,120
Operating expenses	3,852,759	3,520,494	3,632,544
Gross profit	1,766,972	1,544,449	1,575,576
Income (losses) from operations	222,720	150,856	88,792
Income (losses) before tax	184,407	153,787	141,870
Net income (losses)	125,338	115,466	105,305

MPP has shareholding participation in:

- a. PT Nadya Putra Investama ("NPI") amounting to 1,998 (one thousand nine hundred ninety eight) shares of NPI each with nominal value of Rp1,000,000 (one million rupiah) or equivalent to Rp1,998,000,000 (one billion nine hundred ninety eight million rupiah) or 99.90% (ninety nine and nine tenths percent) of all capital placed in NPI.
- b. PT Matahari Mega Swalayan ("MMS") amounting to 1,998 (one thousand nine hundred ninety eight) shares of MMS each with nominal value of Rp1,000,000 (one million rupiah) or equivalent to Rp1,998,000,000 (one billion nine hundred ninety eight million rupiah) or 99.90% (ninety nine and nine tenths percent) of all capital placed in MMS.
- c. PT Taraprima Reksabuana ("TPRB"), amounting to 47,520 (forty seven thousand five hundred twenty) shares of TPRB each with nominal value of Rp500,000 (five hundred thousand rupiah) or equivalent to Rp23,760,000,000 (twenty three billion seven hundred sixty million rupiah) or 99.00% (ninety nine percent) of all capital placed in TPRB.
- d. PT Matahari Super Ekonomi ("MSE"), amounting to 2,480,000 (two million four hundred eighty thousand) shares of MSE each with nominal value of Rp1,000 (one thousand rupiah) or equivalent to Rp2,480,000,000 (two billion four hundred eighty million rupiah) or 99.20% (ninety nine and two tenths percent) of all capital placed in MSE.
- e. PT Matahari Kafe Nusantara ("MKN"), amounting to 14,850 (fourteen thousand eight hundred fifty) shares of MKN each with nominal value of Rp100,000 (one hundred thousand rupiah) or equivalent to Rp1,485,000,000 (one billion four hundred eighty five million rupiah) or 99.00% (ninety nine percent) of all capital placed in MKN.

- f. PT Matahari Leisure ("ML"), amounting to 412,500 (four hundred twelve thousand five hundred) shares of ML each with nominal value of Rp2,313 (two thousand three hundred thirteen rupiah) or equivalent to Rp954,112,500 (nine hundred fifty four million one hundred twelve thousand and five hundred rupiah) or 50.00% (fifty percent) of all capital placed in ML.
- g. PT Matahari Mega Toserba ("MMT"), amounting to 1,998 (one thousand nine hundred ninety eight) shares of MMT each with nominal value of Rp1,000,000 (one million rupiah) or equivalent to Rp1,998,000,000 (one billion nine hundred ninety eight million rupiah) or 99.90% (ninety nine and nine tenths percent) of all capital placed in MMT.
- h. PT Matahari Boston Drugstore ("MBD"), amounting to 1,500 (one thousand five hundred) shares of MBD each with nominal value of Rp1,000,000 (one million rupiah) or equivalent to Rp1,500,000,000 (one billion five hundred million rupiah) or 75.00% (seventy five percent) of all capital placed in MBD.
- i. PT Matahari Graha Fantasi ("MGF"), amounting to 20,004,000 (twenty million and four thousand) shares of MGF each with nominal value of Rp1,000 (one thousand rupiah) or equivalent to Rp20,004,000,000 (twenty billion four million rupiah) or 50.01% (fifty and one hundredths percent) of all capital placed in MBD.
- j. PT Matahari Courts Indonesia (d/h PT Matahari Courts Tbk.) ("CI"), amounting to 33,432,450 (thirty three million four hundred thirty two thousand four hundred fifty) shares of CI each with nominal value of Rp100 (one hundred rupiah) or equivalent to Rp3,343,245,000 (three billion three hundred forty three million two hundred forty five thousand rupiah) or 4.98% (four and ninety eight tenths percent) of all capital placed in CI.
- k. Matahari International Finance Company, B.V ("MIFCO"), amounting to 400 (four hundred) shares of MIFCO each with nominal value of NLG100 (one hundred Netherland Guilders) or equivalent to NLG40,000 (forty thousand Netherland Guilders) or 100% (one hundred percent) of all capital placed in MIFCO.
- l. Prime Connection Limited ("PCL"), amounting to 50,000 (fifty thousand) shares of PCL each with nominal value of USD1 (one United States dollar) or equivalent to USD50,000 (fifty thousand United States dollars) or 100% (one hundred percent) of all capital placed in PCL.

6. Relationship between Management and Supervisory Function

The following table shows the relationship between management and supervisory functions at the Company and its subsidiaries:

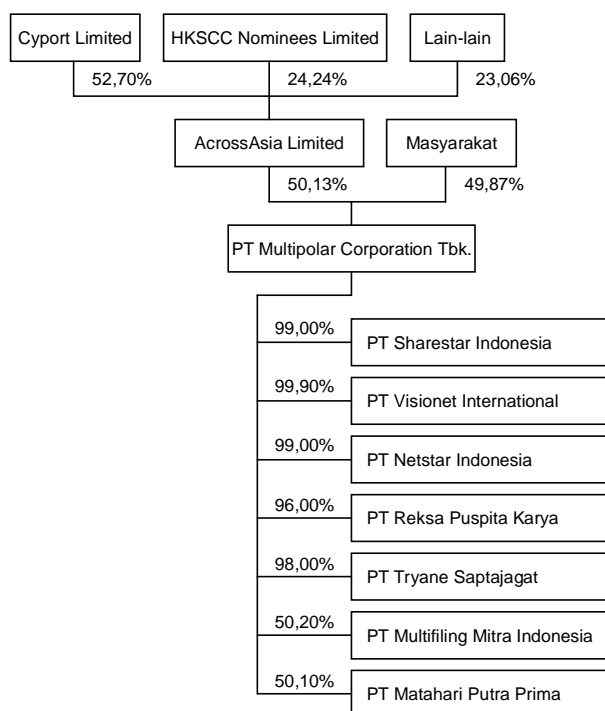
Name	Company	SSI	VI	NI	RPK	TSJ	MMI	MPP
Cheng Cheng Wen	Pres Com							Pres Com
Jonathan L. Parapak	Indp Com						Pres Com	Indp Com
M. Salim Radjiman	Indp Com							
Marshall Wallace Cooper	Com							
Jeffrey Koes Wonsono	Pres Dir							Com
Eddy Handoko	V. Pres Dir							
Harijono Suwarno	Dir		Com				Com	

Ketut Budi Wijaya	Dir	Pres Com		Pres Com	Pres Com	Pres Com	
Antonius Agus Susanto	Dir	Com	Com	Com	Com	Com	Com
Dicky Setiadi Moechtar	Dir		Pres Com	Com			
Lay Krisnan Cahya	Dir	Com	Com	Dir			Com

Notes:

Pres Com: President Commissioner, Indp Com: Independent Commissioner, Com: Commissioner, Pres Dir: President Director, V. Pres Dir: Vice President Director, Dir: Director

7. Company's Ownership Structure



*According to AcrossAsia Limited's 2004 financial statements, AcrossAsia Limited is owned directly and indirectly by the Riady family.

8. Related Party Transactions

The Company and its subsidiaries conduct transactions with related parties in a normal manner as they would with other parties. Main examples of these transactions include sales, service provision, space rental, and they are all done on an arm's length basis and with deposit between the parties.

The table below showed all the related party transactions conducted by the Company for transactions above Rp1 billion:

No	Party	Amount (In million Rp)	Type of Transaction
1	PT Air Pasifik Utama	34,975	Deposit for investment
2	PT Aneka Tirta Nusa	13,737	Share participation
3	PT AsiaNet Multimedia	27,943	Deposit for investment
4	PT AIG Lippo Life	1,545	Sales
5	Avel Pty Ltd Australia	1,675	Royalty payable
6	Bigboxx (CI) Limited	84,050	Share participation
7	PT Bintang Sidoraya	21,219	Share participation
		1,524	Intercompany loan

8	PT Bank Lippo Tbk.	66,861	Cash and cash equivalent
		14,160	Trade receivable
		1,928	Advance
		36,978	Sales
9	PT Broadband Multimedia Tbk.	9,778	Trade receivable
		47,621	Share participation
		3,004	Sales
10	PT Ciptadana Asset Management	8,739	Fund investment
11	PT Ciptadana Sekuritas	62,071	Investment in funds managed
		2,618	Interest income
		55,000	Long dated promissory notes
12	Indonesian Investment Fund Ltd.	18,008	Fund investment
13	PT Inti Mitratama Abadi	1,035	Intercompany receivables
14	PT Link Net	14,747	Trade receivable
		15,450	Promissory notes
		3,078	Sales
15	PT Lippo General Insurance Tbk.	1,859	Insurance expense
16	PT Lippo Karawaci Tbk.	1,755	Share participation
		40,000	Advance for fixed assets purchase
		1,692	Other loans
17	PT Lippo Securities Tbk.	20,463	Intercompany receivables
18	PT Matahari Courts Tbk.	4,251	Share participation
19	PT Matahari Leisure	8,846	Share participation
		2,307	Deposit
		1,641	Net income from associated companies
20	PT Matahari Putra Prima Tbk.	3,527	Sales
		1,246	Rental expense
		15,226	Net income from associated companies
21	PT Multifiling Mitra Indonesia	3,050	Rental expense payable
		2,896	Net income from associated companies
22	PT Natrindo Telepon Selular	4,625	Trade receivable
		2,320	Intercompany receivables
23	PT Sarana Karya Cemerlang	1,600	Intercompany receivables
24	PT Satriaji Patria Luhur	2,100	Promissory notes
25	PT Tason Mitra Prima	3,395	Share participation
26	Komisaris dan Direktur	9,754	Employee salary and benefits
27	Karyawan	9,468	Loans to employees

9. Fixed assets owned by the Company

No	Ownership Title No.	Title Issuance Date	Title Expiration	Map's Date and Number	Location	Area (m ²)	Title Holder
1.	HGB No. 907	26-09-1997	6-4-2008	GS No. 8255, dated 26 -09-1997	Jatiuwung, Tangerang, Banten	100	The Company
2.	HGB No. 906	26-09-1997	6-04-2008	GS No. 8254, dated 26-09-1997	Jatiuwung, Tangerang, Banten	100	The Company
3.	HGB No. 905	26-09-1997	6-04-2008	GS No. 8253, dated 26-09-1997	Jatiuwung, Tangerang, Banten	100	The Company
4.	HGB No. 904	26-09-1997	6-04-2008	GS No. 8252, dated 26-09-1997	Jatiuwung, Tangerang, Banten	100	The Company
5.	HGB No.	26-09-1997	6-04-2008	GS No. 8251,	Jatiuwung,	100	The Company

No	Ownership Title No.	Title Issuance Date	Title Expiration	Map's Date and Number	Location	Area (m ²)	Title Holder
	903			dated 26-09-1997	Tangerang, Banten		
6.	HGB No. 902	26-09-1997	6-04-2008	GS No. 8250, dated 26-09-1997	Jatiuwung, Tangerang, Banten	100	The Company
7.	HGB No. 900	26-09-1997	6-04-2008	GS No. 8243, dated 26-09-1997	Jatiuwung, Tangerang, Banten	100	The Company
8.	HGB No. 854	26-09-1997	20-10-2006	GS No. 8202, dated 26-09-1997	Jatiuwung, Tangerang, Banten	100	The Company
9.	HGB No. 855	26-09-1997	20-10-2006	GS No. 8203, dated 26-09-1997	Jatiuwung, Tangerang, Banten	257	The Company
10.	HGB No. 856	26-09-1997	20-10-2006	GS No. 8204, dated 26-09-1997	Jatiuwung, Tangerang, Banten	100	The Company
11.	HGB No. 857	26-09-1997	20-10-2006	GS No. 8205, dated 26-09-1997	Jatiuwung, Tangerang, Banten	81	The Company
12.	HGB No. 915	26-09-1997	6-04-2008	GS No. 8263, dated 26-09-1997	Jatiuwung, Tangerang, Banten	19	The Company
13.	HGB No. 916	26-09-1997	6-04-2008	GS No. 8264, dated 26-09-1997	Jatiuwung, Tangerang, Banten	53	The Company
14.	HGB No. 858	26-09-1997	20-10-2006	GS No. 8206, dated 26-09-1997	Jatiuwung, Tangerang, Banten	47	The Company
15.	HGB No. 859	26-09-1997	20-10-2006	GS No. 8207, dated 26-09-1997	Jatiuwung, Tangerang, Banten	11	The Company
16.	HGB No. 917	26-09-1997	6-04-2008	GS No. 8265, dated 26-09-1997	Jatiuwung, Tangerang, Banten	89	The Company
17.	HGB No. 918	26-09-1997	6-04-2008	GS No. 8266, dated 26-09-1997	Jatiuwung, Tangerang, Banten	100	The Company
18.	HGB No. 919	26-09-1997	6-04-2008	GS No. 8267, dated 26-09-1997	Jatiuwung, Tangerang, Banten	100	The Company
19.	HGB No. 830	26-09-1997	20-10-2006	GS No. 8178, dated 26-09-1997	Jatiuwung, Tangerang, Banten	7	The Company
20.	HGB No. 946	26-09-1997	24-09-2024	GS No. 8294, dated 26-09-1997	Jatiuwung, Tangerang, Banten	93	The Company
21.	HGB No. 831	26-09-1997	20-10-2006	GS. No. 8179, dated 26-09-1997	Jatiuwung, Tangerang, Banten	53	The Company
22.	HGB No. 947	26-09-1997	24-09-2024	GS No. 8295, dated 26-09-1997	Jatiuwung, Tangerang, Banten	47	The Company
23.	HGB No. 948	26-09-1997	24-09-2024	GS No. 8296, dated 26-09-1997	Jatiuwung, Tangerang, Banten	11	The Company
24.	HGB No. 832	26-09-1997	20-10-2006	GS No. 8180, dated 26-09-1997	Jatiuwung, Tangerang, Banten	89	The Company
25.	HGB No. 13416	21-11- 2001	6-06-2005	SU No. 2595/Bencongan/2001, dated 6-11-2001	Curug, Tangerang, Banten	411	The Company

No	Ownership Title No.	Title Issuance Date	Title Expiration	Map's Date and Number	Location	Area (m ²)	Title Holder
26.	HGB No. 13413	21-11-2001	26-07-2012	SU No. 2592/Bencongan/2001, dated 6-11-2001	Curug, Tangerang, Banten	1,577	The Company
27.	HGB No. 13414	21-11-2001	25-12-2011	SU No. 2593/Bencongan/2001, dated 6-11-2001	Curug, Tangerang, Banten	11	The Company
28.	HGB No. 13415	21-11-2001	6-06-2005	SU No. 2594/Bencongan/2001, dated 6-11-2001	Curug, Tangerang, Banten	2,826	The Company
29.	HGB No. 13416	21-11-2001	6-06-2005	SU No. 2594/Bencongan/2001, dated 6-11-2001	Curug, Tangerang, Banten	2,826	The Company
30.	HGB No. 569	20-09-2001	13-07-2028	SU No. 672/Citaringgul/2001, dated 9-03-2001	Babakan Madang, Bogor, West Jawa	123	The Company
31.	HGB No. 23	19-10-1998	12-01-2014	SU No. 35363/1997, dated 19-12-1997	Sumur Batu Bogor, West Jawa	1,510	The Company
32.	HGB No. 182	24-08-1999	12-01-2014	SU No. 35301/1997, dated 19-12-1997	Babakan Madang, Bogor, West Jawa	3,339	The Company
33.	HGB No. 164	8-05-1999	12-02-2014	SU No. 35360/1997, dated 19-12-1997	Sumur Batu, Bogor, West Jawa	1,501	The Company
34.	HGB No. 600	29-05-2001	14-04-2029	SU No. 703/Citaringgul/2001, dated 9-03-2001	Babakan Madang, Bogor, West Jawa	123	The Company
35.	HGB No. 591	20-09-2001	[Documents incomplete documents]	SU No. 694/Citaringgul/2001, dated 9-03-2001	Babakan Madang, Bogor, West Jawa	123	The Company
36.	HGB No. 89	19-10-1998	12-01-2014	SU No. 33748/1997, dated 12-12-1997	Babakan Madang, Bogor, West Jawa	1,133	The Company
37.	HGB No. 857	26-09-1997	20 years until 20-10-2006	No. 8205, dated 26-09-1997	Blok No. 2130 Desa Panunggan Barat	81	The Company
38.	Leasehold No. 945	26-09-1997	30 years until 24-09-2024	No. 8293, dated 26-09-1997	Blok No. 2139 Desa Panunggan Barat	100	The Company
39.	Leasehold No. 901	26-09-1997	20 years until 06-04-2008	GS No. 8249, dated 26-09-1997	Blok No. 2035 Desa Panunggan Barat	100	The Company

No	Ownership Title No.	Title Issuance Date	Title Expiration	Map's Date and Number	Area (m ²)	Location	Title Holder
1.	Hak Milik on Apartment No. 00097/XIII/FAI RWAY	18-10-1997	22-12-2010	No. 00097/1997 18-01-1997	77	Golf Karawaci Condominium 16/f Fairway No. F 16 A, Desa Kelapa Dua	The Company
2.	Hak Milik on	18-10-1997	25-12-2010	No. 11198/1997	96	Golf Karawaci	The

No	Ownership Title No.	Title Issuance Date	Title Expiration	Map's Date and Number	Area (m2)	Location	Title Holder
	Apartment No. 00098/XIII/FAI RWAY			18-10-1997		Condominium 16/f Fairway No. F 16 B Desa Kelapa Dua	Company
3.	Hak Milik on Apartment No. 00099/XIII/FAI RWAY	18-10-1997	25-12-2040	No. 00099/1997 18-10-1997	96	Golf Karawaci Condominium 16/f Fairway No. F 16 C, Desa Kelapa Dua	The Company
4.	Hak Milik on Apartment No. 00149/XIX/FAI RWAY	18-10-1997	25-12-2010	No. 00149/1997 18-10-1997	97	Golf Karawaci Condominium Penthouse Fairway No. F.P.C1, Desa Kelapa Dua	The Company
5	Hak Milik on Apartment No. 00100/XIII/FAI RWAY	18-10-1997	25-12-2010	00150/1997, dated 18-10-1997	97	Golf Karawaci Condominium Penthouse Fairway No. F.P.C2, Desa Kelapa Dua	The Company
6	Hak Milik on Apartment No. 00150/XIX/FAI RWAY	18-10-1997	25-12-2010	00100/1997, dated 18-10-1997	96	Golf Karawaci Condominium 16/f Fairway No. F 16 D, Desa Kelapa Dua	The Company
7	Hak Milik on Apartment No. 00101/XIII/FAI RWAY	18-10-1997	25-12-2010	00101/1997, dated 18-10-1997	96	Golf Karawaci Condominium 16/f Fairway No. F 16 E, Desa Kelapa Dua	The Company
8	Hak Milik on Apartment No. 00102/XIII/FAI RWAY	18-10-1997	25-12-2010	00101/1997, dated 18-10-1997	96	Golf Karawaci Condominium 16/f Fairway No. F 16 F, Desa Kelapa Dua	The Company
9	Hak Milik on Apartment No. 00103/XIII/FAI RWAY	18-10-1997	25-12-2010	00103/1997, dated 18-10-1997	96	Golf Karawaci Condominium 16/f Fairway No. F 16 G, Desa Kelapa Dua	The Company
10	Hak Milik on Apartment No. 00104/XIII/FAI RWAY	18-10-1997	25-12-2010	00104/1997, dated 18-10-1997	77	Golf Karawaci Condominium 16/f Fairway No. F 16 H, Desa Kelapa Dua	The Company
11	Hak Milik on Apartment No. 00142/XIII/FAI RWAY	18-10-1997	25-12-2010	00142/1997, dated 18-10-1997	96	Golf Karawaci Condominium 2/f Fairway No. F 16 F, Desa Kelapa Dua	The Company

10. Current legal cases involving the Company and its Subsidiaries/Affiliated Companies.

As of present, the Company is involved in a civil dispute case No. 15/Pdt.G/2005/PN.Bgr in Bogor district court dated February 7, 2005 where the Company acts as defendant no. 27. The subsidiary company, MPP, is involved in the following cases:

1. Civil dispute in Tangerang district court comprising of cases (i) No.171/PDT.G/2002/PN.TNG Jo. 267/Pdt/2003/PT.BDG as a defendant, appealed and being reviewed by the Supreme Court of the Republic of Indonesia with registration

number No.506 K/Pdt/2004, and (ii) No.260/Pdt.G/2004/PN.TNG which is still being reviewed by the Supreme Court of the Republic of Indonesia No. 162 K/Pdt/2004;

2. Civil dispute in Central Jakarta district court case No.152/PDT.G/2001/PN.JKT.PST as defendant I, still being reviewed by the Supreme Court of the Republic of Indonesia No.021415/1415K/PDT/2002 dated June 26, 2002 concerning the receipt and registration of appeal documents;
3. Civil dispute in Balikpapan district court case No.2/Pdt.G/2002/PN.Bpp as a defendant, appealed and being reviewed by the Supreme Court of the Republic of Indonesia with registration number 162 K/Pdt/2004;
4. Civil dispute in South Jakarta district court case No.124/Pdt.G/2003/PN.Mks dated January 19, 2005, as a plaintiff, still being reviewed by the South Jakarta district court;
5. Civil dispute in Bogor district court case No. 95/Pdt/G/2004/PN.Bgr as a plaintiff against PT Bogor Internusa Plaza.

VIII. ACTIVITY AND BUSINESS PROSPECTS OF THE COMPANY AND ITS SUBSIDIARIES

1. General

When the Company was first established in 1975, it was engaged in the sale of electronic products and was later expanded to include IT services in 1982. The Company made strategic investments in PT Broadband Multimedia Tbk (BM) in 1994 and in PT Matahari Putra Prima Tbk in 1997.

In the field of IT, the business activities of the Company include hardware sales, rentals, maintenance, and services which include software, consultancy, outsourcing, imports, distribution and trading. In the area of retail, the primary business activities include department store operations, multi-format supermarkets including hypermarkets with “Hypermart” trademark, “Cut Price” discount shops, and “TimeZone” family entertainment and amusement with the trademark. Lastly, in the field of broadband and multimedia, the main business activities include the provision of cable TV and internet access.

In conducting its IT business, the Company is the trade partner of a number of respected companies such as IBM, NCR, Cisco, Oracle, Microsoft, and others. The Company currently focuses on the provision of hardware, software, and consulting services which includes outsourcing services with main customers in the finance, banking, telecommunications, energy and utilities industries in Indonesia.

2. Business Activities

The Company’s business activities include the following services:

2.1. Information Technology

Systems Integration

Through system integration services, the Company is capable of offering customers a single contact point for multi-vendor technology acquisition and support. The wide and extensive service currently offered to the market includes servers, ATMs, networking, PC, storage,

peripherals, software licensing and software related to hardware. The Company currently has trade partnerships with reputable institutions including IBM, NCR, Cisco, Oracle, Microsoft and other various distinguished partners.

The hardware and software sold by the Company are purchased directly from the distributors or manufacturers. The Company is a preferred partner for the sale of various products that include NCR ATMs, or IBM's I-series AS-400 servers (a product that is widely used within the banking sector), and Cisco networking systems.

The Company also attains recognition as the best partner from its various trade partners like IBM, Cisco and NCR, in developing implementation competence and after-sale technologies that lead to customer satisfaction.

Banking Solutions

The Company offers a core banking application system under the brand Bank Vision. The license for this application covers the entire South-East Asian region. This comprehensive application includes systems to process and manage loan and deposit information, generating general ledger and other relevant information including report printing for clients, the supervisors and for management itself. As a core banking application system, the Company also offers banks complementary and functionality features allowing them to offer additional customer services including home banking and treasury functions. Other services that the Company offers to the market include Oasis, an ATM switching and electronic data capture (EDC) application that provides added business intelligence essential for central bank and risk management.

Consulting Services

The Company provides total IT consulting services from planning, strategy, until transformation process implementation. Over the last two years, the Company has been encouraging by the growing contributions from its consulting services since this area offers huge potentials, higher margins, and recurring in nature.

With its experience in providing consulting services in the utilities and banking sectors, the Company has begun to offer its similar services to new sectors such as telecommunications and energy.

The success in developing the Company's consulting services is due to the wide long-lasting customer network that it has developed, a competent, experienced and professional team, and fees that are more competitive than its competitors, which generally are multinational companies.

Since 2003, the Company has been appointed as an IT adviser to PT Perusahaan Listrik Negara ("PLN") for its World Bank sponsored projects. Subsequently, PLN appointed the Company as a consultant to develop the master IT plan, disaster recovery planning and enterprise resource planning. In the telecommunications sector, in 2005, the Company has also been appointed as an IT consultant to PT Telekomunikasi Indonesia Tbk. to develop its master IT plan for the next five years. In the banking sector, the Company has assisted in the implementation of anti-money laundering systems for PT Bank Rakyat Indonesia Tbk. - the first bank to apply this system in Indonesia, and has also been appointed to develop the master IT plan for PT Bank Lippo Tbk.

Outsourcing Services

The business of outsourcing services involves preparing and managing an operational EDC, ATM, data center, and disaster recovery center. The primary market for these services is the banking sector, who maintains an extensive consumer network and have long established relationships.

One of the advantages for outsourcing of IT functions for customers is to allow the clients to focus more on his core business, improving efficiency and return on assets. Contract outsourcing between companies is generally long-term ranging between 3 to 7 years, while allowing them to innovate before the contract due date.

Business Strategy

To achieve success in its IT business, the Company has developed the following strategies:

- To broaden its customer base. The Company constantly seeks new customers by capitalizing on its competencies in providing IT products and services. The Company's main focus is to increase its revenues from new customers who need recurring IT services.
- Improve the relationship with its existing customers. The Company has a long standing relationship with its customers and trade partners. The Company tries to maintain this relationship, especially with clients who give recurring revenue, by offering high quality services with competitive fees.
- Expand its available services. The Company has a team that is responsible for developing high quality solutions. For example, the Company is currently developing new solutions for IT system portfolio analysis, testing systems, legacy restoration, digital security and forensics. In addition, the Company is considering an internal R&D with an annual budget of approximately 1% of annual sales. The Company is confident that by expanding its services will reduce dependencies on any technology and enable the Company to offer the best services to its customers.
- Offer flexible services. The Company offers IT services that are both general and tailor made in nature, depending on the customer needs. In providing its services, the Company uses various hardware and software, various systems (both licensed or proprietary), and domestic or expatriate experts.
- Invest in technology. The Company always updates itself with technology progress and ever changing customer needs by providing the required resources, adjusting its services in sync with the changes, and providing continuous training to its employees.
- Maximize economies of scale. The Company's strategy is to increase its customer base so as to achieve economies of scale that enables it to offer more competitive fees.
- Attract, train and retain employees. The Company believes on the importance of attracting, training and retaining high quality employees on the Company's growth. Therefore, the Company always to recruit those who are highly motivated and equip them with continuous IT training.

Competition

In this globalization era, competition has increased significantly. The entrance by several multinational companies with reputation in IT and backed with strong capital, and the

emergence of local players, have increased the competition. To compete effectively, the Company has implemented several strategies, including offering total IT solutions to its customers such as consulting services, hardware supplies, as well as maintenance. In addition, the Company continually offers services that are on time and high quality in nature.

In the increased competition, especially in hardware and software supplies, the Company will encourage the growth of its consulting and outsourcing services that are expected to support the growth of hardware and software business units.

As the trade partner of IBM, NCR, Cisco and other dominant names in Indonesia's IT market, the Company possesses an advantage in penetrating the market compared to other players.

2.2 Retail Business

In line with the Company's objective to further develop the retail sector, the Company became a major shareholder in PT Matahari Putra Prima Tbk (MPP). In September 2004, the Company increased its ownership shares in MPP from 47.7% to 50.1%. As a consequence, MPP's financial statements are consolidated into the Company's financial statements.

MPP's primary business involves department stores, multi-format supermarkets including hypermarkets (Hypermart), discount stores (Cut Price), and family entertainment centers (TimeZone). Determining an outlet location is an important decision in the development of MPP. Before making a decision to open an outlet in any given location, MPP conducts a feasibility study with extensive surveys of the location and research to define the demographic and socio-economic conditions of the location including the regional population size, earning per capita, economic growth, and existing retail outlets to establish a better picture of the potential level at the location. MPP's outlets are either owned or leased. Rented MPP outlets involve general rental agreements with rentals that are amortized.

As the largest retail company in Indonesia, MPP purchases merchandise in large volume. For this reason, MPP always maintains good relationships with suppliers and consignors through the Association of Matahari Suppliers Club (AMSC). As a member of the AMSC, suppliers can obtain information regarding future fashion and market trends and the purchasing requirements for goods sold in the MPP outlets.

To save distribution costs, all purchased goods are delivered to warehouses before they are dispatched. MPP operates some of the largest warehouses with the largest one located in Balaraja, Banten which is located in a 25 hectare site approximately 60 km from Jakarta. At the moment, DC-Balaraja handles various products sold in the Matahari Department Stores and Matahari Supermarkets. DC-BALARAJA also distributes the goods to the regions of Jabotabek, Java and areas outside of Java.

Department Store

Currently, the department stores are the backbone of MPP's business activity. MPP operates the biggest network of outlets in Indonesia under the tradename and logo of "Matahari Department Store" (MDS). MDS is the biggest department store operator in Indonesia with a total number of outlets of 79 spread across virtually every metropolitan city in Indonesia. The network of department stores provides various types of goods including men's and women's clothing, ranging from adults, adolescents, to baby needs, various accessories, bags, shoes, cosmetics and other housing supplies.

Merchandising (levying of goods) is an aspect of vital importance in MDS operations. This activity influences the quality and manner the goods are sold in the MDS outlets. The merchandising function includes conducting surveys regarding the trends and requirements in use at the time. MDS Merchandising is divided into two functions, one that handles the purchasing of goods break (direct purchase) and the other handles the consigned goods (consignment). To maximize both functions, each are further divided into smaller units which specialize in specific types of goods, for example, women's products, men's products, and household needs. In addition, to maximize the value-added of each Rupiah spent by a MDS customer, a specific portion of the merchandising goods are directly purchased to form a specialty unit that handles an exclusive brand product (e.g., private labels).

Supermarket

Supermarkets provide various types of goods required day-to-day, beginning from dry food, bath products and accessories to fresh products such as meats, fruits and vegetables. Big supermarket outlets also provide a supply of other accessories and shopping needs to complete the shopping experience (one stop shopping) including providing an area that sells a variety of food dishes.

The Merchandising function in Matahari Supermarket has also been divided among some categories which, specifically handle Grocery (food and beverage), Non-Food (soap, shampoo and others), General merchandise (household appliances), Bakery (bread and cake), Produce (vegetable and fruit), Frozen Food, Meat and Fish (marine and meat products), electronics, etc.. In addition, Matahari Supermarket also offers private-labels products that offers consumer more quality product choices. The Matahari Supermarket also offers additional consumer services including pharmaceutical products and film and photo.

2004 will be remembered as an productive year for Matahari Supermarket (MSM), when important strategic changes were successfully implemented to increase the focus on productivity and to arrest declining "shrinkage". From a strategic perspective, the opening of the first Hypermarket outlet in April 2004 located in WTC Serpong was a major success strong sales and productivity fortunately levels far exceeded MPP's expectations. The hypermarket concept that launched MPP with the tradename "Hypermart" as a whole was a significant breakthrough proving itself as a strong traffic generator.

Business Strategy

MPP's vision is to become a world class retail company and MPP's mission is to dominate modern retail market in Indonesia by applying global best practices. Based on this vision and mission, MPP already possesses a brand name in the community. In its businesses, MPP always tries to be the market leader in the retail sector in Indonesia. By institutionalizing MPP's main business to achieve global best practices and to continually measure itself with global retail players, MPP will strengthen its foray in facing competition in the retail sector.

The followings are the various key strategies of MPP:

- Operate business units optimally. MPP has decided to operate its business units as individual unit enabling them to focus on its respective businesses. Each unit is headed by professional and competent teams.
- Optimize and expand outlets. MPP's main strategy in defending its position as one of the largest outlet networks in Indonesia is to optimize capital investment by increasing productive, efficient and healthy outlets by opening new outlets in a number of strategic

locations, continually studying the potentials of existing outlets and selectively closing unproductive outlets.

- One-stop shopping. MPP's "one-stop shop" concept allows MPP to sell various daily household needs. MPP believes in the importance of this concept as customers can conveniently shop in only one store.
- Constantly innovate the model store concept. MPP dynamically and continually follow global trends on model stores that are applicable in local conditions, such as the "market place", hypermarkets, discount stores and model stores in Atrium Senen and Cilandak Town Square
- Increase economies of scale. As the largest retail operator in Indonesia, MPP aspires to increase its cost efficiency, increase productivity and increase its value-added through economies of scale in merchandising, advertising and promotion. Its position as one of the largest retail companies gives MPP the opportunity to purchase high quality merchandises in competitive prices.

Competition

In this globalization era, competition in the retail sector heightens with the increasing number of retail players both new players and existing ones due to the sector's appeal. Other contributing factor is the shift in shopping habit of the Indonesian community that prefers shopping places that offer firm and uniform prices, quality assurance and convenience. Other factors in this sector's competition include competitive prices, good services, product quality and attractive and continuous promotion.

Increasing competition and customer demands have caused MPP to become more productive and innovative in conducting its businesses in order to maintain its market share and revenue.

Department store

Competition in department stores is divided into lower, middle and upper income segments. In addition to MPP, there are other department store players such as Ramayana, Pojok Busana, Yogya, Borobudur, Robinson, Rimo, Metri and Sogo. Those that are targeting the same market segment are Rimo and Pasaraya. Ramayana, Yogya, Borobudur and Pojok Busana focus on lower income market, while Keris Gallery, Metro and Sogo target the upper income market.

Supermarket

Competition in supermarkets is divided into middle and upper income segments. MPP's competitors include Hero and Diamond, and other hypermarkets such as Carrefour, Giant, Alfa and Makro. The advantage of local supermarkets to foreign hypermarkets is the proximity and lower entry barriers. With their larger size, hypermarkets need larger economies of scale that is only attainable in large cities with population that has adequate purchasing power. However, hypermarkets offer more complete varieties and more competitive prices.

2.3 Network Broadband

PT Broadband Multimedia Tbk (BM) owns, operates, and manages broadband and hybrid fiber coaxial (HFC) network in some key metropolitan cities in Indonesia, and also provides the cable TV services and internet access for households and corporation.

Under the tradename "Kabelvision", BM is one of biggest subscriber TV service providers in Indonesia. As of year-end 2004, the total number of cable TV customers has reached 120,000. Along with the subscriber TV service, BM also provides internet and high speed broadband data access services 24 hours every day without the use of the telephone network. By year-end 2004, the total number of internet clients have reached more than 13,000. With the use of BM's fiber optic network, BM also services the data communication requirements of large corporations in Jakarta. To date, BM is working on providing the network services for the JATS Remote Trading project of the Jakarta Stock Exchange.

BM's cable TV system is currently positioned in three strategic locations in Indonesia, specifically in the major regions of Jakarta, Surabaya and Bali. As of this point in time, BM has and operates a cable network with a total length of 2,500 kilometers of 750 MHz HFC and fiber optic cable, serving more than 216,000 homes in Jakarta, Bali and Surabaya.

BM offer cable TV program services to clients via monthly subscription charge. The cable TV programs offered to the market in some program packages. BM currently offers more than 60 national and international TV program channels. For the "basic" package, the programs include the local television channels, satellite channels (sportscast, family entertainment, amusement, music and others), public and education channels. BM also offers a premium package that offers additional film programs, and other lifestyle programs that will cost the customer an additional monthly expense.

Business Strategy

Given the potentials and prospects of the cable TV industry, BM's business strategies include:

- Increase and maintain status as "first mover"
BM will continually try to develop new network to maintain its position as "first mover" in strategic areas in Jabotabek, Surabaya and Bali. In general, new competitors will find it uneconomical to enter areas that already have extensive network. BM will only enter a particular market after thorough and extensive market research and with adequate funding.
- Synergize with affiliated companies
BM belongs to the Lippo group of companies that operate in various services sectors, such as IT, financial services, mobile telecommunications, department stores and others. BM can build a synergy with these affiliated companies, such as in marketing.
- Operate an advanced and efficient infrastructure
BM can utilize its cable network with advanced technologies that will strengthen its position as cable TV provider, data and voice (in the future) communication.
- Offer value-added services
BM can selectively offer value-added services such as home shopping, home banking, telemedicine and others in the future. BM expects the demand for these services to increase in the future along with the customers' knowledge of technology.
- Prioritize customer satisfaction through "bundling services" and customer service
BM tries to become the first company to offer "bundling services" of video, data and voice. By doing so, BM offers a complete service and efficient with competitive prices. In addition, to increase market penetration, BM also plans to change its current "tierings" of package

offers by offering new “tierings” that will be based on demographics, preference, channel capacity, market competitiveness and price sensitivity.

Competition

BM specifically views that the introduction of digital system will impact its performance. The Indonesian government has issued several licenses to a number of operators for the operation of digital cable TVs for greater Jakarta area. Some of these operators have begun their operations. BM’s specific strategy in facing this digital competition is to be more aggressive in obtaining market share before this new competition enters the market.

BM’s advantage is its experience in running similar companies and its cable network that extends more than 2,500 km. With such extensive network, BM believes new competition will be deterred from entering the same market.

3. Sales and Marketing

Information Technology

The Company conducts marketing activity through some business units assigned to specific industrial sectors, for example: banking, telecommunications, and utilities; and a separate division to market products like system integration, banking solutions and IT consultancy. Each of these business units has teams in charge of each account (consumer). The purpose of these divisions is to allow the Company to provide more direction in market penetration and to increase competency.

For market penetration, the Company implements some strategies including special cooperative efforts with trade partners like IBM, NCR, Cisco and others, direct marketing by maximizing the network of relationships and established customer links in addition to previous project references. As the IT consultancy business continues to strengthen, this business unit is expected to become a significant engine of sales growth among the other business units.

Retail Business

In the retail business, the Company (i.e., through MPP), has focused on the middle market segment, which is believed to offer the largest potential and is expected to expand faster in comparison to the other market segments. Marketing is conducted with promotional activities, which in general can be summarized as follows:

- Promotional activities that strengthen the MPP image in the society by providing for the various needs with good quality service. This activity is implemented across television media, newspapers, and as corporate sponsors in various events, etc.
- Sales promotional activities during special occasions including Lebaran, school vacation, New Years, and Christmas. During these periods, these promotional activities are conducted in cooperation with various banking institutions by doing *kiat-kiat(?)* promotions that offer advantages and amenities to all customers.
- Customer Loyalty Program in the form of Matahari Club Card which offers additional amenities and value added for Matahari customers.

The Company's sales performance over the last 5 years is presented below :

	(In Million Rupiah)				
Sales	2004	2003	2002	2001	2000
IT*	596.043	602.773	509.550	583.704	364.763
Retail	5.619.131	5.064.943	5.208.120	5.430.465	4.265.183

* Includes sales data of Subsidiary Companies – e.g., MMI and SSI

Broadband Network

The earnings BM generates is from cable TV subscriptions, slot advertisements, Internet clients, corporate network access, and others.

BM focuses the sale of its services to 2 market segments, which are coordinated by the Head Office. These two market segments include:

1. Residential

Thus far, residential is the biggest market segment and offers the most potential, i.e., accounting for an estimated 29,800,000 home units that have TV in Indonesia (Source: Asia Pacific Cable & Satellite Market 2003) in the middle economic class category and above

2. Commercial area : Apartments, Hotels, Offices and Remote Areas

With the development of commercial areas, BM has identified many new opportunities to market cable TV to these locations. Since the economic crisis, which also affected Indonesia, marketing to this segment has been a challenge. However, with the continued recovery of the economy and political conditions, total sales to this commercial segment is expected to increase.

Management currently implement some special marketing strategies to introduce and inform the market about cable TV including:

- *Direct Sales*, i.e., marketing door-to-door in residential housing areas, where the Company's cable network has been installed. This is implemented to inform residents in the area that Kabelvision is available or will soon be available in the area.
- *Telemarketing*, i.e., marketing premium program offerings via telephone. In 2002, BM positioned a direct sales and telemarketing team to be closer to the customers in Jakarta, as divided between the South, North East, and West Central districts.
- *Sales Blitz*, i.e., participating in weekend exhibitions to better reach other potential residential homes. In addition to selling the Kabelvision product, this is an opportunity to educate and increase the market's awareness of the Kabelvision trademark.
- *Micro Management*, i.e., this marketing strategy by assigning one energetic marketing representative to focus on some particular street as a means to improve the penetration levels. The energetic marketing personnel will concentrate on soliciting business from particular assigned streets for better marketing coordination. In addition, this strategy enable the marketing office to supervise clients directly and also reduce the number of illegal cable TV connections. The Company will implement this strategy to also better control service quality.

4. Business Prospects

General

In the past few years, the national economy has improved since the economic crisis that hit Indonesia in mid 1997 with positive economic growth, albeit still lower compared to pre-crisis levels. The government targeted an economic growth of 5.5% in 2005, higher if compared with the economic growth in 2004 of 5.1%. The government also hoped that this growth rate would continue into 2006 with an estimated growth rate of 5.5-6.5%. The government estimated that this growth will be supported with an increase in exports and investment, which will mostly be new investments rather than expansionary investments. (Source: Indonesia Macroeconomic Assumptions of the Ministry of Finance.)

Supported by stable socio-political and security conditions, the Company believes that a sustained economic growth will create an encouraging environment for the Company's business growth in the future.

Information Technology Industry

In the IT sector, Indonesia is very much behind compared to other countries, including neighboring countries. This will cause IT spending to increase in the future. In terms of industry, these past few years, the banking sector has been the biggest IT spender, however, in the future, IT spending from other industries, especially telecommunications, will increase with the growth of those industries.

There has also been a shift in IT spending from direct purchase to rental purchase or even outsourcing.

The Company will maintain and manage the business of information technology services especially as it focuses on the needs of the banking and financial services industries. The Company expects hardware sales to remain the predominant business activity especially as it pushes growth in the telecommunications sector - in particular, cellular communications which has expanded considerably. With the fast growth of clients like these, the demand for telecommunication companies to increase their capacities will require additional hardware investments. In the banking sector, many banks continue to develop their consumer banking business, which means these banks will also require new investments in the purchase of additional equipment such as ATMs, and EDCs. In the industrial sector, the Company also foresees sufficiently wide growth opportunities in sectors such as Utilities and the Oil and Natural Gas industries.

In addition to hardware sales, the Company is endeavoring to diversify the business into other service areas such as IT consulting and outsourcing. The prospects for the outsourcing of equipments such as EDCs and ATMs are huge especially with the introduction of Europay Mastercard Visa (EMV) compliant equipment, which requires all the new EDC – compliant machines have to be implemented by early 2006. With regards to replacing or upgrading equipment, most medium scale and smaller banking operations prefer to outsource their requirements vis-à-vis investing in the equipment. Another service area the Company provides is the management of data centers on behalf of bank clients. Many banks are accepting the trend to switch over to system outsourcing as it allows banks to better focus on their core businesses and to lessen their investments in fixed assets.

Hence, the Company sees this outsourcing trend as an interesting area of opportunity especially in the banking sector. The Company foresees that as the banking sector becomes more competitive, banks will constantly need to offer a wider range of services and products. As the

nature and volume of these transactions also increase, banks will progressively be unable to serve the data management requirements without investing in strong and sophisticated IT support and equipment. Hence, the Company is firmly convinced that the role of consulting and outsourcing services will steadily increase and play more important roles in the Company's growth performance.

The Company views that prospects for consultancy services will also increase especially among a number of more traditional companies that wish to introduce more technological systems into their businesses. To support the transformation of such business, the IT consultant role is essential. The Company has successfully handled some big projects, which also increases the prospects of pre-qualifying for other new projects in the future, especially as potential clients are encouraged by references of formerly completed projects.

Retail Business

In the retail industry, growth is mostly driven by macro factors such as GDP growth, low inflation and socio-political stability. Current stable socio-political situation will encourage GDP growth and push inflation down in the future, which will in turn encourage growth in the retail sector.

The growth performance of the retail business translates into big growth opportunities for the Company – c/o MPP – with the growing population base and sustained economic growth. The domestic spending patterns are also expected to improve, which means MPP, with one of the biggest retail networks in Indonesia, can continue to contribute to the Company's growth efforts. The careful and accurate selection of MPP outlets have produced profitable results over the long-term. This is evidenced in the number of visitors and growing sales revenues of MPP outlets.

MPP continues to endeavor to expand every year by adding the number of outlets, and renovating existing outlets. With these growth efforts, MPP will also continue to improve the relationship with its trade partners in order to provide the best consumer service.

MPP is determined to expand every year, by adding new outlets and renovating existing outlets. The number of new outlets to be opened every year will be dependent upon prevailing economic conditions as a whole, and other factors such as the availability of suitable locations, financing, human resource capabilities, MPP infrastructure, and other special considerations.

The hypermarket concept of Matahari Supermarkets (MSM) launched with the trademark "Hypermart" was successful and supported Matahari's efforts as a whole as a significant traffic generator. Matahari is convinced that the hypermarket concept will be the primary factor for MSM to become the modern retail leader in Indonesia. Hence, MSM is preparing expansion plans to open 40 – 50 hypermart outlets over the next 5 years. In addition, MSM also plans to renovate and upgrade existing supermarket outlets over the next 3-5 years, and also open approximately 8 - 10 new outlets over the same period.

MPP will remain the industry leader in this sector by continuing to provide service standards that exceed consumer expectations. As a "brand" which is recognized, MPP is convinced of the retail business' continued growth and their leadership of the retail industry in Indonesia.

Network Broadband

BM has reason to believe that this industry offers bright prospect based on the following factors which will continue to support the growth of the business below:

- The total population of Indonesia is approximately over 210 million people, with an estimated of 26 million living in the Jabotabek region, which compared to Kabelvision's current numbers is still very big. However, at the moment, the target market that offers much potential opportunity for BM is currently focused on the middle-income market segments. Based on the estimated increasing earnings and socio-economic prosperity, disposable income per capita of Indonesia will also increase – thereby, improving the potential for cable TV to increase.
- The growth of digital technology also offers additional good prospect for BM. Digital technology, if applied, will enable the Company to offer a new range of exciting consumer products and services including Home Banking, Home Shopping, Video on Demand and Interactive Games. Though this type of product is still in its infancy in Indonesia, many companies in America and Europe have started using this technology. With the advent of this technology, the Company is confident that this new range of services and products will gain quick acceptance in Indonesia, thereby, adding to BM earnings.
- Cable TV market penetration in Indonesia is still relatively low compared with other nations in the Asian area. Based on the data presented in "Asia Pacific Cable & Satellite Market 2003", the penetration level of cable TV in Indonesia recently reached 0.4% which is very low in comparison with other Asian countries. Hence, the Company is cognizant of the bigger potential market for cable TV to grow.

Cable TV & DTH Penetration
Satellite Multichannel Video (PayTV)

No.	Country	Year 2002 (%)
1	Taiwan	83%
2	Korea	53%
3	India	52%
4	Selandia Baru	42%
5	Singapore	35%
6	Hong Kong	30%
7	China	28%
8	Malaysia	22%
9	Australia	21%
10	Japan	18%
11	Philippines	11%
12	Thailand	3%
13	Indonesia	0.4%

Note: These penetration figures were calculated from the number of cable TV and DTH Satellite Multichannel Video (Pay TV) subscribers against the number of TV households; Source: "Asia Pacific Cable & Satellite Market 2003".

In early 2005, BM entered into a strategic joint venture with Astro, a respected Direct To Home (DTH) – network TV operator in Malaysia. Based on satellite transmissions, this joint venture will hasten market penetration while also establishing new synergies between existing cable TV and network-based TV.

5. Significant Agreements

- a. On May 18, 1994, the Company entered into a license distribution agreement with BankVision Software Ltd (BV) of the United States that was later updated on November 28, 1997 where the Company received exclusive license to sell and distribute products with

BV's trade name. As agreed between both parties, the Company would pay BV a US\$250 thousand one-time payment as a fee for the exclusive license. The updated agreement is valid for 99 years.

- b. In 1997, MPP, a subsidiary, entered into an agreement with PT Permana Indoasri Nusantara (PIN) whereby PIN obtained the license to market and rent MPP's store space in Serang, Sukabumi, Cianjur and Karawang. This agreement is valid for 3 months after the shopping mall where the store space is located opens for commercial operations. Up to December 31, 2004, only the shopping mall in Karawang has been opened for operations.
- c. In March 2001, MPP, a subsidiary, entered into a rental agreement with PT Citraciti Pasific to rent an 11,000m² store space in Pekanbaru for 20 years, divided into 4 periods, each for 5 years, and starts 4 months after the hand-over of the store space to MPP. As stipulated in the agreement, as of December 31, 2004, MPP has already given Rp3,795 million as rental deposit and Rp5,795 million as down payment.
- d. On March 8, 2001, MPP, a subsidiary, entered into a license agreement with IGA, Inc (IGA) where IGA gave the authority and license to MPP to use IGA's brand name to (i) identify MPP as IGA's member, (ii) distribute and market products that meet IGA's quality and provide services in accordance to IGA's system in MPP's stores, and (iii) affix labels on products that meet IGA's quality standards. On the same date, MPP, a subsidiary, entered into a service agreement with IGA to obtain services and support from IGA, including directions and consultation, international public relations and presence in important events.
- e. In July 2001, MPP, a subsidiary, entered into a rental agreement with PT Benteng Teguh Perkasa to rent an 9,800m² store space in Kramat Jati, Jakarta, for 20 years, with rental price of Rp75,100 million. The rental starts in November 2004. As stipulated in the agreement, MPP has given down payment. As of December 31, 2004, the balance of the rental price was Rp23,581 million. As of December 31, 2004, MPP was still negotiating with the landlord to reduce the rental period from 20 years to 11 years.
- f. In June 2002, MPP, a subsidiary, entered into a property agency agreement with PT Dwimustika Mas (DM) as the franchisee of Coldwell Banker USA to assist MPP in conducting a feasibility study and identifying new locations for new store development in the future. Based on DM's offer letter, in December 2004, MPP agreed to purchase a 19,400m² store space located in Jakarta with a purchase price of Rp206,150 million. As of December 31, 2004, no payment has been made.
- g. On December 27, 2002, MPP, a subsidiary, entered into a management agreement with PT Matahari Graha Fantasi (MGF), a subsidiary of MPP, where MPP agrees to provide consultancy services to MGF. As a compensation, MPP receives annual management fee, calculated as a percentage of MGF's gross profit. This agreement is valid for 12 years commencing from January 1, 2003.
- h. In January 2003, MGF, a subsidiary, entered into a business system license agreement with Avel Pty Limited of Australia (acts as a licensor) where the licensor gives MGF the exclusive license to use TimeZone Business System in Indonesia. As its compensation, the licensor receives an annual royalty, calculated as a percentage of MGF's gross profit. This agreement is valid for 12 years commencing from January 1, 2003
- i. In February 2003, MPP, a subsidiary, entered into a rental agreement with PT Margamas Indah Development to rent a 4,500m² temporary store space and a 14,100m² permanent store space in Ujung Pandang. The rental period of the temporary space is 11 years.
- j. In October 2003, MPP, a subsidiary, entered into a sale and purchase agreement with PT Pendopo Niaga to purchase a 11,000m² store space in Malang for Rp 99,585 million. As stipulated in the agreement, MPP has given a Rp 99,585 million down payment as of December 31, 2004. As of December 31, 2004, the store was not opened yet.
- k. In March 2004, MPP, a subsidiary, entered into a rental agreement with PT Sarana Griya Prasanana Banguna to rent a 10,515m² store space in Solo for 11 years commencing from

the opening date of the store space and is extendable. As of December 31, 2004, the store space was not opened yet.

- l. In May 2004, MPP, a subsidiary, entered into a rental agreement with PT Federal Investindo to rent a 11,950m² store space in Batam. The rental period is from the store space opening date to August 2016 and is extendable.
- m. In June 2004, MPP, a subsidiary, entered into a open book master logistic services agreement with PT Exel Indonesia (Exel) whereby Exel agrees to provide logistics services to MPP. MPP agrees to reimburse all expenses incurred by Exel during the period of its engagement subject to consent from all parties.
- n. In July 2004, MPP, a subsidiary, entered into a rental agreement with PT Govindo Utama to rent a 7,808m² store space in Banjarmasin for 11 years from the store space opening date and is extendable.
- o. In August 2004, MPP, a subsidiary, entered into a rental agreement with PT Donindo Menara Utama to rent a 9,000m² store space in Banjarmasin for 11 years from the store space opening date and is extendable.
- p. In September 2004, MPP, a subsidiary, entered into a rental agreement with PT Santosa Mitra Kalindo to rent a 12,071m² store space in Pontianak for 11 years from the store space opening date and is extendable.
- q. In September 2004, MPP, a subsidiary, entered into a sale and purchase agreement with PT Unitech Prima Indah to purchase a 13,417m² store space in Medan.
- r. In November 2004, MPP, a subsidiary, entered into a cooperation agreement with the city government in Malang to rebuild Pasar Besar Malang located in the city. MPP is responsible for the rebuilding of the burnt store in Pasar Besar Malang.

IX. A SUMMARY OF IMPORTANT FINANCIAL INFORMATION

The following tables depict a Summary of Important Company Financial Information for the years ended December 31, 2004, 2003, 2002, 2001 and 2000. The important financial information presented here are drawn from the Company's financial statements which were previously audited with an unqualified opinion. The Company's financial statements for the years ended December 31, 2004 and 2003 were prepared and audited by the KAP Aryanto Amir Jusuf & Rose, while the Company's financial statements for the years ended December 31, 2002 were prepared and audited by the KAP Prasetio Sarwoko and Sandjaja, and the Company Financial Statements for the years ended December 31, 2001 and 2000 were prepared and audited by the KAP Prasetio Utomo & Co.

(in million Rupiah)

BALANCE SHEET	December 31,				
	2004	2003*	2002*	2001*	2000*
ASSETS					
Cash & cash equivalent	1,078,619	23,990	14,649	23,565	12,848
Short term investment	238,806	41,566	39,269	48,148	44,107
Account receivable	197,815	215,792	203,423	92,253	55,244
Inventory	466,899	31,371	82,043	86,869	29,668
Tax and prepaid expenses	100,864	21,867	33,467	18,322	6,689
Other current	54,470	10,273	19,221	13,243	25,677
Due from related parties	37,165	4,564	1,332	2,376	5,472
Deferred tax asset	5,940	70	13,672	17,965	21,877
Investment in associated companies	81,481	1,059,110	1,030,119	1,025,299	1,013,877
Other long term investment	222,637	93,155	92,581	79,050	20,064
Proforma investment in subsidiaries and associated companies that have been sold	-	-	-	2,027	-
Fixed Assets	1,367,499	51,644	66,385	48,036	23,910
Advances	443,824	600	-	4,250	1,973

Intangible Assets	177,592	6,065	7,009	326	472
Other receivables	5,365	3,642	12,107	-	-
Other non-current assets	393,741	5,615	2,934	4,004	3,555
TOTAL ASSETS	4,872,717	1,569,258	1,618,211	1,463,976	1,265,433
LIABILITIES					
Short term loan and overdraft	441,562	171,967	330,320	247,484	10,000
Promissory Notes	17,116	19,341	26,146	1,400	-
Trade payables & others	616,149	60,919	47,152	45,030	47,751
Tax payables	32,548	9,330	2,745	2,783	2,510
Accrued expenses	357,694	26,893	45,615	33,828	51,938
Current maturities long term debts	81,841	50,652	56,324	4,359	141,943
Other current liabilities	47,845	11,045	12,194	188,690	252,687
Due to related parties	5,582	736	3,209	6,605	11,374
Deferred tax liabilities – net	9,363	38	-	-	70
Promissory Notes	135,622	36,252	66,417	38,976	-
Long term debts - net off current maturities	250,243	272,771	123,744	6,840	23
Bonds – net	822,149	-	-	-	-
Other long term liabilities	81,497	4,925	11,795	11,274	-
TOTAL LIABILITIES	2,899,211	664,869	725,661	587,269	518,296
Minority Interest	1,022,681	-	438	-	-
EQUITY	950,825	904,389	892,112	876,707	747,137
TOTAL LIABILITIES, MINORITY INTEREST AND EQUITY	4,872,717	1,569,258	1,618,211	1,463,976	1,265,433

*) Has been restated according to accounting standard for investment, from cost method to equity method

(in million Rupiah)

PROFIT & LOSS	December 31,				
	2004	2003*	2002*	2001*	2000*
Net Sales, Services and Others	2,506,936	594,388	501,441	578,863	364,474
Cost of Sales and Services	1,823,629	476,688	399,186	465,228	281,425
Gross Profit	683,307	117,700	102,255	113,635	83,049
Operating Expenses	534,938	68,625	65,200	52,052	41,771
Income from operations	148,369	49,075	37,055	61,583	41,278
Other income (charges)	(83,900)	(59,800)	(38,155)	(9,845)	(25,137)
Income (loss) before equity in net earnings of associates	64,469	(10,725)	(1,100)	51,738	16,141
Equity in net earnings of associates – net	18,307	42,663	36,480	15,972	100,443
Income before loss from discontinuing operations	82,776	31,938	35,380	67,710	116,584
Net loss from discontinuing operations	-	(18,757)	(14,992)	(230)	184
Income before income tax expenses	82,776	13,181	20,388	67,480	116,768
Income tax expenses	(19,182)	(13,640)	(4,248)	(4,641)	(34)
Minority interest	(40,467)	-	-	-	-
Net Income (loss) before extraordinary item	23,127	(459)	16,140	62,839	116,734
Extraordinary item	-	11,771	-	74,340	3,501
Net income	23,127	11,312	16,140	137,179	120,235

*) Has been restated according to accounting standard for investment, from cost method to equity method

Key Financial Ratio	December 31,				
	2004	2003*	2002*	2001*	2000*
Growth Ratio					
Net and services	321.8%	18.5%	-13.4%	58.6%	n/a
Cost of sales and services	282.6%	19.4%	-14.2%	65.3%	n/a

Operating expenses	679.5%	5.3%	25.3%	24.6%	n/a
Income from operations	202.3%	32.4%	-39.8%	49.2%	n/a
Other income (charges)	40.3%	56.7%	287.6%	-60.8%	n/a
Net income	104.4%	-29.9%	-88.2%	14.1%	n/a
Total assets	210.5%	-3.0%	10.5%	15.7%	n/a
Total liabilities	336.1%	-8.4%	23.6%	13.3%	n/a
Equity	5.1%	1.4%	1.8%	17.3%	n/a
Operating Ratio					
Gross profit margin	27.3%	19.8%	20.4%	19.6%	22.8%
Operating profit margin	5.9%	8.3%	7.4%	10.6%	11.3%
Net profit margin	0.9%	1.9%	3.2%	23.7%	33.0%
Operating profit/equity	15.6%	5.4%	4.2%	7.0%	5.5%
ROE	2.4%	1.3%	1.8%	15.6%	16.1%
ROA	0.5%	0.7%	1.0%	9.4%	9.5%
Financial Ratio					
Current ratio	134.0%	98.5%	75.3%	54.0%	33.6%
Debt to equity including minority rights	304.9%	73.5%	81.3%	67.0%	69.4%
Debt to asset	59.5%	42.4%	44.8%	40.1%	41.0%

X. EQUITY

The following Tables show the Company's equity position for the years ended December 31, 2004, 2003 and 2002. The financial information for these tables are drawn from the Company's financial statements which were prepared and audited by the Public Accounting Firm of Aryanto Amir Jusuf & Rose, with an unqualified opinion and for the year ended December 31, 2002 are from the Company's financial statements which were prepared and audited by Kantor Akuntan Publik Prasetio, Sarwoko dan Sandjaja, with an unqualified opinion.

	(in million Rupiah)		
	December 31,		
	2004	2003*	2002*
Capital stock	935,884	935,884	935,884
Additional paid up capital	32,313	32,313	32,313
Changes in Equity transaction of a subsidiaries/associates	(2,671)	(25,575)	(26,176)
Unrealized loss on available for sales securities	(3,245)	(3,650)	(4,200)
Translation adjustment	-	-	186
Deficit	(11,456)	(34,583)	(45,895)
Total equity	950,825	904,389	892,112

* Restated in connection with the change of calculating investment from cost basis to equity basis accounting.

In connection with the Rights Issue III, the Company's equity was changed pursuant to the statement of decision of the meeting as enacted in Notary deed Poerbaningsih Adi Warsito, SH., No. 84 dated March 30, 2005, and has been reported to The Minister of Justice and Human Rights, Republic of Indonesia in his letter No. C-09157 HT.01.04 year 2005 dated April 5, 2005, specifying the agreement to change the par value of unissued capital to Rp125 per share, so that the Company's shares will consist of 2 (two) share types, specifically:

1. Share A Class with value of Rp500 per share
2. Share B Class with value of Rp125 per share

There is no difference in rights or rank between Class A and Class B Shares.

With reference to the aforementioned:

- a. the authorized capital of the Company, which is equal to Rp3,742,500,000,000 will become divided into 1,871,768,000 Class A Shares with a value of Rp500 per share and 22,452,928,000 Class B Shares with a value of Rp125 per share.
- b. From the total authorized capital of 1,871,768,000 Class A Shares a total of Rp935,884,000,000 has been placed and remitted in full.

The Company has submitted a registration statement to the head of BAPEPAM in connection with the Rights Issue III where each owner of 4 (four) shares with his name registered in the Shareholders Registry as of June 8, 2005 at 16:00 WIB will be entitled to 5 (five) Pre-Emptive Rights ("HMETD") to buy 5 (five) new shares with a nominal value of Rp125 (one hundred twenty five Rupiah) for every share owned at the offering price of Rp125 (one hundred twenty five Rupiah) per share.

The table below illustrates the proforma equity structure of the Company assuming that all shares in this Rights Issue III in the amount of 2,339,710,000 (two billion three hundred thirty nine million seven hundred ten thousand) shares with a nominal value of Rp125 (one hundred twenty five Rupiah) for every share are fully subscribed with an offer price of Rp125 (one hundred twenty five Rupiah) for every share on December 31, 2004:

(in million Rupiah)						
Description	Capital Stock	Additional paid up capital	Changes in Equity transaction of a Subsidiary/ Associated Companies	Unrealized loss on available for sales securities	Deficit	Total Equity
Equity as of December 31, 2004, at nominal value Rp 500	935,884	32,313	(2,671)	(3,245)	(11,456)	950,825
Change in Equity assuming the Rights Issue III on December 31, 2004 in the amount of 2,339,710,000 shares at the offer price of Rp125 per share with a nominal value of Rp125 per share	292,463	-	-	-	-	292,463
Proforma equity on December 31, 2004 after the Rights Issue III with a nominal value of Rp125.	1,228,347	32,313	(2,671)	(3,245)	(11,456)	1,243,288

XI. DIVIDEND POLICY

Shareholders of Class B Shares as a result of the Rights Issue III are entitled to the same rights, and are on an equal basis in all matters with the Company's old Stockholders including dividend rights.

According to the laws and regulations in Indonesia, the payment of dividends has to be approved by an AGM pursuant to the recommendation of the Directors.

The Company is obliged to pay a cash dividend at least once every year. Given that the Company is also a parent company, hence, apart from the earnings it derives from its own business activities, the amount of cash dividend payments it declares is closely correlated with the earnings of its subsidiary companies and/or the dividend that Company receives from the subsidiary companies during the year, while maintaining the financial health level of the Company and the subsidiary companies and without lessening the power of the AGM and

subject to the creditors' approval and other relevant parties in its determination in pursuant to the Company's Articles of Association.

With the aforementioned consideration, hence, for the fiscal year 2004 and thereon, the Directors proposed the dividend policy to be as follows:

Income after tax	Percentage cash dividend to income after tax
	Up to Rp 100 billion 10 % - 15 %
More than Rp 100 billion	15 % - 25 %

DIVIDEND PAYMENT HISTORY

The following table shows the Company's dividend payment history:

Payment Date	Fiscal Year	AGM Date	Dividend/Share (Rp)	Total Dividend Paid (Rp)
-	July 1989-June 1990	11 September 1990	185	2,144,180,000
-	July 1990-June 1991	11 September 1991	240	2,742,720,000
16 November 1992	July 1991-June 1992	11 September 1992	240	2,742,720,000
16 November 1993	July 1992-June 1993	11 September 1993	35	1,199,940,000
16 November 1994	July 1993-June 1994	11 September 1994	45	1,542,780,000
12 November 1995	July 1994-June 1995	11 September 1995	55	1,885,620,000
12 November 1996	July 1995-June 1996	11 September 1996	16	2,194,176,000 *)

Notes:

*) Dividend/share with the assumption that the number of shares outstanding were 137,136,000 shares. In the 1996 annual report, dividend/share was Rp16, while in the 1997 annual report, dividend/share was Rp8 (after Rights Issue II). Assuming that the dividend was paid out to the number of shares outstanding as of June 30, 1996, dividend/share was Rp 16.

XII. TAXATION

Income tax on dividend earned or received by shareholders is calculated and treated according to the applicable rulings.

The following is the summary of all tax consequences in Indonesia arising from owning and selling shares in limited liability companies registered in Indonesia with the following definitions:

“Foreign Citizen” is a person whose nationality is not Indonesian and who is not located or does not reside in Indonesia for more than 183 (one hundred eighty three) days or more in a period of 12 (twelve) months.

“Foreign Legal Entity” is a company or business unit that is established under Indonesian laws, established or domiciled outside of Indonesia or do not conduct or conduct its business through a permanent entity in Indonesia.

“Local Citizens” is a person who resides in Indonesia or a person who is in Indonesia for over 183 (one hundred eighty three) days in a period of 12 (twelve) months, or a person who in one tax year is in Indonesia and has the intention to reside in Indonesia.

“Local Legal Entity” is a legal entity that is ruled to have been established and domiciled in Indonesia.

“Indonesian shareholder” is Indonesian citizen or local entity that owns shares.

DIVIDEND DISTRIBUTED TO FOREIGN SHAREHOLDERS

Dividend on shares that is announced by the Company from its retained earnings and distributed to foreign shareholders will be subjected to income tax in Indonesia at a current rate of 20% (twenty percent) from the distributed amount (for cash distribution) or from the distribution value for the shares owned by the shareholders (usually calculated on the nominal value of the shares for share distribution). In accordance with any applicable tax treaty, the income tax rate could be lower if the dividend receiver is the real receiver and can produce proof of domicile issued by the country with whom Indonesia has the tax treaty. Currently, Indonesia has tax treaties with more than 50 countries including Australia, Belgium, Canada, France, Germany, Netherlands, Singapore, Sweden, England and the United States.

DIVIDEND DISTRIBUTED TO SHAREHOLDERS

Dividend announced by the Company and distributed to Indonesian shareholders is in general subjected to an income tax of 15%. Exemptions, according to clause 4 (3) of the Income Tax Bill No. 7 year 1983 which was later changed to Bill No. 17 year 2000, are applicable to dividends received or earned by limited liability companies which are subjects to domestic taxation, cooperatives, state-owned enterprises, local government owned enterprises, from capital of an entity established and domiciled in Indonesia that is not object to income tax. This applies to dividends that come from retained earnings reserve and ownership is minimum 25% of in the distributing entity’s fully paid capital and has to have active business outside of that stock ownership.

According to the decree of the Ministry of Finance of the Republic of Indonesia No. 651/KMK.04/1994 dated December 29, 1994, income earned or received from investment in securities traded in a stock exchange in Indonesia by a pension fund whose establishment has been approved by the Ministry of Finance of the Republic of Indonesia will not become an object to the income tax.

GAIN FROM SALE OF ASSETS

According to the existing tax rulings in Indonesia, income earned from the sale of shares that are not listed in a stock exchange that is received by foreign shareholder will be subjected to a 20% (twenty percent) income tax from the expected net proceeds or 5% from the gross proceeds.

According to the Government of the Republic Indonesia Act No. 14 year 1997, any sale of shares at a stock exchange in Indonesia is subjected to a final tax of 0.1% from the gross value of the sale and is executed by the stock broker. There is no other outstanding tax. However, founder shareholders are taxed an additional income tax of 0.55% from the shares price at IPO regardless whether the shares are held or sold by choice on income from the sale based on the rate determined in clause 17 of Bill No. 17 year 2000 when the shares are sold.

In some tax treaties there are requirements to exempt the income tax. In that case, the income recipient has to produce proof of domicile issued by the authority in the country with whom the tax treaty is.

PRE-EMPTIVE RIGHTS (“HMETD”)

HMETD distribution to Indonesian shareholders

According to current tax ruling, HMETD distribution is not an income tax object, unless if HMETD is sold to its shareholders. According the decree by Direktur Jenderal Pajak No. SE-03/PJ.42/1993 dated January 29, 1993 concerning income taxes on HMETD if the shareholders sell the HMETD, the sale proceeds are an income tax object.

HMETD distribution to foreign shareholders

Proceeds from the sale of HMETD received by a foreign shareholder are taxed at 20% of income tax from the expected net proceeds. However, given that the expected net proceeds are not determined, the tax is still under debate.

In some tax treaties, there are requirements to exempt the income tax. In that case, the income recipient has to produce proof of domicile issued by the authority in the country with whom the tax treaty is.

STAMP DUTY

Sale shares in Indonesia are subject to stamp duty of Rp6,000 (six thousand rupiah) for transactions greater than Rp1,000,000 (one million rupiah) and stamp duty of Rp3,000 (three thousand rupiah) for transactions greater than Rp 250,000 (two hundred fifty thousand rupiah) up to Rp1,000,000 (one million rupiah). No stamp duty is required for transactions up to Rp250,000 (two hundred fifty thousand rupiah).

On April 14, 2005, the Company received a fiscal statement from the tax office No. SR-87/WPJ.07/BD.04/2005. Based on the statement, the Company does not have any tax payable as of the date of the statement.

Tax year	Taxable income
2002	Rp 4,788,326,533
2003	Rp 9,103,476,403
2004	Rp 27,297,750,641

Potential subscribers in this Rights Issue III are encouraged to consult their respective tax consultant regarding the tax consequences that may arise from the purchase, ownership or sale of shares that are purchased from this Rights Issue III.

XIII. PROFESSIONAL SUPPORTING PARTIES

The professional supporting parties who are assisting and playing a part in the execution of this Rights Issue III are as follows:

1. Legal Consultant : **Makes & Partners**
Menara Batavia
Jl. K.H. Mas Mansyur Kav. 126
Jakarta 10220

Description :

To conduct legal audit on facts pertaining to the Company provided by the Company to the Legal Consultant. The audit results have been included in the Legal Audit Report, which is an explanation of the Company's legal aspects and becomes the basis and an inseparable part of the Legal Opinion that was provided objectively and independently.

- 2. Certified Public Accountant** : **Aryanto Amir Jusuf & Mawar**
Samudera Indonesia Building, Lantai 3, 3A dan 5
Jl. Jenderal S Parman Kav. 35
Jakarta 11480

Description :

To conduct accounting audit based on accounting standards set by the Indonesian Accounting Association. In those standards, an accountant has to plan and conduct an audit to ascertain that a financial report has been prepared without material mistakes. In this regard, an accountant is responsible for the opinion that s/he gives on the audited financial report.

The audit conducted by the accountant includes an audit on the proofs that support the numbers and disclosure in the financial report, an assessment on the accounting principles used in the financial report and on the management's estimates that are significant and an assessment on the reporting of the financial report in its entirety.

- 3. Notary Public** : **T. Poerbaningsih, SH**
Jl. Panglima Polim V/ 11
Kebayoran Baru
Jakarta Selatan

Description :

To prepare deeds and minutes of an AGM and agreements in relation to any public offering of shares, in accordance to Regulations and Code of Ethics for Public Notaries, and to attend meetings discussing all aspects in relation to any public offerings, save for meetings regarding financial, price determination and marketing strategy.

- 4. Share Registrar** : **PT Sharestar Indonesia**
Citra Graha Lantai 3
Jl. Jenderal Gatot Soebroto Kav. 35-36
Jakarta 12950

Description :

To conduct share administration and to act as settlement agent to perform, among others, sending HMETD certificate to every shareholder, splitting HMETD certificate upon request, receive additional share subscription form, send prospectus to rightful shareholders, be responsible for the receipt of HMETD certificate and additional share subscription form, issue and deliver collective shares to shareholders according to the timetable.

All Professional Supporting Parties save for PT Sharestar Indonesia, firmly express that they are not directly or indirectly affiliated to the Company, as defined in the UPM.

XIV. THE COMPANY'S AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements for the years ended December 31, 2004 and 2003, as audited by KAP Amir Jusuf & Mawar.



MULTIPOLAR

Grow and Prosper Together

**STATEMENT FROM THE DIRECTORS
REGARDING
THEIR RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
OF PT MULTIPOLAR CORPORATION TBK (THE “COMPANY”)
FOR THE YEAR ENDED DECEMBER 31, 2004**

No.: CSS.023-2005

We, the undersigned:

1. Name : Jefrey K. Wonsono
Office address : Menara Matahari 17/f
Jalan Palem Raya Bulevar No. 17
Lippo Karawaci, Tangerang
Home address : Jalan Pluit Selatan III/17, North Jakarta
Telephone : 5577-7000
Title : President director

2. Name : Lay Krisnan Cahya
Office address : Menara Matahari 17/f
Jalan Palem Raya Bulevar No. 17
Lippo Karawaci, Tangerang
Home address : Jalan Kembang Ayu Utama F9/43, West Jakarta
Telephone : 5577-7000
Title : Director

hereby state the following:

1. We are responsible for the preparation and reporting of the Company’s financial statements.
2. The Company’s financial statements were prepared and reported in accordance with generally applicable accounting principles.
3. a. All the information in the Company’s financial statements has been included completely and accurately
b. The Company’s financial statements do not contain material information or facts that are inaccurate and do not omit material information or facts
4. We are responsible for the Company’s internal control system.

This statement is prepared truthfully.

Lippo Karawaci, March 18, 2005

(Sd.)
Jefrey K. Wonsono
President Director

(Sd.)
L. Krisnan Cahya
Director

Number : R/220/05/05**Independent Auditors' Report**

The Stockholders, Commissioners and Directors

PT Multipolar Corporation Tbk

We have audited the consolidated balance sheets of PT Multipolar Corporation Tbk and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. As described in Notes 1.c and 3 to the consolidated financial statements, on September 27, 2004, the Company increased percentage of ownership in PT Matahari Putra Prima Tbk (MPP) from 47.44% to 50.10%. Accordingly, the Company's consolidated financial statements for the year ended December 31, 2004 included the consolidated financial statements of MPP and its subsidiaries. We did not audit the consolidated financial statements of PT Matahari Putra Prima Tbk and subsidiaries, which its consolidated financial statements reflect total assets of Rp 4,086,018 million as of December 31, 2004 and net income of Rp 125,338 million for the year then ended. The consolidated financial statements of PT Matahari Putra Prima Tbk and subsidiaries were audited by other independent auditor whose report expressing unqualified opinion, and which report have been furnished to us, and our opinion, insofar as it relates to the amounts for PT Matahari Putra Prima Tbk and subsidiaries, is based solely on the report of other auditor.

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

In our opinion, based on our audit and the report of other independent auditor as described above, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PT Multipolar Corporation Tbk and subsidiaries as of December 31, 2004 and 2003, and the results of their operations, their changes in stockholders' equity, and their cash flows for the years then ended, in conformity with generally accepted accounting principles in Indonesia.

As described in Note 9.a to the consolidated financial statements, in 2004 the Company through PT Reksa Puspita Karya, a subsidiary, increased its percentage of ownership in PT Broadband Multimedia Tbk from 18.58% to 20.18% which resulted in a change in accounting for investment from cost method to equity method. This change is applied retrospectively,

accordingly, the Company's consolidated financial statements for the year ended December 31, 2003 has been restated.

Before this report, we have issued independent auditors' report No. R/139/03/05 dated March 18, 2005 of the consolidated financial statements for the years ended December 31, 2004 and 2003 with unqualified opinion. In the connection of Limited Public Offering III as described in Note 38 to the consolidated financial statements, the Company reissued its consolidated financial statements for the years ended December 31, 2004 and 2003 include several changes in presentation on the consolidated balance sheets and the consolidated statements of cash flows, and additional disclosures in notes to the previous consolidated financial statements.

(Signed)

Drs. Aryanto Agus Mulyo
License No.: 98.1.0076

Jakarta June 3, 2005

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

The standards, procedures and practices utilized in Indonesia to audit such financial statements may differ from those generally accepted in countries and jurisdictions other than Indonesia.

R/220/05/05

**PT MULTIPOLAR CORPORATION Tbk
AND SUBSIDIARIES**

CONSOLIDATED BALANCE SHEETS

As of December 31, 2004 and 2003

(In Million Rupiah, except Share Data)

ASSETS	<i>Note</i>	2004	2003
		Rp	Restated, see Note 9.a) Rp
CURRENT ASSETS			
Cash and Cash Equivalents	2.c, 2.e, 2.r, 4, 30, 31	1,078,619	23,990
Short-term Investments	2.d, 5		
Related Parties	2.e, 31	89,772	613
Third Parties	2.r, 30	149,034	40,953
Accounts Receivable	2.e, 2.f, 2.r, 30, 31		
Trade	6		
Related Parties		44,179	59,874
Third Parties			
<i>(Net of allowance for doubtful accounts of Rp 973 and Rp 1,234 as of December 31, 2004 and 2003, respectively)</i>		112,353	132,919
Others	7		
Third Parties			
<i>(Net of allowance for doubtful accounts of Rp 0.23 as of December 31, 2004 and 2003, respectively)</i>		41,283	22,933
Inventories			
<i>(Net of allowance for inventory obsolescence of Rp 3,506 and Rp 5,387 as of December 31, 2004 and 2003, respectively)</i>	2.g, 8	466,899	31,371
Prepaid Taxes and Expenses	2.e, 2.h, 2.u, 18.a, 31	100,864	21,867
Other Current Assets	2.r, 30, 31	54,470	10,273
Total Current Assets		<u>2,137,473</u>	<u>344,793</u>

See the Accompanying Notes which are an integral part of these Consolidated Financial Statements

**PT MULTIPOLAR CORPORATION Tbk
AND SUBSIDIARIES**

CONSOLIDATED BALANCE SHEETS

As of December 31, 2004 and 2003

(In Million Rupiah, except Share Data)

ASSETS	<i>Note</i>	2004	2003
		Rp	Restated, see Note 9.a) Rp
NON-CURRENT ASSETS			
Due from Related Parties	2.e, 31	37,165	4,564
Deferred Tax Assets - Net	2.u, 18.b	5,940	70
Investment in Associates	2.d, 2.e, 9, 31	81,481	1,059,110
Other Long-term Investments	2.d, 2.e, 10, 31	222,637	93,155
Property and Equipment <i>(Net of accumulated depreciation of Rp 922,694 and Rp 50,701 as of December 31, 2004 and 2003, and allowance for possible loss from disposal of properties and equipment of Rp 69,073 as of December 31, 2004, respectively)</i>	2.i, 2.j, 2.k, 11	1,367,499	51,644
Advances	12	443,824	600
Intangible Assets <i>(Net of accumulated amortization of Rp 90,035 and Rp 3,292 as of December 31, 2004 and 2003, respectively)</i>	2.m	177,592	6,065
Other Trade Receivables	2.e, 2.f, 6, 31	5,365	3,642
Other Non-Current Assets - Net	2.e, 2.h, 2.r, 30, 31	393,741	5,615
Total Non-Current Assets		2,735,244	1,224,465
TOTAL ASSETS		4,872,717	1,569,258

Total assets of the discontinuing subsidiaries of Rp 51,092 in 2003 (before intercompany eliminations - see Note 2.t)

See the Accompanying Notes which are an integral part of these Consolidated Financial Statements

R/220/05/05

**PT MULTIPOLAR CORPORATION Tbk
AND SUBSIDIARIES**

CONSOLIDATED BALANCE SHEETS (Continued)

As of December 31, 2004 and 2003

(In Million Rupiah, except Share Data)

LIABILITIES, MINORITY INTEREST AND STOCKHOLDERS' EQUITY	<i>Note</i>	2004	2003
		Rp	Restated, see Note 9.a)
			Rp
CURRENT LIABILITIES			
Short-term Loans and Overdraft	2.r, 14, 30	441,562	171,967
Promissory Notes	2.r, 15, 30	17,116	19,341
Accounts Payable	2.e, 2.r, 30, 31		
Trade	16		
Related Parties		280	53
Third Parties		482,830	59,521
Others			
Third Parties	17	133,039	1,345
Taxes Payable	2.u, 18.c	32,548	9,330
Accrued Expenses	2.e, 2.r, 19, 30, 31	357,694	26,893
Current Maturities of Long-term Debts			
Promissory Notes	15	--	14,370
Loans	2.r, 21, 30	68,798	36,282
Obligation to Non-Financial Institution	2.r, 22, 30	12,905	--
Obligations Under Capital Lease	2.j	138	--
Other Current Liabilities	2.e, 2.r, 17, 30, 31	47,845	11,045
Total Current Liabilities		1,594,755	350,147
NON-CURRENT LIABILITIES			
Due to Related Parties	2.e, 31	5,582	736
Deferred Tax Liabilities - Net	2.u, 18.b	9,363	38
Promissory Notes	2.e, 15, 31		
Related Parties		72,550	17,550
Third Parties		63,072	18,702
Long-term Debts - Net of Current Maturities	2.r, 21, 30	250,243	272,771
Bonds - Net	2.o, 2.p, 20	822,149	--
Other Long-term Payables - Net	2.e, 2.l, 2.r, 22, 30, 31	81,497	4,925
Total Non-Current Liabilities		1,304,456	314,722
MINORITY INTEREST		1,022,681	--

See the Accompanying Notes which are an integral part of these Consolidated Financial Statements

R/220/05/05

**PT MULTIPOLAR CORPORATION Tbk
AND SUBSIDIARIES**

CONSOLIDATED BALANCE SHEETS (Continued)

As of December 31, 2004 and 2003

(In Million Rupiah, except Share Data)

LIABILITIES, MINORITY INTEREST AND STOCKHOLDERS' EQUITY	<i>Note</i>	2004	2003 <i>Restated, see Note 9.a)</i>
		Rp	Rp
STOCKHOLDERS' EQUITY			
Capital Stock - par value of Rp 500 per share Authorized Capital 7,485,000,000 shares Issued and Fully Paid 1,871,768,000 shares	23	935,884	935,884
Additional Paid in Capital – Net	24	32,313	32,313
Changes in the Equity Transaction of a Subsidiary/ Associates	2.d, 25	(2,671)	(25,575)
Unrealized Loss on Available for Sale Securities	2.d, 10.c	(3,245)	(3,650)
Deficit		(11,456)	(34,583)
Total Stockholders' Equity		950,825	904,389
TOTAL LIABILITIES, MINORITY INTEREST AND STOCKHOLDERS' EQUITY		<u>4,872,717</u>	<u>1,569,258</u>

Total liabilities of the discontinuing subsidiaries of Rp 76,373 in 2003 (before intercompany eliminations - see Note 2.t)

See the Accompanying Notes which are an integral part of these Consolidated Financial Statements

**PT MULTIPOLAR CORPORATION Tbk
AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF INCOME

For the Years ended December 31, 2004 and 2003

(In Million Rupiah)

	<i>Note</i>	2004	2003 <i>(Restated, see Note 9.a)</i>
		Rp	Rp
NET SALES, SERVICES AND OTHER OPERATING REVENUES	2.e, 2.q, 26, 31	2,506,936	594,388
COST OF SALES AND SERVICES	2.e, 2.q, 27	<u>1,823,629</u>	<u>476,688</u>
GROSS PROFIT		683,307	117,700
OPERATING EXPENSES	2.e, 2.q, 28		
Selling		239,596	15,805
General and Administrative		295,342	52,820
Total Operating Expenses		534,938	68,625
INCOME FROM OPERATIONS		148,369	49,075
OTHER INCOME (CHARGES)			
Interest Income	2.e, 31	17,972	4,890
Gain on Increase in Market Value of Marketable Securities - Net		341	239
Loss on Foreign Exchange - Net	2.r	(7,841)	(2,043)
Loss on Disposals of Property and Equipment - Net	2.i	(2,763)	(3,421)
Interest Expense and Other Financing Costs	2.e, 31	(98,372)	(58,524)
Gain on Disposal of Investment		14,483	--
Others - Net		(7,720)	(941)
Total Other Charges – Net		(83,900)	(59,800)
INCOME (LOSS) BEFORE EQUITY IN NET EARNINGS OF ASSOCIATES		64,469	(10,725)
EQUITY IN NET EARNINGS OF ASSOCIATES - NET	2.d, 2.e, 8, 31	18,307	42,663
INCOME BEFORE LOSS FROM DISCONTINUING OPERATIONS		82,776	31,938
NET LOSS FROM DISCONTINUING OPERATIONS	2.t	--	(18,757)
INCOME BEFORE INCOME TAX		82,776	13,181
INCOME TAX EXPENSE	2.u, 18.a		
Current		(546)	--
Deferred		(18,636)	(13,640)
Total Income Tax Expense		(19,182)	(13,640)
NET INCOME (LOSS) BEFORE MINORITY INTEREST		63,594	(459)
MINORITY INTEREST		(40,467)	--
NET INCOME (LOSS) BEFORE EXTRAORDINARY ITEM		23,127	(459)
EXTRAORDINARY ITEM	2.v	--	11,771
NET INCOME		23,127	11,312

See the Accompanying Notes which are an integral part of these Consolidated Financial Statements

R/220/05/05

PT MULTIPOLAR CORPORATION Tbk
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (Continued)
For the Years ended December 31, 2004 and 2003
(In Million Rupiah)

	<i>Note</i>	2004	2003 <i>(Restated, see Note 9.a)</i>
		Rp	Rp
BASIC EARNING PER SHARE (In Full Rupiah)	2.w		
Income before Income Tax Expense		<u>44.22</u>	<u>7.04</u>
Net Income (Loss) before Extraordinary Item		<u>12.36</u>	<u>(0.25)</u>
Net Income		<u>12.36</u>	<u>6.04</u>

See the Accompanying Notes which are an integral part of these Consolidated Financial Statements

R/220/05/05

**PT MULTIPOLAR CORPORATION Tbk
AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the Years Ended December 31, 2004 and 2003

(In Million Rupiah)

	<i>Note</i>	<i>Capital Stock</i>	<i>Additional Paid in Capital</i>	<i>Changes in the Equity Transaction of a Subsidiary/ Associates</i>	<i>Unrealized Gain (Loss) on Available for Sale Securities</i>	<i>Translation Adjustment</i>	<i>Deficit</i>	<i>Total Stockholders ' Equity</i>
		Rp	Rp	Rp	Rp	Rp	Rp	Rp
BALANCE AS OF DECEMBER 31, 2002 As Previously Reported		935,884	32,313	96,624	(4,200)	186	(14,520)	1,046,287
Adjustment of Change in Cost Method to Equity Method	9.a	--	--	(122,801)	--	--	(31,375)	(154,176)
BALANCE AS OF DECEMBER 31, 2002 After Restated		935,884	32,313	(26,177)	(4,200)	186	(45,895)	892,111
Changes in the Equity Transaction of a Subsidiary/Associates	2.d	--	--	602	--	--	--	602
Unrealized Gain on Available for Sale Securities	2.d	--	--	--	550	--	--	550
Translation Adjustment	2.r	--	--	--	--	(186)	--	(186)
Net Income		--	--	--	--	--	11,312	11,312
BALANCE AS OF DECEMBER 31, 2003		935,884	32,313	(25,575)	(3,650)	--	(34,583)	904,389
Changes in the Equity Transaction of a Subsidiary/Associates	2.d	--	--	22,904	--	--	--	22,904
Unrealized Gain on Available for Sale Securities	2.d	--	--	--	405	--	--	405
Net Income		--	--	--	--	--	23,127	23,127
BALANCE AS OF DECEMBER 31, 2004		935,884	32,313	(2,671)	(3,245)	--	(11,456)	950,825

See the Accompanying Notes which are an integral part of these Consolidated Financial Statements

R/220/05/05

**PT MULTIPOLAR CORPORATION Tbk
AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2004 and 2003

(In Million Rupiah)

	2004	2003
	Rp	Rp
CASH FLOWS FROM OPERATING ACTIVITIES		
Collections from Customers	2,575,992	581,977
Cash Disbursements During the Year For:		
Suppliers	(1,819,127)	(386,146)
Salaries, Allowance and Employees Benefits	(155,396)	(43,515)
Operating Expenses (Excluding Salaries, Allowance and Employees Benefits)	(207,476)	(25,244)
Net Cash Receipt from Operations	<u>393,993</u>	<u>127,072</u>
Receipt (Payment) for Taxes	(7,608)	5,575
Other Expenses - Net	<u>(11,973)</u>	<u>(658)</u>
Net Cash Flows Provided by Operating Activities	374,412	131,989
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in Short-term Investments	37,017	15,335
Increase in Short-term Investments	(2,481)	(17,394)
Addition on Investment in Associate	(63,784)	--
Cash Dividend Receipt	15,464	14,274
Addition on Other Long-term Investment	(34,975)	--
Disposal of Other Long-term Investments	8,868	--
Proceeds from Disposal of Property and Equipments	1,496	198
Acquisitions of Property and Equipment	(101,786)	(1,931)
Addition in Advances	(140,596)	(600)
Acquisitions of Intangible Assets	--	(522)
Net Decrease in Other Non-Current Assets	<u>(3,626)</u>	<u>--</u>
Net Cash Flows Provided by Investing Activities	(284,403)	9,360
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase in Due from Related Parties	(759)	(47,773)
Net Decrease in Due to Related Parties	(1,367)	(567)
Proceeds from Short-term Loans and Promissory Notes	471,345	185,953
Repayment of Short-term Loan and Promissory Notes	(200,600)	(341,243)
Proceeds from Long-term Debts and Promissory Notes	140,995	264,497
Repayment of Long-term Debt and Promissory Notes	(52,264)	(26,220)
Repayment of Obligation Under Capital Lease	(56)	--
Proceeds from Bonds Issuance	134	--
Payment for Estimated Liabilities for Losses of Disposed Subsidiaries	--	(105,800)
Interest Expenses and Other Financing Costs	<u>(101,183)</u>	<u>(58,524)</u>
Net Cash Flows Provided by (Used in) Financing Activities	256,245	(129,677)

See the Accompanying Notes which are an integral part of these Consolidated Financial Statements

R/220/05/05

**PT MULTIPOLAR CORPORATION Tbk
AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended December 31, 2004 and 2003

(In Million Rupiah)

	2004 Rp	2003 Rp
NET INCREASE IN CASH AND CASH EQUIVALENTS	346,254	11,672
NET DECREASE IN CASH AND CASH EQUIVALENTS FROM DISCONTINUING OPERATION	--	(2,331)
NET INCREASE IN CASH AND CASH EQUIVALENTS OF THE ENTITY AS THE WHOLE	346,254	9,341
CASH AND CASH EQUIVALENTS OF SUBSIDIARIES ON ACOUISITION DATE	708,375	--
TOTAL CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	23,990	14,649
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>1,078,619</u>	<u>23,990</u>
Cash and Cash Equivalents at The End of the Year consist of:		
Cash on Hand	16,972	43
Cash in Banks	1,014,644	23,808
Time Deposits	47,003	139
Total	1,078,619	23,990

SUPPLEMENTAL CASH FLOW INFORMATION

Activities not Affecting Cash Flows:

Reclassification from Advances Purchase of Property and Equipment and Non Operating Assets to Property and Equipment	34,295	3,664
Changes in the Equity Transaction of a Subsidiary/Associates	22,904	602
Unrealized Gain of Available for Sale Securities	405	550
Gain on Loan Restructuring	--	11,771
Receivables Arising from Disposal of Investment in Associates	--	5,823
Acquisition of Land through Settlement of Trade Receivables	--	965

See the Accompanying Notes which are an integral part of these Consolidated Financial Statements

PT MULTIPOLAR CORPORATION Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2004 and 2003

(In Million Rupiah and Thousand US Dollar, except Share Data)

1. General

1.a. The Company's Establishment

PT Multipolar Corporation Tbk (the Company) was incorporated in the Republic of Indonesia on December 4, 1975 based on notarial deed No. 7 of Adlan Yulizar, S.H., as amended by notarial deed No. 80 of Raden Santoso, S.H., dated January 22, 1980. The deed of establishment and its amendment were approved by the Minister of Justice in his decree No. C2-1093.HT.01.01.Th.82 dated September 3, 1982 and were published in the State Gazette No. 84, Supplement No. 938 dated October 20, 1987. The articles of association has been amended several times, the latest based on notarial deed No. 65 dated July 29, 2002 of Indah Fatmawati, S.H., substitute notary for Poerbaningsih Adi Warsito, S.H., concerning among others, the changes in Articles 11 and 14 regarding the structure of the Boards of Commissioners and Directors. The amendments were acknowledged by the Minister of Justice and Human Rights in his letter No. C-18641.HT.01.04.TH.2002 dated September 26, 2002.

The Company is primarily engaged in systems integration services, including importation, trading, distribution and servicing of computers and related products, rental of computer equipment, management and informatics engineering services, and also acts as IBM business partner (system integration, system remarketer and PS 2 advance function).

The Company is domiciled in Jakarta. Its head office is located in Menara Matahari, Palem Raya Boulevard No. 7, Lippo Karawaci - Tangerang, Banten.

The Company started its commercial operations on December 4, 1975.

1.b. Company's Public Offerings

On September 18, 1989, by virtue of the letter of the Minister of Finance No. SI-052/SHM/MK.10/1989, the Company offered 3,428,000 shares to the public. All of the issued shares have been listed on the Jakarta Stock Exchange in 1989 and on the Surabaya Stock Exchange in 1990. In 1996 and 1997, the Company listed additional 102,852,000 shares (at par value of Rp 1,000 per share) and 1,508,496,000 new shares (at par value of Rp 500 per share) on the Jakarta and Surabaya Stock Exchanges in connection with Limited Public Offering of Rights Issue I and II, respectively.

In the Extraordinary Stockholders' General Meeting held on February 15, 2000, as covered by notarial deed No. 44 dated February 15, 2000 of Poerbaningsih Adi Warsito, S.H., the stockholders approved the issuance of 89,138,400 new shares other than Limited Public Offering to strategic investors. However, only 89,000,000 new shares were approved for listing outside of Limited Public Offering by PT Bursa Efek Jakarta in its letter No. S-2183/BEJ.EEM/07/2000 dated July 24, 2000 and by PT Bursa Efek Surabaya in its letter No. 005/EMT/LIST/BES/IV/2000 dated April 18, 2000.

As of December 31, 2004, all of the Company's issued shares were listed in the Jakarta and Surabaya Stock Exchanges.

Currently, the Company is still in process of Limited Public Offering III totaling to 2,339,710,000 shares at per value of Rp 125.

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1.c. Structure of the Subsidiaries

(1). The Company has direct and indirect ownership over the following subsidiaries:

Subsidiaries	Domicile	Operations	Percentage of Ownership *		Year of Commercial Operation	Total Assets	
			2004 %	2003 %		2004 Rp	2003 Rp
PT Sharestar Indonesia (SI)	Jakarta	Administration and Other Services	100.00	100.00	1990	35,189	44,145
PT Visionet Internasional (VI) (d/h PT Computrade Indonesia)	Jakarta	Trading	100.00	100.00	2000	67,544	49,063
PT Netstar Indonesia (NI)	Jakarta	Trading	100.00	100.00	2002	905	2,030
PT Reksa Puspita Karya (RPK)	Jakarta	Trading	100.00	100.00	Non Operating	61,767	56,454
PT Tryane Saptajagat (TS)	Jakarta	Trading	100.00	100.00	Non Operating	57	1,379
PT Multifiling Mitra Indonesia (MMI)	Cikarang, Bekasi	Archive Management	50.20	--	1993	28,324	--
PT Matahari Putra Prima Tbk (MPP)	Tangerang, Banten	Retail	50.10	--	1986	4,086,018	--
PT Matahari Super Ekonomi (MSE)	Tangerang, Banten	Retail Business	100.00	--	1994	9,561	--
Matahari International Finance Company B.V. (MIFCO)	Rotterdam, Belanda	Financing Business	100.00	--	1996	9,843	--
PT Nadya Putra Investama (NPI)	Tangerang, Banten	General Trading	100.00	--	1998	2,246	--
PT Matahari Dana Prima (MDP)	Denpasar, Bali	Financing Business	99.99	--	Non Operating	1,927	--
PT Tataprima Reksabuana (TPRB)	Jakarta	Air Mineral/Sales and Marketing Mineral Water	100.00	--	1998	29,692	--
PT Matahari Kafe Nusantara (MKN)	Tangerang, Banten	Restaurant	100.00	--	2001	702	--
PT Matahari Mega Swalayan (MMS)	Tangerang, Banten	General Trading	100.00	--	Non Operating	4,360	--
PT Matahari Mega Toserba (MMT)	Tangerang, Banten	Retail Business	100.00	--	Non Operating	2,000	--
PT Matahari Boston Drugstore (MBD)	Tangerang, Banten	Drugstore	100.00	--	Non Operating	2,000	--
Prime Connection Limited (PCL)	British Virgin Islands	Investment Company	100.00	--	Non Operating	84,050	--
PT Matahari Graha Fantasi (MGF)	Jakarta	Family Entertainment	50.01	--	1995	167,268	--

*not effective percentage of ownership

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- (2). *As of December 31, 2004, RPK and TS operate in investment activity, while MMS, MMT, MBD, PCL and MDP have not started their commercial activities.*
- (3). *At the end of 2003, the Company has finalized settlement for closing operation of VI and NI which were discontinued since end of 2002. Accordingly, the Company's consolidated financial statements of 2004, does not include any expenses relating to discontinued operations, including their assets and liabilities. In 2004, VI and NI have not yet started their operations since both subsidiaries had been discontinued their operations in 2002.*
- (4). *Based on the Extraordinary Stockholders' General Meeting held on July 1, 2004, as covered by notarial deed No. 8 of Myra Yuwono, SH dated July 8, 2004, the stockholders approved the changes in the articles of association, amongst others, change in name of PT Computrade Indonesia (CI) to PT Visionet Internasional (VI). This amendment has been approved by Minister of Justice and Human Rights of Republic of Indonesia in his letter No. C-18807.HT.01.04.TH.204 dated July 27, 2004.*

Then, based on the Extraordinary Stockholders' General Meeting held on September 3, 2004, as covered by notarial deed No. 8 of Myra Yuwono, SH dated October 13, 2004, the stockholders agreed to increase capital stock from Rp 10,000 to Rp 100,000 consist of 200,000,000 shares with par value of Rp 500 per share, and paid-in capital from Rp 2,500 to Rp 30,000 which has been subscribed and fully paid by the Company.

- (5). *On September 27, 2004, the Company purchased 66,680,500 shares of MPP (2.66%) from public, which result in the Company's ownership in MPP increased from 47.44% to 50.10%. Accordingly since September 2004, the Company's consolidated financial statements include MPP and its subsidiaries' consolidated financial statements (see Note 3).*
- (6). *Based on Meeting Resolution Decree held on December 29, 2004, as covered by notarial deed Unita Christina, SH, the Company increased percentage of ownership in MMI from 50% to 50.20% through issuing 4,000 new shares. Consequently, since December 2004, the Company's consolidated financial statements include financial statements of MMI.*

1.d. Commissioners, Directors and Employees

In accordance with the Stockholders' General Meeting held on June 14, 2004, as covered by notarial deed No. 70 dated June 25, 2004 of Poerbaningsih Adi Warsito, S.H. the members of the Company's boards of commissioners and directors are as follows:

President Commissioner
Independent Commissioners

Commissioner

President Director
Directors

Dr. Cheng Cheng Wen
Jonathan L. Parapak
M. Salim Radjiman
Marshall W. Cooper

Jeffrey Koes Wonsono
Harijono Suwarno
Ketut Budi Wijaya
Antonius Agus Susanto
Dicky Setiadi Moechtar
Lay Krisnan Cahya

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As of December 31, 2004 and 2003, the Company and subsidiaries have approximately 15,325 and 242 regular employees, respectively.

2. Summary of Accounting Policies

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

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and practices in Indonesia, i.e. Statements of Financial Accounting Standards (SFAS) and the Capital Market Supervisory Agency (BAPEPAM) rules and guidelines for financial statements presentations and disclosures for public listed trading companies.

The consolidated financial statements have been prepared based on the accrual basis, except for statements of cash flows, and using the historical cost method of accounting, except for certain investments which are either stated at fair value, net assets value or accounted for under the equity method, and inventories which are valued at the lower of cost or net realizable value.

The consolidated statements of cash flows present cash receipts and payments classified into operating, investing and financing activities. The cash flows from operating activities are prepared using the direct method.

The reporting currency used in the consolidated financial statements is Indonesian Rupiah.

2.b. Consolidation Principles

The consolidated financial statements included accounts of the Company and subsidiaries as described in Note 1.c.

The presentation of consolidated financial statements are carried out based on entity concept. All significant interrelated accounts, transactions and profit among consolidated companies have been eliminated to reflect the financial position and result of operations as a whole.

Monetary assets and liabilities in the balance sheet accounts of Prime Connection Limited (PCL), MPP's subsidiary were translated in Rupiah amounts at the middle rate of exchange prevailing at balance sheet date (USD 1 to Rp 9,290 as of December 31, 2004). Non monetary assets and liabilities were translated at historical rates. As disclosed in Note 1.c, PCL has not started operations. The resulting difference arising from the translation of PCL's financial statements is debited/credited to Foreign Exchange Gain/Loss which is presented in the consolidated statements of income.

2.c. Cash Equivalents

Cash equivalents consist of short-term time deposits with maturities of 3 (three) months or less since the time of their placement, not pledged as collateral and unrestricted.

2.d. Investments

Investments consist of:

1. Marketable securities in the form of debt and equity securities

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Investment in securities are classified into 3 categories:

▪ **Trading**

Included in this classification are investments which are purchased for immediate resale, normally characterized by the high frequency of purchase-and-sale transactions. These investments are made to earn immediate gain from the increase in the short-term prices of the securities. Investments that meet this classification are recorded at fair value. The unrealized gain or loss on the appreciation or decline in market value of the investments at balance sheet date is credited or charged to current operations.

▪ **Held to Maturity**

Investments in debt securities which are held to maturity date are recorded at cost, adjusted for amortization of premium or discount to maturity.

▪ **Available for Sale**

Investments which do not meet the classification of trading and held to maturity categories are recorded at fair value. Any unrealized gain or loss on the appreciation or decline in market value of the investment at balance sheet date is credited or charged to Unrealized Gain or Loss of Available for Sale Securities, under the Stockholders' Equity section of the consolidated balance sheet.

The transfer of investment securities to another classification is accounted for at fair value at the date of transfer. The unrealized gains or losses from the appreciation or decline in the fair value of investment securities at the date of transfer are accounted for as follows:

- *For securities transferred from the trading classification, the previously recognized unrealized gains or losses credited or charged to current operations at the time of transfer are not reversed;*
- *For securities transferred to trading classification, the unrealized gains or losses at the time of transfer are credited or charged to current operations immediately;*
- *For held to maturity debt securities transferred into available for sale classification, the unrealized gains or losses at the date of transfer are presented as a separate component of stockholders' equity; and*
- *For available for sale debt securities transferred into held to maturity classification, the unrealized gains or losses at the date of transfer are continued to be reported in a separate component of stockholders' equity but are amortized over the remaining period of the securities as an adjustment of yield in a manner of consistency with the amortization of any premium or discount.*

The cost of marketable securities sold is determined using the average method and fair value is determined based on quoted market prices.

2. Mutual Funds and Managed Funds

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Mutual funds and managed funds are carried at net asset value at balance sheet date. Unrealized gains or losses from the changes in net asset value at balance sheet date are credited or charged to current operations.

3. Time Deposits

Time deposits which are either used as collateral and/or with maturity greater than three months but not more than one year from the time of placement are carried at face value.

4. Long-term Investments in Shares of Stock

Investments in shares of stock wherein the Company and subsidiaries have an ownership interest of at least 20% but not exceeding 50% are accounted for under the equity method. Under this method, the investments are initially stated at cost, adjusted for the Company's and subsidiaries' share in the net earnings (losses) of the associated companies after acquisition, dividends received and straight-line amortization over a 20 (twenty) years period of the difference between the cost of such investment and the investor's proportionate share in the underlying net assets of the investee at the date of acquisition. Investment wherein the Company and subsidiaries have an ownership interest of less than 20% are stated at cost. The Company and subsidiaries review and evaluate periodically the carrying values of goodwill, taking into consideration current results and future prospects of the related associate.

The changes in the equity transactions of associates are reflected as additions to or reductions from Stockholders' Equity under the account Changes in the Equity Transactions of a Subsidiary/Associates in the consolidated balance sheets.

5. Investments in Properties

Investments in land or buildings that are not used by or in the operations of the Company and subsidiaries are considered as Investments in Properties. These investments are stated at cost and are not amortized/depreciated. The Company and subsidiaries review and evaluate periodically the fair value of properties, taking into consideration market value and future prospects of the assets.

2.e. Transaction with Related Parties

All significant transactions with related parties, whether or not conducted at terms and conditions similar to those with third parties, are disclosed in the notes to the consolidated financial statements.

2.f. Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided based on a review of the status of the individual receivable accounts at the end of the year.

The outstanding balance of receivables is written off against the respective allowance for doubtful accounts or directly written off when management believes that these assets are determined to be definitely uncollectible.

2.g. Inventories

Information technology and other inventories, except for goods in transit, are carried at the lower of cost or net realizable value. Cost is determined by the moving average method, except for the cost of certain inventories which is

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determined by the specific identification method. Goods in transit are carried at cost.

Retail and distribution inventories are stated at lower of cost, determined by the conventional retail method, or net realizable value. The inventory does not include consignment goods.

Allowance for inventory obsolescence is provided based on the review of the condition of the individual inventory items at the end of the year, while the allowance for decline in value is provided to reduce the carrying values of the inventories to their net realizable values.

2.h. Prepaid Expenses

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

The short-term portion of prepaid expenses is shown as part of Current Assets, while the long-term portion is shown as part of Non-Current Assets.

2.i. Property and Equipment

Property and equipment are carried at cost less their accumulated depreciation, except for certain subsidiaries' assets revalued in 1986, in accordance with a government regulation. Depreciation is computed over the estimated useful live of the assets using the following methods:

	Methods	Years	Rates
<i>Buildings</i>			
<i>(including apartment units which are presented as part of Other Non-current Assets)</i>	<i>Straight-Line</i>	20	--
<i>Building Improvement and Renovation</i>	<i>Straight-Line</i>	2 - 20	--
<i>Equipment and Installations</i>	<i>Double-Declining Balance</i>	--	15% and 25%
<i>Machineries</i>	<i>Straight-Line</i>	3 - 5	--
<i>Computers</i>	<i>Straight-Line</i>	3 - 5	--
<i>Fixtures, Furnitures and Equipment</i>	<i>Straight-Line</i>	3 - 5	--
<i>Equipments for Rent and Advertising Apparatus</i>	<i>Straight-Line</i>	2 - 5	--
<i>Transportation Equipments</i>	<i>Straight-Line</i>	2 - 5	--
<i>Assets under Capital Lease - Motor Vehicles</i>	<i>Double-Declining Balance</i>	--	25% and 50%

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Land is stated at cost and is not depreciated. In Accordance with SFAS No. 47, concerning "Accounting for Land", the Company and subsidiaries recognized the acquisition cost of land separately from the legal expenditures incurred to acquire the land rights and the expenditures for the subsequent extension thereof. These expenditures are deferred and presented as part of Other Non-Current Assets in the consolidated balance sheet and amortized over the period the landrights are valid or their economic lives, whichever period is shorter.

Construction in progress is carried at cost and presented as part of property and equipment. The accumulated costs will be reclassified to the appropriate property and equipment account when construction is substantially completed and the asset is ready for its intended use.

The cost of repairs and maintenance is charged to statement of income as incurred; significant renewals and betterments which increase the property and equipment condition are capitalized. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is credited or charged to current operations.

2.j. Leases

Lease transactions are accounted for under the capital lease method when the required capitalization criteria under SFAS No. 30, "Accounting for Leases" are met.

Assets under capital lease are recorded as part of Property and Equipment based on the present value of the lease payments at the beginning of the lease term plus residual value (option price) to be paid at the end of the lease period. Depreciation is computed using the method and the estimated useful lives which is in line with the estimated useful lives of the related property and equipment acquired by ordinary purchase (see Note 2.i).

Lease transactions that do not meet any of the above criteria are reported using the operating lease method.

2.k. Impairment in Assets Value

The Company and subsidiaries review the carrying values of their assets for any impairment and possible write-down to fair values whenever events or changes in circumstances indicate that their carrying values may not be fully recovered. The excess of the carrying value over the estimated recoverable amount of the asset is charged to current operations.

2.l. Long-term Rent

Long-term lease with contract value payable in installments over a period shorter than the lease period is recorded when the lease agreement is effective by debiting Prepaid Long-term Rent (shown as part of Other Non-current Assets) at the contract value and crediting the unpaid portion to Long-term Debts - Obligations to Non-financial Institutions.

Prepaid long-term rent, generally on store space, is being amortized on the straight-line method starting from the opening of the leased store/renewal of the lease over the

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lease period. The portion of the rent chargeable to operations within one year is reclassified and presented under current assets as part of Prepaid Expenses.

2.m. Intangible Assets

Costs of software for voice and data communications, SAP and accounting software obtained are deferred and amortized using the straight-line method over the estimated useful life 4 (four) to 5 (five) years.

The excess of acquisition cost over the fair value of net assets of subsidiary (goodwill) is amortized by using the straight-line method for 20 (twenty) years.

2.n. Retirement Benefits

The Company and subsidiaries have defined contribution retirement plans covering certain permanent employees according to their preference. Contributions are funded and consist of employees' contribution computed at 3%, and the Company's and subsidiaries' contributions at 5% of the employees' basic salaries.

The Company and subsidiaries also provide for the requirements of the provisions of Indonesia Law No. 13 year 2003 (presented under Other Long-term Payables - see Note 22).

2.o Bonds Issuance Cost

Expenses incurred in connection with the issuance of bonds are deducted from proceeds thereof. The difference between the net proceeds and the face value represents premium or discount that should be amortized over the term of the bonds.

2.p. Treasury Bonds

Repurchased instrument of indebtedness that are not retired are treated in the consolidated financial statements as if they were retired. The difference between the face value of the instruments of indebtedness and the fair value is credited or charged to current operations.

Revenue from sales of retail and distribution inventory (except those sold on "Cash-on-Delivery" basis which is recognized when the goods are delivered to customers) is recognized when the goods are paid for at the sales counter. Revenue representing consignment sales is recorded at the amount the consignment goods are sold to customers, while the related cost (included as part of Cost of Sales) is recorded at the amount due to consignors.

Revenue from sales of prepaid cards (known as "Power Card") by family entertainment centers is initially recorded as Unearned Income and then proportionately recognized as earned revenue based on the actual use of the cards by customers. Revenue from sales of tokens and "Make New Friends" package is recognized at the time the tokens/packages are purchased by customers.

Expenses and all other income (expense) are recognized when these are incurred/earned (accrual basis).

2.r. Foreign Currencies Transactions and Balances

Transactions involving foreign currencies are recorded in Rupiah amounts at the rates of exchange prevailing at the time the transactions are made. At balance sheet

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date, monetary assets and liabilities denominated in foreign currencies are adjusted to Rupiah to reflect the prevailing rates of exchange as published by Bank Indonesia at the last transaction date for the year. Any resulting gains or losses are credited or charged to current operations.

The rates of exchange used (in full Rupiah) are as follows:

	2004	2003
	Rp	Rp
1 USD (United States Dollar)	9,290.00	8,465.00
1 SGD (Singapore Dollar)	5,685.45	4,976.50
1 EUR (Euro)	12,652.06	10,643.06

2.s. Segment Information

Segment information of the Company and subsidiaries are presented based on business segment. Business segment is a distinguishable component and provides a different product or service, especially for customers outside the Company.

Geographical segment of the Company and subsidiaries represents a distinguishable component and provides a different product or services in certain economic environment (location) and the component has distinct risk and return from other component which operates in other location.

2.t. Discontinuing Operations

The Company applied SFAS 58, "Discontinuing Operation", for VI and NI's operations. SFAS 58 requires separate disclosure for each discontinuing operations and recognition of contingent assets and liabilities and impairment of assets for discontinuing operations.

2.u. Income Tax Benefit (Expense)

All temporary differences arising between the tax bases of assets and liabilities and their carrying value are recognized as deferred tax using liability method. Currently enacted tax rates are used to determine deferred income tax.

Deferred tax assets relating to the carryforward of unused tax losses are recognized to the extent that it is probable that the future taxable profit will be available against which the unused tax losses can be utilized. A valuation of allowance is provided for the portion of deferred tax assets which is not expected to be realized in the future. Amendment to tax obligations are recorded when an assessment is received or, if appealed against, when the result of the appeal is determined.

Current tax is recognized based on taxable income for the year, in accordance with the current tax regulation.

2.v. Debt Restructuring

Gain or loss arising from debt restructuring, net of related income tax expense, is charged to Extraordinary Item in the consolidated statements of income in accordance with SFAS 54, "Accounting for Restructuring of Troubled Debt".

2.w. Basic Earnings Per Share

Income before income tax benefit (expense), income from ordinary activities and net income per basic share is computed by dividing income before income tax benefit

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(expense), income from ordinary activities and net income with the weighted average issued and fully paid shares during the year, which calculations are based on 1,871,768,000 shares in 2004 and 2003, respectively.

2.x. Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires the Company and subsidiaries' management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could be different from these estimates.

3. Additional Acquisition in Shares of PT Matahari Putra Prima Tbk

On September 27, 2004, the Company had purchased 66,680,500 shares of PT Matahari Putra Prima Tbk with cost of Rp 55,000 and book value of investment of Rp 48,041 from public, as a result the Company's ownership in MPP increased from 47.44% to 50.10%. The Company has reported this purchase transaction shares of MPP to Bapepam in its letter No. CSS.122-2004 dated October 2, 2004. In accordance with SFAS 4 concerning "Consolidated Financial Statements", the result of operation of MPP was included in the Company's consolidated financial statements since the date of control achieved. The Company has recognized the equity in net earnings from MPP of Rp 15,226 for 9 (nine) months ended September 30, 2004, while net income from MPP for 3 (three) months ended December 31, 2004 was presented in the Company's consolidated income statements for the year ended December 31, 2004. The difference between cost over book value of investment on purchasing of MPP's shares of Rp 6,959 was presented as Non-Current Assets in the consolidated balance sheet.

In connection with the above transaction, the proforma condensed consolidated financial statements of the Company assuming MPP had been consolidated since the beginning of 2003 are as follows:

	2004	2003
	Rp	Rp
Cash and Cash Equivalents	1,078,619	597,838
Total Current Assets	2,138,797	1,651,289
Total Non-Current Assets	2,733,920	2,508,287
Total Assets	4,872,717	4,159,576
Total Current Liabilities	1,596,491	1,497,431
Total Non-Current Liabilities	1,302,720	785,195
Minority Interest	1,022,681	972,561
Total Stockholders' Equity	950,825	904,389
Total Liabilities, Minority Interest and Stockholders' Equity	4,872,717	4,159,576
Sales	6,200,003	5,653,805
Gross Profit	1,869,542	1,660,360
Operating Expenses	1,612,900	1,460,413
Operating Income	256,642	199,947
Net Income	23,126	11,312

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4. Cash and Cash Equivalents

	2004	2003
	Rp	Rp
Cash on Hand		
Rupiah	16,944	39
US Dollar (2004: USD 3; 2003: USD 0.5)	28	4
Sub Total	<u>16,972</u>	<u>43</u>
Cash in Banks		
Rupiah		
Related Party		
PT Bank Lippo Tbk	53,987	2,932
Third Parties		
PT Bank Mega Tbk	465,733	--
PT Bank Danamon Tbk	458,179	--
PT Bank Central Asia Tbk	10,008	--
PT Bank Mayapada Tbk	5,485	--
Other Banks (each below Rp 5,000)	13,319	1,905
Sub Total	<u>1,006,711</u>	<u>4,837</u>
Foreign Currencies		
Related Party		
PT Bank Lippo Tbk (2004: USD 193; 2003: USD 229)	1,795	1,941
Third Parties		
PT Bank Internasional Indonesia Tbk (2004: USD 245; 2003: USD 303)	2,280	2,562
PT Bank Mandiri Tbk (2004: USD 18; 2003: USD 1,593)	168	13,483
Others (each below Rp 2,000) (2004: USD 278 and EURO 88; 2003: USD 117)	3,690	985
Sub Total	<u>7,933</u>	<u>18,971</u>
Time Deposits		
Related Party		
PT Bank Lippo Tbk		
Rupiah	10,932	105
US Dollar (2004: USD 15; 2003: USD 4)	147	34
Third Parties		
PT Bank Mayapada Tbk	20,000	--
PT Bank Danamon Indonesia Tbk (USD 1,282)	11,910	--
PT Bank Akita	1,000	--
Others	3,014	--
Sub Total	<u>47,003</u>	<u>139</u>
Total	<u><u>1,078,619</u></u>	<u><u>23,990</u></u>
Interest Rate on Time Deposits per Annum:		
Rupiah	3% - 7.35%	6.25% - 7.25%
US Dollar	0.35% - 0.75%	1.00%

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As of December 31, 2004, cash and cash equivalents include the balance of Rp 186,000 in PT Bank Mega Tbk account from the proceeds of bonds issued by MPP, a subsidiary, which proceeds are required to be used for the opening of new stores and the renovation of the existing ones, lease of additional or new store spaces and for working capital requirements, as stipulated in the Bonds Indenture (see Note 20).

Cash in banks including escrow accounts in PT Bank Permata Tbk, PT Bank Niaga Tbk dan PT Bank Internasional Indonesia Tbk, which are pledged as collateral to the loans obtained by the Company from PT Bank Permata Tbk, PT Bank Niaga Tbk dan PT Bank Internasional Indonesia Tbk.

5. Short-term Investments

	2004	2003
	Rp	Rp
	Rp	(Restated, see Note 9.a)
Related Parties		
Managed Funds		
PT Ciptadana Sekuritas	62,071	--
Marketable Securities		
Mutual Funds		
Indonesian Investment Fund Ltd (USD 1,938)	18,008	--
PT Ciptadana Asset Management	8,739	--
Shares of Stock		
PT Bank Lippo Tbk	650	418
Others (masing-masing dibawah Rp 250)	304	195
Sub Total	<u>89,772</u>	<u>613</u>
Third Parties		
Managed Funds		
(2004: USD 3,705; 2003: USD 4,348)	34,422	36,807
Time Deposits		
(including 2004: USD 3; 2003: USD 394)	29	3,786
Restricted Current Accounts		
(including 2004: USD 114)	1,442	360
Marketable Securities		
Shares of Stock	72,596	--
Bonds	22,774	--
Floating Rate Notes (USD 1,315)	12,220	--
Mutual Funds (USD 105)	5,551	--
Sub Total	<u>149,034</u>	<u>40,953</u>
Total	<u>238,806</u>	<u>41,566</u>

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On December 30, 2003, MPP, a subsidiary, entered into a fund management agreement with PT Ciptadana Sekuritas (CS), a related party, which can be rolled over quarterly. Based on the agreement, MPP placed fund in CS, which are used for the purchase of investments such as bonds and other debentures.

The mutual funds denominated in US dollar are owned by MPP, a subsidiary, in 39,665.59 units of "Indonesian Growth Fund" issued by Indonesian Investment Fund Ltd., Hong Kong, an affiliate, and in 851,500 units of "Mandiri Investa Dollar Amerika Serikat" issued by Mandiri Securities (acquired in December 2003). The mutual funds denominated in Rupiah represent investments in 2,000,000 units of "Rencana Cerdas" and 2,000,000 units of "Lippo Dana Mantap", both issued by PT Ciptadana Asset Management, an affiliate. Based on the terms of the above-mentioned sponsorship program, the investment may be withdrawn one year after the issuance date of the "Lippo Dana Mantap" mutual fund units.

Investments in managed funds represent investments placed initially with Staffordshire Assets Limited (Staffordshire), a licensed investment manager which was incorporated in British Virgin Islands. Under the Discretionary Guaranteed Fund Management Agreements entered into by the Company and a subsidiary with Staffordshire dated November 30, 2002. All of the investments will be placed on fixed-income products under general or specific directions or instructions of the Company and the subsidiary, as they deem fit. Then, based on the novation agreement between the Company and a subsidiary, with Staffordshire and Wireless World Limited (Wireless) dated December 1, 2003, Wireless undertakes to accept the rights and obligation to perform and to be bound by the Discretionary Guaranteed Fund Management Agreement, such as the guaranteed minimum yield of 3.15% for investment in United States Dollar. As of December 31, 2004 and 2003, the investments are placed in time deposits (amounting to 2004: USD 1,500; 2003: USD 800), promissory notes (amounting to 2004: USD 205; 2003: USD 1,200), call money (amounting to 2004: USD 1,700; 2003: USD 2,300) and money market (amounting to 2004: USD 300).

On March 18, 2005, the Company and a subsidiary has withdraw short-term investment on Wireless amounting to USD 3,222 (see Note 35).

The rupiah's time deposits earn annual interest of 7% to 7.35% in 2004 and 5.75% in 2003, and ranging from 2% to 6% in 2004 and 2003 for United States Dollar time deposits. These time deposits are maturing between 1 month to 6 months. In 2004 and 2003, these time deposits were used as security to bank guarantee facilities obtained by the Company from PT Bank Negara Indonesia Tbk, PT Bank Mandiri Tbk and PT Bank Internasional Indonesia Tbk.

Restricted current accounts represent current accounts used as security for bank guarantee facilities from PT Bank Internasional Indonesia Tbk and PT Bank Negara Indonesia Tbk obtained by the Company in 2003.

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The investment in shares of stock mainly represents the investment in 25,924,000 shares of PT Hero Supermarket Tbk which is owned by MPP, a subsidiary, with percentage ownership of 7.87%.

The bonds bore interest at annual rates ranging from 10.65% to 18.25% in 2004.

The floating rate notes bore interest at annual rates ranging from 4.66% to 4.96% in 2004.

6. Accounts Receivable - Trade

	2004 Rp	2003 Rp
Related Parties		
(see Note 31)		
PT Bank Lippo Tbk (including 2004: USD 1,658; 2003: USD 3,525)	16,099	36,528
PT Link Net (including 2004: USD 429; 2003: USD 422)	14,747	11,012
PT Broadband Multimedia Tbk (including 2004: USD 955; 2003: USD 889)	9,778	8,312
PT Natrindo Telepon Seluler (including 2004: USD 467; 2003: USD 453)	4,625	4,113
Others (each below Rp 1,000) (including 2004: USD 20; 2003: USD 64)	869	1,455
Sub Total	46,118	61,420
Less: Long-term Portion		
PT Bank Lippo Tbk (including 2004: USD 209; 2003: USD 183)	(1,939)	(1,546)
Sub Total	44,179	59,874
Third Parties		
(including 2004: USD 6,776; 2003: USD 10,821)	116,752	136,249
Less: Long-term Portion (including 2004: USD 91; 2003: USD 129)	(3,426)	(2,096)
Sub Total	113,326	134,153
Allowance for Doubtful Accounts	(973)	(1,234)
Net	112,353	132,919
Total	156,532	192,793

Aging analysis of the trade receivables based on number of days outstanding are as follows:

	Total		Percentage to Total Accounts Receivable	
	2004 Rp	2003 Rp	2004 %	2003 %
Related Parties				
Less than 31 days	10,967	35,639	6.96	18.36
31 - 60 days	549	890	0.35	0.46
61 - 90 days	113	459	0.07	0.24
Over 90 days	32,550	22,886	20.67	11.80
	44,179	59,874	28.05	30.86
Third Parties				
Less than 31 days	62,228	125,362	39.51	64.61
31 - 60 days	41,833	3,378	26.56	1.74
61 - 90 days	2,364	2,081	1.50	1.07

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	Total		Percentage to Total Accounts Receivable	
	2004 Rp	2003 Rp	2004 %	2003 %
Over 90 days	6,901	3,332	4.38	1.72
	113,326	134,153	71.95	69.14
Total	157,505	194,027	100.00	100.00

Long-term trade receivables amounting to Rp 5,365 and Rp 3,642 is not yet due as of December 31, 2004 and 2003, respectively.

In 2004, accounts receivable are used as collateral to the Company's short-term loans facilities from PT Bank Mandiri Tbk, PT Bank Niaga Tbk, and PT Bank Permata Tbk and the long-term bank loans obtained from PT Bank Mandiri Tbk, PT Bank Niaga Tbk, PT Bank Permata Tbk, PT Bank Akita and PT Bank Internasional Indonesia Tbk (see Notes 14 and 21).

Based on the review of the status of the individual debtors at the end of the year, the Company and subsidiaries' management are of the opinion that the allowance for doubtful accounts amounting to Rp 973 and Rp 1,234 as of December 31, 2004 and 2003, respectively, is adequate to cover possible losses from the noncollection of the accounts.

The change in the allowance for doubtful accounts is as follows:

	2004 Rp	2003 Rp
Balance at Beginning of the Year	1,234	224
Written-off During the Year	(261)	--
Provision During the Year	--	1,010
Balance at the End of the Year	<u>973</u>	<u>1,234</u>

7. Other Receivables

	2004 Rp	2003 Rp
PT Ciptamas Kreasi Dinamika	10,257	8,729
PT Air Pasifik Utama	--	11,141
Others - Net	31,026	3,063
Total	41,283	22,933

The detail of an aging schedule of other receivables is as follows:

	Total		Percentage to Other Receivables	
	2004 Rp	2003 Rp	2004 %	2003 %
Less than 31 days	39,718	8,174	96.21	35.64
31 - 60 days	--	4,635	--	20.21
61 - 90 days	--	8,482	--	36.99
Over 90 days	1,565	1,642	3.79	7.16
Total	41,283	22,933	100.00	100.00

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The receivables from PT Ciptamas Kreasi Dinamika arise from the sale of RPK's investment in PT Kodel Margahayu Telindo, an associate.

Based on the review of the status of the individual receivable accounts at the end of the year, the Company and subsidiaries' management are of the opinion that the allowance for doubtful accounts of Rp 0.23 as of December 31, 2004 and 2003 is adequate to cover possible losses from the non-collection of the accounts.

8. Inventories - Net

	2004	2003
	Rp	Rp
<i>Retail and Distribution</i>		
<i>Daily Needs, Food and Beverages</i>	161,086	--
<i>Household Appliances and Bathroom Accessories</i>	52,324	--
<i>Men's Wear</i>	51,451	--
<i>Ladies' Wear</i>	49,221	--
<i>Children's Wear</i>	38,816	--
<i>Shoes</i>	38,269	--
<i>Toys, Stationary and Sport Gadgets</i>	14,646	--
<i>Bags, Cosmetics and Accessories</i>	4,471	--
<i>Sub Total</i>	410,284	--
<i>Information Technology</i>	59,997	36,758
<i>Others</i>	124	--
<i>Total</i>	470,405	36,758
<i>Allowance for Inventory Obsolescence</i>	(3,506)	(5,387)
Net	466,899	31,371

The change in the allowance for inventory obsolescence is as follows:

	2004	2003
	Rp	Rp
<i>Balance at Beginning of the Year</i>	5,387	5,387
<i>Written-off During the Year</i>	(1,881)	--
Balance at the End of the Year	3,506	5,387

The Company and subsidiaries' management are of the opinion that the allowance for inventory obsolescence of Rp 3,506 and Rp 5,387 as of December 31, 2004 and 2003, is adequate to cover possible losses from inventory obsolescence.

In 2004, inventories are used as collateral to the Company and subsidiary's short-term loans obtained from PT Bank Mandiri Tbk, PT Bank Permata Tbk, PT Bank Danamon Indonesia Tbk and PT Bank Negara Indonesia Tbk (see Note 14) and long-term loans obtained from PT Bank Mandiri Tbk, PT Bank Internasional Indonesia Tbk, PT Bank Niaga Tbk and PT Bank Permata Tbk (see Note 21).

Merchandise inventory are covered by insurance against losses by fire and other risk under blanket policies at PT Asuransi Tripakarta, PT Asuransi Jasa Indonesia, PT Asuransi Sinar Mas, PT Asuransi Allianz Utama, PT Asuransi Parolamas, PT Asuransi Umum Mega, PT Asuransi Reliance Indonesia, PT Asuransi Central Asia and PT Lippo General Insurance Tbk,

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a related party, totaling to Rp 487,761 and USD 18,624 as of December 31, 2004 and Rp 43,690 and USD 836 as of December 31, 2003, which in the Company and subsidiaries' management opinion, is adequate to cover possible losses arising from such risks.

9. Investment in Associates

	2004				
	<i>Percentage of Ownership</i>	<i>Acquisition Cost</i>	<i>Accumulated Equity in Net Earnings (Losses) - Net</i>	<i>Others</i>	<i>Net</i>
	%	Rp	Rp	Rp	Rp
<i>Investments in:</i>					
(a) PT Broadband Multimedia Tbk	20.18	66,622	(19,001)	--	47,621
(b) PT Bintang Sidoraya	40.00	20,961	258	--	21,219
(c) PT Matahari Leisure	50.00	1,437	7,409	--	8,846
(b) PT Tason Mitra Prima (TMP)	50.00	3,000	395	--	3,395
(c) PT Sarana Karya Cemerlang (SKC)	30.00	400	--	--	400
(d) PT Natrindo Global Telekomunikasi	20.00	5,500	(4,469)	(1,031)	--
(e) PT Tirta Mandiri Sejahtera	20.00	1	(1)	--	--
Total		97,921	(15,409)	(1,031)	81,481

	2003 (Restated)				
	<i>Percentage of Ownership</i>	<i>Acquisition Cost</i>	<i>Accumulated Equity in Net Earnings (Losses) - Net</i>	<i>Others</i>	<i>Net</i>
	%	Rp	Rp	Rp	Rp
<i>Investments in:</i>					
(a) PT Broadband Multimedia Tbk	18.58	57,938	(18,397)	--	39,541
(f) PT Matahari Putra Prima Tbk	47.44	902,097	209,503	(101,752)	1,009,848
(g) PT Multifiling Mitra Indonesia	50.00	500	10,137	(1,000)	9,637
(d) PT Natrindo Global Telekomunikasi	20.00	5,500	(4,385)	(1,031)	84
(e) PT Tirta Mandiri Sejahtera	20.00	1	(1)	--	--
Total		966,036	196,857	(103,783)	1,059,110

The equity in net earnings (losses) of associates during the year consist of:

	2004	2003
	Rp	Rp
PT Matahari Putra Prima Tbk (MPP)	15,226	40,727

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	<u>2004</u>	<u>2003</u>
	<u>Rp</u>	<u>Rp</u>
<i>PT Multifiling Mitra Indonesia (MMI)</i>	2,896	2,538
<i>PT Matahari Leisure (ML)</i>	1,641	--
<i>PT Broadband Multimedia Tbk (BM)</i>	(604)	718
<i>PT Bintang Sidoraya (BSR)</i>	(768)	--
<i>PT Natrindo Global Telekomunikasi (NGT)</i>	(84)	(1,319)
<i>PT Tirta Mandiri Sejahtera (TMS)</i>	--	(1)
Net	<u>18,307</u>	<u>42,663</u>

(a) During the Initial Public Offering of PT Broadband Multimedia Tbk (BM) in 2000, the Company, through PT Reksa Puspita Karya (RPK), a subsidiary, had bought founder shares of 16.69% which is followed by additional purchase of new shares to become 18.58% since 2001. To reflect the plan of long-term investment in the Company's consolidated financial statements, the Company's management decided to increase its ownership in BM shares to be over 20%. Furthermore, on December 29, 2004, the Company through RPK, purchased additional 5,988,800 BM shares at market price in Surabaya Stock Exchange or equivalent to Rp 8,684 from AcrossAsia Ltd. Therefore, the ownership in BM shares increased from 18.58% to 20.18%. In accordance with BAPEPAM regulation No. X.M.I, RPK has reported this purchase to BAPEPAM on January 5, 2005.

In accordance with generally accepted accounting standard, the change in ownership resulted in restatement of the Company's consolidated financial statements retrospectively by using equity method for investment in BM. The effects of restatement on consolidated financial statements for the year 2003 are reducing net income from Rp 12,011 to Rp 11,312 and total assets from Rp 1,736,625 to Rp 1,569,258.

In 2004, certain investment in BM are used as collateral to the Company's short-term loan facilities obtained from PT Bank Mandiri Tbk and PT Bank Negara Indonesia Tbk and long-term loan facilities obtained from PT Bank Mandiri Tbk (see Notes 14 and 21).

- (b) The investment in BSR and TMP were acquired through PT Taraprima Reksabuana, MPP's subsidiary. BSR is engaged in the sale and marketing of beer while TMP has not started its commercial operations.
- (c) The investment in ML and SKC were acquired through MPP, a subsidiary. ML is engaged in the manufacture of amusement machines while SKC has not started its commercial operations.
- (d) NGT is engaged in telecommunication services.
- (e) TMS is engaged in trading, industry, mining, real estate, agribusiness and other services.
- (f) On September 27, 2004, the Company increased its percentage of ownership in MPP shares from 47.44% to 50.10%, as a result, the Company's consolidated financial statements as of December 31, 2004 also include the consolidated financial statements of MPP and its subsidiaries (see Notes 1.c and 3). The Company also received the dividends of Rp 15,464 and Rp 14,274 in 2004 and 2003, respectively.

Certain investment in MPP are used as collaterals to the short-term and long-term loan facilities obtained from PT Bank Mandiri Tbk (see Notes 14 and 21) and Eastbourne Worldwide Limited (see Notes 21).

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(g) On December 29, 2004, the Company increased its percentage of ownership in MMI shares from 50% to 50.20% through issuing new shares, as a result, the Company's consolidated financial statements as of December 31, 2004 also include the financial statements of MMI. The Company has recognized the equity in net earnings from MMI, as an associate company, of Rp 2,896 for the year 2004.

10. Other Long-term Investments

	2004 Rp	2003 Rp
Investments and Advances for Investments in Shares of Stock which are Accounted for under the Cost Method	165,962	36,885
Investment in Properties	54,920	54,920
Investment in Available for Sale Securities	1,755	1,350
Total	222,637	93,155

a. Investments and advances for investments recorded under at cost method consist of the following:

	Ownership %	2003 Rp	Additions (Deductions) Rp	2004 Rp
Investments in:				
BigboXX.com (CI) Limited (BCL)	3.50	--	84,050	84,050
PT Aneka Tirta Nusa (ATN)	3.54	--	13,737	13,737
PT Matahari Courts Tbk (MC)	4.99	--	4,251	4,251
PT AsiaNet Multimedia	5.00	507	--	507
PT Multipolar Telemedia	10.00	250	--	250
PT Lippo On Line	1.00	125	--	125
PT Natrindo Kartu Panggil	1.00	0	--	0
PT Natrindo Telepon Seluler	17.04	7,757	(7,757)	--
Sub Total		8,639	94,281	102,920
Advance for Investment in:				
PT Air Pasifik Utama		--	34,975	34,975
PT AsiaNet Multimedia		27,943	--	27,943
PT Lippo On Line		124	--	124
PT Natrindo Telepon Seluler		179	(179)	--
Sub Total		28,246	34,796	63,042
Total		36,885	129,077	165,962

The investment in BCL amounting to USD 9,122 represents 3.5% ownership by Prime Connection Limited, MPP's subsidiary. BCL is part of Hutchison Whampoa Ltd business group which is engaged in the retail and distribution business.

On December 20, 2004, PT Reksa Puspita Karya (RPK), a subsidiaries' advance investment to NTS of Rp 179 has been converted into 385,579 shares, therefore total NTS's shares held by RPK become 44,842,379 shares. On December 23, 2004, RPK sold all NTS shares to ATN, third party, at Rp 500 per share. The Company recognized gain on disposal of investment in NTS of Rp 14,485 in the consolidated statement of income for the year ended December 31, 2004.

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On December 24, 2004, RPK acquired shares in ATN through conversion of its debt into capital stock, as a result RPK owned 44,842,379 shares in ATN with par value of Rp 500 per share or represent 5.78% ownership in ATN.

In line with the Company's vision, strategy and long-term goal, the investment in ATN of 5.78% will be divested partially. On December 2004, the Company through RPK, has sold 17,367,520 shares of ATN, equivalent of 2.24% ownership, to PT Asianet Multimedia at Rp 500 per share, consequently the percentage of RPK's ownership reduced to 3.54%. On January 25, 2005, the percentage of shares in ATN were further diluted to 1.96% (from 5.78% to 3.54% and 3.54% to 1.96%), due to the issuance of ATNs' new shares .

Investment in MC of 4.9889% held by MPP, a subsidiary, is engaged in the electronic and furniture retail business.

In 2004, the Company has advanced for investment in PT Air Pasifik Utama (APU) which will be executed through issuance of APU's new shares.

b. Investments in properties consist of:

	2004 Rp	2003 Rp
Land	48,888	48,888
Buildings	6,032	6,032
Total	54,920	54,920

Land amounting to Rp 45,139 was acquired by VI (formerly CI) on April 11, 2001, while buildings amounting to Rp 4,567 were acquired by the Company on July 31, 2001. The land acquired by VI is located in Cibatu Village, Kecamatan Lemahabang, Kabupaten Bekasi, West Java with total area of 80,000 square meters.

These properties have market price totaling to approximately Rp 74,770 based on the appraisal reports dated April 30, 2004.

In 2004 and 2003, certain investments in properties are used as collateral of short-term loans obtained by the Company from PT Bank Mandiri Tbk, PT Bank Negara Indonesia (see Note 14) and long-term loan obtained from PT Bank Mandiri Tbk (see Note 21).

As of December 31, 2004 and 2003, the ownership title upon land and buildings have been legally stated under the name of the Company and subsidiaries except for land owned by SI of Rp 965 and land owned by the Company of Rp 167 which is located in Bukit Sentul.

c. Investments in available for sale securities consist of the following:

	2004		2003 (Restated, see Note 9.a)	
	Percentage of Ownership %	Rp	Percentage of Ownership %	Rp
PT Lippo Karawaci Tbk (ex PT Siloam Health Care Tbk - SHC)	0.05		0.63	
Acquisition Cost		5,000		5,000

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	2004		2003 (Restated, see Note 9.a)	
	Percentage of Ownership %	Rp	Percentage of Ownership %	Rp
Unrealized Loss on Available for Sale Securities		(3,245)		(3,650)
Total		1,755		1,350

In 2004, SHC has entered into business combination with PT Lippo Karawaci Tbk (LK), with the conversion rate that every 500 SHC shares will be converted into 54 LK shares. As a result, the investment in LK has been diluted from 0.63% to 0.05% as of December 31, 2004.

On January 17, 2005, the Company purchased 47,964,400 shares of PT Lippo Karawaci Tbk (LK), a related party, at price of Rp 1,050 per share or totaling to Rp 50,363 through Limited Public Offering of Rights Issue II of LK. These additional shares purchased was intended to be sold within a year (see Note 35).

11. Property and Equipment

	2004				
	Beginning Balance Rp	Additions Rp	Deductions Rp	Transfer in (Out) Rp	Ending Balance Rp
Carrying Value					
Direct Ownership					
Land	8,776	110,634	--	--	119,410
Buildings	9,546	784,434	--	--	793,980
Building Improvements and Renovation	10,641	168,155	2,815	--	175,981
Computers	39,028	1,238	1,239	182	39,209
Office Furniture, Fixtures and Equipments	10,910	7,276	31	--	18,155
Transportation Equipments	415	19,227	140	--	19,502
Equipment and Installment Machines	--	935,724	8,688	--	927,036
	--	180,777	243	--	180,534
Equipments for Rent	22,893	39,227	2,934	20,311	79,497
Advertising Apparatus	15	--	--	--	15
Construction in Progress	121	25,669	--	(20,493)	5,297
Sub Total	102,345	2,272,361	16,090	--	2,358,616
Assets Under Capital Lease	--	650	--	--	650
Total	102,345	2,273,011	16,090	--	2,359,266
Accumulated Depreciation					
Direct Ownership					
Buildings	1,754	144,418	--	--	146,172
Building Improvements and Renovation	4,809	73,953	2,619	--	76,143
Computers	24,716	7,712	650	184	31,962
Office Furnitures, Fixtures and Equipments	6,418	6,681	15	--	13,084
Transportation Equipments	208	14,509	113	--	14,604
Equipment and Installment Machines	--	501,567	5,750	--	495,817
	--	118,297	215	--	118,082

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	2004				
	<i>Beginning Balance</i>	<i>Additions</i>	<i>Deductions</i>	<i>Transfer in (Out)</i>	<i>Ending Balance</i>
	Rp	Rp	Rp	Rp	Rp
<i>Equipments for Rent</i>	12,781	16,814	2,934	(184)	26,477
<i>Advertising Apparatus</i>	15	--	--	--	15
<i>Sub Total</i>	50,701	883,951	12,296	--	922,356
<i>Assets Under Capital Lease</i>	--	338	--	--	338
Total	50,701	884,289	12,296	--	922,694
Book Value	51,644				1,436,572
<i>Allowance for Possible Loss from Disposal</i>	--	(69,073)	--	--	(69,073)
Net	51,644				1,367,499

	2003				
	<i>Beginning Balance</i>	<i>Additions</i>	<i>Deductions</i>	<i>Transfer in (Out)</i>	<i>Ending Balance</i>
	Rp	Rp	Rp	Rp	Rp
Carrying Value					
Direct Ownership					
<i>Land</i>	5,112	--	--	3,664	8,776
<i>Buildings</i>	9,546	--	--	--	9,546
<i>Building Improvements and Renovation</i>	10,584	57	--	--	10,641
<i>Computers</i>	39,105	382	459	--	39,028
<i>Office Furnitures, Fixtures and Equipments</i>	10,574	276	--	60	10,910
<i>Transportation Equipments</i>	541	--	1,036	910	415
<i>Equipments for Rent</i>	32,404	1,098	10,609	--	22,893
<i>Advertising Apparatus</i>	15	--	--	--	15
<i>Construction in Progress</i>	60	121	--	(60)	121
<i>Sub Total</i>	107,941	1,934	12,104	4,574	102,345
<i>Assets Under Capital Lease</i>	910	--	--	(910)	--
Total	108,851	1,934	12,104	3,664	102,345
Accumulated Depreciation					
Direct Ownership					
<i>Buildings</i>	1,276	478	--	--	1,754
<i>Building Improvements and Renovation</i>	2,824	1,985	--	--	4,809
<i>Computers</i>	16,769	8,204	257	--	24,716
<i>Office Furnitures, Fixtures and Equipments</i>	4,741	1,677	--	--	6,418
<i>Transportation Equipments</i>	175	116	432	349	208
<i>Equipments for Rent</i>	16,317	7,073	10,609	--	12,781
<i>Advertising Apparatus</i>	15	--	--	--	15
<i>Sub Total</i>	42,117	19,533	11,298	349	50,701
<i>Assets Under Capital Lease</i>	349	--	--	(349)	--
Total	42,466	19,533	11,298	--	50,701
Book Value	66,385				51,644

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In 2004, the addition of fixed assets includes MPP and MMI's fixed assets, the consolidated subsidiaries on September 27, 2004 and December 29, 2004, respectively (see Note 1.c), with the acquisition cost of Rp 2,136,930, accumulated depreciation of Rp 810,709 and provision for decline in value of property and equipment of Rp 67,212.

In 2003, the transfer in amounting to Rp 3,664 represents the reclassification from advances purchase of land.

Depreciation is charged to the following:

	<u>2004</u>	<u>2003</u>
	<u>Rp</u>	<u>Rp</u>
Cost of Sales and Services	16,997	7,664
Selling Expenses	1,151	1,764
General and Administrative Expenses -		
Continuing Operation	55,401	9,577
Discontinuing Operation	--	528
Rental and other income/expenses on unused store and office spaces-net		
	<u>31</u>	<u>--</u>
Total	<u>73,580</u>	<u>19,533</u>

The Company has obtained the following Land Concession Rights (HGB) certificates covering their land:

	<u>Ending Date of HGB</u>
The Company	
HGB No. 830 - 832/Panunggan Barat, Tangerang	October 20, 2006
HGB No. 854 - 859/Panunggan Barat, Tangerang	October 20, 2006
HGB No. 915 - 919/Panunggan Barat, Tangerang	April 6, 2008
HGB No. 945 - 948/Panunggan Barat, Tangerang	September 24, 2024
HGB No. 13413/Bencongan, Tangerang	July 26, 2012
HGB No. 13414/Bencongan, Tangerang	December 25, 2011
HGB No. 13415 -13416/Bencongan, Tangerang	June 6, 2005

The subsidiaries' land represent HGB on land located in several cities in Indonesia. These HGB expire on various date from year 2005 to 2029.

The Company and subsidiaries' management believe that the above HGB certificates can be extended upon their expiration.

The store building owned by MPP, a subsidiary, in Malang and MGF's, entertainment centre, MPP's subsidiary in Samarinda were damaged by fire in March 2003 and May 2003, respectively. The total book values of the property and equipment and merchandise inventory amounting to Rp 10,015 were reclassified to insurance claim receivable, which is presented as part of Accounts Receivable - Others in 2003. In 2004, a part of the claim amounting to Rp 5,748 was settled. The remaining balance is still being negotiated.

Based on the review of the individual property and equipment at the end of the year, the Company and subsidiaries' management believe that no provision for impairment of property and equipment is necessary as of December 31, 2004 and 2003.

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Property and equipment under direct ownership and capital leases, are covered by insurance against losses by fire and other risks under blanket policies at PT Asuransi Tri Pakarta , PT Asuransi Jasa Indonesia, PT Asuransi Bintang, PT Asuransi Sinar Mas, PT Asuransi Allianz Utama, PT Asuransi Qube Pool Indonesia, PT Asuransi Umum Mega, PT Asuransi Reliance Indonesia, PT Zurich Insurance, PT Asuransi Central Asia and PT Lippo General Insurance Tbk, a related party, approximately totaling to Rp 1,310,906 and USD 162 as of December 31, 2004 which in the Company and subsidiaries' management opinion, are adequate to cover possible losses from such risks.

In 2004, certain property and equipment are pledged as collateral to short-term loans obtained by the Company and MPP, a subsidiary, from PT Bank Mandiri Tbk, PT Bank Negara Indonesia Tbk, PT Bank Niaga Tbk and long-term loans obtained from PT Bank Mandiri Tbk, PT Bank Akita and MPP's bonds (see Notes 14 and 21).

12. Advances

In 2004, this account primarily represents advances for purchase of store spaces under construction of Rp 407,113 to be used for MPP, a subsidiary's stores in Depok, Malang and Medan (see Note 32). In addition, this account also consists of advances for the purchase of equipment and installations in the MPP' stores. The advances account will be reclassified to property and equipment upon the transfer of the stores to MPP upon completion of construction.

13. Other Non-current Assets – Net

	2004	2003
	Rp	Rp
Long-term Rent - Net (see Note 2.1 and 32)	174,261	--
Guarantee Deposits	94,666	--
Non-operating Assets	91,738	--
Apartment Unit - Net	27,491	--
Others	5,585	5,615
Total	393,741	5,615

Guaranteed Deposits mainly represent deposits for store rental made by MPP, a subsidiary, to building developers/owners and is presented net of allowance for possible loss from disposal due to store restructuring amounting to Rp 1,130 as of December 31, 2004 (see Note 17).

Non-operating assets represents the cost of lands, building, apartment units, machines, housing units and prepaid long-term rent on MPP, a subsidiary's stores which were damaged by fire and is presented net of allowance from possible loss from disposal due to stores restructuring amounting to Rp 21,169 as of December 31, 2004 (see Note 17).

14. Short-term Loans

	2004	2003
	Rp	Rp
Bank Loans		
PT Bank Mandiri Tbk	194,603	40,500
PT Bank Negara Indonesia Tbk	105,000	80,000

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	2004	2003
	Rp	Rp
<i>PT Bank Danamon Indonesia Tbk</i>	100,000	--
<i>PT Bank Permata Tbk (2004: USD 3,179; 2003: USD 700)</i>	29,532	5,925
<i>PT Bank Niaga Tbk (2003: USD 2,347)</i>	7,000	19,872
<i>PT Bank Internasional Indonesia Tbk (USD 3,032)</i>	--	25,670
Factoring Loan		
<i>PT BNI Multifinance (including USD 134)</i>	5,427	--
Total	441,562	171,967

The loans obtained by the Company and MPP, a subsidiary, from PT Bank Mandiri Tbk with total maximum working capital credit facility amounting to Rp 52,000 and Rp 250,000, respectively. These loans will mature in June and July 2005 and bear annual interest rates of 12% to 16% and 16% to 18.5% in 2004 and 2003. The Company's loan is collateralized by trade receivable amounting to Rp 61,948 (see Note 6) and inventories amounting to Rp 16,180 (see Note 8). These collaterals also related to long-term loan which is obtained by the Company from PT Bank Mandiri Tbk (see Note 21). The subsidiary's loan facility is collateralized by merchandise inventory with retail value of not less than 110% of the total facility (see Note 8) and building (see Note 11).

The loans obtained by the Company from PT Bank Negara Indonesia Tbk consist of working capital credit facilities with maximum amount of Rp 80,000. These credit facilities were rolled over in 2004, and will mature on June 13, 2005. In June 2004, the Company obtained additional working capital credit facility from PT Bank Negara Indonesia Tbk with maximum amount of Rp 25,000, and will mature on June 13, 2005. These loans bear annual interest rates ranging from 14.75% to 16% in 2004 and 16% to 19% in 2003. These loans are collateralized by subsidiary's shares in PT Broadband Multimedia Tbk amounting to 27 million shares (see Note 9.a), the Company's property and equipment with net book value of approximately Rp 15,526 in 2004 (see Note 11), investments in properties amounting to approximately Rp 3,497 (see Note 10.b) and inventories amounting to approximately Rp 30,000 (see Note 8).

On June 25, 2004, MPP, a subsidiary, obtained from PT Bank Danamon Indonesia Tbk a revolving working capital loan facility amounting to Rp 100,000 and foreign exchange transaction facility as a Pre Settlement Exposure on Foreign Exchange (PSE-FX)/ Settlement Risk (SR) with maximum PSE-FX amount of USD 400 and SR amount of USD 5,000 per day. The loan facility is available up to June 2005. The loan facility is collateralized by merchandise inventory with retail value of not less than 110% of the total facility (see Note 8). The loan bear interest at 10.93%.

The loan obtained by the Company from PT Bank Permata Tbk represents credit facility which is used to finance the purchase of inventories sold to approved customer of PT Bank Permata Tbk. The maximum credit facility amounted to USD 5,500 and available up to July 8, 2005. In June 2004, these credit facility were divided into short term credit facility amounted to USD 4,000 and long term credit facility amounted to USD 1,500 (see Note 21). The loan bears annual interest rate at 7% in USD in 2004 and 6.5% in 2003. These loans collateralized by the Company's escrow account, trade receivable and inventories that was financed by this loan with minimum amount of approximately 150% and 125% of loan facility, respectively (see Notes 4, 6 and 8).

In 2004, the Company obtained a credit facility (fixed line) from PT Bank Niaga Tbk with maximum of Rp 7,000 which used to finance the purchase of inventories. This credit facility

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is collateralized by certain buildings and computers owned by the subsidiary (see Note 11) and bear annual interest rate of 13%. The Company also obtained project financing facility to finance the purchase of inventories from PT IBM Indonesia with maximum amount of USD 2,000. This facility bears annual interest of 6% and collateralized by the Company's escrow account, trade receivable with the minimum of 125% from credit facility and inventories with minimum of 110% from the credit facility (see Notes 4, 6 and 8). Both facilities will due on November 29, 2005. While in 2003, the Company obtained the loan from PT Bank Niaga Tbk with maximum amount of USD 2,640 and will mature on April 28, 2004. This credit facility was used to finance the purchase of inventories from PT IBM Indonesia. This loan bears annual interest rate at 7% in 2003. In 2004, this loan has been repaid by the Company.

In 2003, the Company obtained a loan from PT Bank Internasional Indonesia Tbk with maximum credit facility of USD 11,500. In 2004, this credit facility has been rolled over and the Company obtained additional credit facility, consists of FX Line of USD 1,000, BG Line of USD 1,500 and project financing of USD 10,000, and will mature on October 21, 2005 (see Note 21). The loan bears annual interest rate of 6% in 2004 and 7% in 2003. The loans collateralized by the Company's escrow account, trade receivables and inventories financed by this loan with minimum value of 125% from the credit facility (see Notes 4, 6 and 8).

In 2004, the Company entered into factoring agreements with PT BNI Multifinance for with recourse receivable factoring. The amount of receivables sold is Rp 6,179 and USD 266 at retention rate of 15%. These factoring loans bear annual interest at 16.5% in Rupiah and 8.75% for factoring loan denominated in USD. This loan will mature in various dates of May to December 2005

The agreements covering the above loans provide among others, that the Company and a subsidiary may not, unless reported to the creditors, use the credit facilities beyond the initial purposes, transfer and or lease the Company in any form and substance to other parties, amend the legal title of the Company, alter the article of association of the Company, transfer the rights or the Company's shares for both among the shareholders and or to other parties, make any loans or grant any credit, sell, transfer or otherwise dispose the, whole or any part of its assets, change its corporate structure either by business combination, acquisition or liquidation, acting as guarantor or collateralize its assets to other parties, enter into unusual practice or transactions, invest in or establish a new line of business for above 20% of the Company's asset, repay the stockholders' loan, distribute profits or dividends, obtain any lease financing, open new branch or business representative, change the composition of its members of boards of commissioners and directors and arrange the transactions with other parties or person also include but not limited to its affiliated company beyond the practices and on arm's length basis and perform acquisition in excess of market price or sell below the market price. The loan agreements also required the Company to maintain certain financial ratios. As of December 31, 2004, the Company and subsidiaries have complied with all of the requirements as stated in the loan agreements.

15. Promissory Notes

	2004	2003
	Rp	Rp
Short-Term		
<i>Debentures (PT Kridatama Swakarsa, Arranger)</i>	15,116	17,341
Promissory Notes		
Third Parties		
<i>Individual (PT Bank Mayapada Tbk, Arranger)</i>	2,000	2,000

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	2004 Rp	2003 Rp
Total Short-Term	17,116	19,341
Long-Term		
Promissory Notes		
Related Parties		
PT Ciptadana Sekuritas	55,000	--
PT Link Net	15,450	15,450
PT Satriajati Patria Luhur	2,100	2,100
<i>Sub Total Long-term</i>	<u>72,550</u>	<u>17,550</u>
Third Parties		
PT Multi Sarana Integrasi	30,000	--
PT Usaha Maya Gemilang	18,702	18,702
Individual (Corfina Finance Ltd, arranger)	14,370	14,370
<i>Sub Total</i>	<u>63,072</u>	<u>33,072</u>
<i>Less: Current Portion, Individual (Corfina Finance Ltd, Arranger)</i>	<u>--</u>	<u>(14,370)</u>
Net of Current Maturities	135,622	36,252

Short-term debentures were issued by the Company and subsidiaries to third parties were arranged by PT Kridatama Swakarsa. These debentures were in United States Dollar amounting to USD 1,627 and USD 2,049 in 2004 and 2003, respectively. These debentures are repayable on various dates ranging from one to twelve months (maturing between January 2005 to April 2005). These debentures bear annual interest at rates ranging from 3.00% to 3.75% in 2004 and 3.25% to 3.75% in 2003.

The promissory notes issued by the Company totaling Rp 2,000, were arranged by PT Bank Mayapada Tbk on December 28, 2002. These notes were extended several times, the latest is on December 28, 2004 and will mature on December 28, 2005. These notes bear annual interest ranging from 18% to 25% in 2004 and 25% in 2003.

The promissory notes issued by the Company totaling Rp 55,000, were arranged by PT Ciptadana Sekuritas on September 27, 2004. The promissory notes will mature on January 31, 2006. These notes bear no interest.

Promissory note issued by the Company to PT Link Net on December 31, 2002 amounting to approximately Rp 19,645 represents unsecured note and non interest bearing, which will mature on December 31, 2006. These notes were extended several times, the latest is on November 21, 2003. In 2003 this promissory note has been repaid of Rp4,195.

Promissory note issued by the Company to PT Satriajati Patria Luhur amounting to Rp 2,100 represents unsecured note and non interest bearing, which will mature on July 1, 2006. These notes were issued on January 16, 2001 and have been extended several times, the latest is on November 21, 2003.

The promissory notes issued by the Company to PT Multi Sarana Integrasi on December 31, 2004, amounting to Rp 30,000 represent secured note with helicopter owned by PT Air Pasifik Utama as collateral. These notes bear annual interest of 15% and will mature on December 31, 2008.

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The promissory notes amounting to Rp 19,302 which were issued by the Company to PT Usaha Maya Gemilang represent unsecured note and non interest bearing, which will mature on December 31, 2006. These notes were issued on December 31, 2001 and June 28, 2002 and have been extended several times, the latest is on November 21, 2003. In 2003 this promissory note has been repaid of Rp 600.

Promissory notes amounting to approximately Rp 25,370, arranged by Corfina Finance Ltd., were issued by a subsidiary to third parties on November 26, 2001. These notes are unsecured, bear annual interest rate at 16% in 2004 and 2003. In 2003 this promissory note has been repaid of Rp 11,000. In November 2004, Corfina Finance Ltd agreed to waive the interest for period of November 26, 2001 to November 25, 2004, and rollover the notes that will mature on November 25, 2006 with interest rate at 16% per annum.

16. Accounts Payable – Trade

This account represents liabilities to suppliers mainly for purchases of computer hardware, software and peripherals. The details of this account are as follows:

	2004	2003
	Rp	Rp
Related Parties		
PT Broadband Multimedia Tbk	126	1
PT Link Net	113	0
PT Lippo Karawaci Tbk	10	10
Others (each below Rp 20)	31	42
Sub Total	<u>280</u>	<u>53</u>
Third Parties		
NCR Global Solutions (2004: USD 1,320; including 2003: USD 315)	12,265	2,662
Metrodata E Business (2004: USD 714; 2003: USD 45)	6,631	383
Harissma Agung Jaya (2004: USD 619; including 2003: USD 6)	5,754	56
Sigma Cipta Caraka (2004: USD 125)	1,161	--
PT IBM Indonesia (including 2004: USD 100; 2003: USD 2,849)	967	23,027
NCR Indonesia (including 2004: USD 62; 2003: USD 449)	634	5,427
PT Computrade Technology International (2004: USD 27; 2003: USD 1,760)	248	14,899
BMC Software Asia Pacific (2003: USD 466)	79	3,948
Others (Including 2004: USD 492 and SGD 3; 2003: USD 1,038)	455,091	9,119
Sub Total	<u>482,830</u>	<u>59,521</u>
Total	<u>483,110</u>	<u>59,574</u>

Third parties others trade payable including MPP's payables of Rp 449,409 to suppliers for merchandise purchased. The amount to the supplierAs of December 31, 2004. The amounts due to suppliers as of December 31, 2004 are all payable in the first quarter of 2005.

Aging schedules of trade payables based on invoice date are as follows:

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	<i>Total</i>		<i>Percentage to Accounts Payable</i>	
	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
	<i>Rp</i>	<i>Rp</i>	<i>%</i>	<i>%</i>
<i>Less than 31days</i>	482,665	55,413	99.90	93.02
<i>31 - 60 days</i>	89	420	0.02	0.71
<i>61 - 90 days</i>	65	3,631	0.02	6.09
<i>Over 90 days</i>	291	110	0.06	0.18
Total	483,110	59,574	100.00	100.00

17. Accounts Payable - Others and Other Current Liabilities

As of December 31, 2004, accounts payable others primarily consists of the estimated liabilities relating to MPP's consumer loyalty program amounting Rp 26,565 and it's liabilities to contractor for building renovation work, including store decoration, and to other third parties for marketing expenses.

As of December 31, 2004, other current liabilities primarily consists of reserve for MPP's stores restructuring. In connection with the stores restructuring plan and in response to the economic difficulties, in the Board of Director's Meeting of MPP, a subsidiary, in 1996 and 1997 and of PT Matahari Super ekonomi (MSE) in 1996, the director resolved to continuously reievew and maximize the MPP's operations to generate income, review the appropriateness of stores location and demographic condition, close down some non-value added stores, reduce the spaces occupied by some stores to enhance operating efficiency and change the format of Galeria and MSE's stores. For this plan, MPP made provisions such as allowance for possible loss for disposal of property and equipment, reserve for stores restructuring, allowance for possible loss on non-operating asset (prepaid long-term rent on the store spaces which damaged by fire), allowance for possible loss of guarantee deposits and allowance for possible loss from non-utilization/recovery of prepaid long-term rent on other stores.

In 2004, MPP, a subsidiary, provided additional allowance totaling Rp 1,861.

The above amount were charged to Provision for Store Restructuring and the corresponding credit are presented either as contra accounts to the appropriate assets or to Reserve for Stores Restructuring whichever is applicable.

From 1997 up to December 31, 2004, MPP and MSE, subsidiaries, have closed down 31 stores by using the related allowance totaling Rp 67,627.

The balances of the Reserve for Store Restructuring accounts amounted to Rp 26,584 and the contra accounts amounted to Rp 93,628 as of December 31, 2004, respectively (see Note 13).

18. Taxation

a. Income Tax Benefit (Expense)

A reconciliation between income (loss) before income tax expense, as shown in the consolidated statements of income, and estimated taxable income (tax loss) of the Company is as follows:

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	2004	2003
	Rp	Rp
<i>Income (Loss) before Income Tax Expense per Consolidated Statements of Income</i>		
<i>Continuing Operations</i>	82,776	31,938
<i>Discontinuing Operations</i>	--	(18,757)
<i>Net</i>	<u>82,776</u>	<u>13,181</u>
 <i>Loss (Income) before Income Tax Expense of Consolidated Subsidiaries</i>	 <u>(115,484)</u>	 <u>18,912</u>
<i>Income (Loss) before Income Tax Expense Attribute to the Company</i>	<u>(32,708)</u>	<u>32,093</u>
 <i>Permanent Differences:</i>		
<i>Equity in Net Earnings of Associates</i>	(15,226)	(40,727)
<i>Interest Income already Subjected to Final Tax</i>	(157)	(236)
<i>Others</i>	2,008	3,301
<i>Sub Total</i>	<u>(13,375)</u>	<u>(37,662)</u>
 <i>Timing Differences:</i>		
<i>Employee's Benefits</i>	1,409	1,811
<i>Bad Debt Expense</i>	15,816	1,010
<i>Depreciation</i>	7,098	(2,802)
<i>Equity in Net Earnings of Associates</i>	(2,896)	(2,538)
<i>Loss on Disposal of Property and Equipment</i>	(356)	(5)
<i>Write Off Inventory Obsolescence</i>	(1,881)	--
<i>Others</i>	(405)	(1,010)
<i>Sub Total</i>	<u>18,785</u>	<u>(3,534)</u>
 <i>Estimated Tax Loss</i>	 (27,298)	 (9,103)
<i>Tax Loss Carryforward</i>	(9,103)	(42,978)
<i>Unrecoverable Tax Loss</i>	--	32,451
<i>Corrections from Tax Office</i>	4,941	10,527
<i>Estimated Tax Loss Carryforward</i>	<u>(31,460)</u>	<u>(9,103)</u>

The Company's estimated tax loss for the year ended December 31, 2004 and 2003 conform to its corporate income tax returns.

The Company's estimated tax loss carryforward of Rp 27,298 and Rp 4,162 will expire in 2009 and 2008, respectively.

The income tax expense and the computations of the estimated corporate income tax payable (claim for income tax refund) are as follows:

	2004		2003	
	Company	Subsidiaries	Company	Subsidiaries
	Rp	Rp	Rp	Rp
<i>Estimated Taxable Income</i>	--	60,513	--	--
<i>Income Tax Expenses</i>	--	18,123	--	--
<i>Prepayment of Income Taxes</i>				
<i>Article 22</i>	5,846	428	9,404	--
<i>Article 23</i>	6,235	4,731	7,556	748
<i>Article 25</i>	99	20,108	177	314
<i>Total Prepayments of Income Taxes</i>	<u>12,180</u>	<u>25,267</u>	<u>17,137</u>	<u>1,062</u>

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	2004	2003
Estimated Corporate Income Tax Payable		
(Claim for Income tax Refund)	<u>(12,180)</u>	<u>(7,144)</u>
	<u>(17,137)</u>	<u>(1,062)</u>

Claims for income tax refund are presented as "Prepaid Taxes" under Current Assets. The claim for income tax refund as of December 31, 2003 includes claim for tax refund amounting to Rp 7,180 representing refund for income tax Articles 22, 23 and 25 for year 2002, which was already approved by the Tax Office based on its assessment dated January 16, 2004. On January 30, 2004 the Company received the claim for tax refund for income tax Article 22, 23 and 25 for the fiscal year 2002.

Based on tax audit result for the year of 2003, the Company received SKPLB (Over Payment Tax Assessment Notice) for corporate income tax amounting to Rp 12,271, and SKPKB (Under Payment Tax Assessment Notice) for income tax Article 23, 26 and 4 (2) amounting to Rp 48, therefore on October 21, 2004 the Company received tax refund - net amounting to Rp 12,223 from the Tax Office.

A computation of deferred income tax benefit (expense) on temporary differences using the maximum tax rate of 30%, is as follows:

	2004 Rp	2003 Rp
The Company		
Accumulated Tax Loss- including Correction from Tax Office	6,707	(10,162)
Bad Debt Expense	4,745	303
Depreciation	2,129	(841)
Employees' Benefits	423	253
Loss on Disposals of Property and Equipment	(107)	(2)
Written-off Inventory	(564)	--
Equity in Net Earnings of Associates	(869)	(762)
Allowance for Estimated Unrecoverable Deferred Tax Assets	(7,091)	--
Others	(122)	(303)
Net	<u>5,251</u>	<u>(11,514)</u>
Subsidiaries		
PT Matahari Putra Prima Tbk	(23,622)	--
PT Reksa Puspita Karya	(265)	(1,971)
PT Sharestar Indonesia	--	(155)
Sub Total	<u>(23,887)</u>	<u>(2,126)</u>
Deferred Tax Expense - Net	<u>(18,636)</u>	<u>(13,640)</u>

b. Deferred Tax Assets (Liabilities) - Net

Accumulated deferred income tax benefit (expense) presented as Deferred Tax Assets (Liabilities) - Net in the consolidated balance sheets, with details as follows:

	2004 Rp	2003 Rp
The Company		
Allowance for Doubtful Accounts	5,048	303
Accrual for Employee's Benefits	1,585	1,162
Tax Loss	9,438	2,731
Accumulated Depreciation	269	(1,753)
Accumulated Equity in Net Earning of Associates	(3,910)	(3,041)
Allowance for Inventories Obsolescence	1,052	1,616

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	2004	2003
	Rp	Rp
<i>Allowance for Estimated Unrecovered Deferred Tax Assets</i>	(7,091)	--
<i>Others</i>	(1,070)	(948)
Net	5,321	70
Subsidiaries		
<i>PT Multifiling Mitra Indonesia</i>	441	--
<i>PT Matahari Putra Prima Tbk</i>	178	--
<i>Sub Total</i>	619	--
Deferred Tax Assets - Net	5,940	70
Deferred Tax Liabilities - Net		
<i>PT Matahari Putra Prima Tbk</i>	9,060	--
<i>PT Sharestar Indonesia</i>	303	38
Deferred Tax Liabilities - Net	9,363	38

Based on review of the status of the deferred tax assets at the end of each year, management believes that the allowance for estimated unrecoverable deferred tax assets is adequate to cover unrecoverable deferred tax assets.

c. Taxes Payable

	2004	2003
	Rp	Rp
<i>Income Taxes Accrued and Withheld</i>		
<i>Article 21</i>	10,830	818
<i>Article 23</i>	6,264	652
<i>Article 25</i>	52	--
<i>Article 26</i>	744	--
<i>Article 29</i>	590	--
<i>Article 4 (2)</i>	34	--
<i>Final Tax</i>	169	30
<i>Value Added Tax - Net</i>	13,865	7,830
Total	32,548	9,330

19. Accrued Expenses

	2004	2003
	Rp	Rp
<i>Rent</i>	132,825	525
<i>Salaries, Allowance and Employee's Benefit</i>	94,067	1,411
<i>Marketing and Supplies</i>	27,247	--
<i>Maintenance and Services</i>	18,950	15,137
<i>Electricity and Energy</i>	18,472	--
<i>Insurance</i>	17,828	--
<i>Interest</i>	13,245	6,783
<i>Professional Fees</i>	2,280	499
<i>Archive Management Fees</i>	--	2,288
<i>Others</i>	32,780	250
Total	357,694	26,893

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In 2004, the accrued rental includes the amount of Rp 77,225 from MPP, a subsidiary, representing the effect of the difference between the fixed exchange rates and the balance sheet exchange rates used to convert the US Dollar rentals to rupiah. The use of the fixed exchange rates is still under negotiation with the building owners.

20. Bonds Payable

	2004
	Rp
First Matahari Bonds in Year 2002 with Fixed Rates	450,000
Second Matahari Bonds in Year 2004 with Fixed Rates	300,000
First Matahari Syariah Ijarah Bonds in Year 2004	150,000
Nominal Value	900,000
Treasury Bonds	(54,000)
Balance	846,000
Unamortized Bonds Issuance Cost	(23,851)
Net	822,149

Bonds payable represent payable obtained by MPP, a subsidiary, which consist of:

a. *First Matahari Bonds in Year 2002 with Fixed Rates*

On September 25, 2002, MPP, a subsidiary, issued Obligasi I Matahari Putra Prima Tahun 2002 Dengan Tingkat Bunga Tetap (First Matahari Bonds), with PT Bank Negara Indonesia Tbk as the trustee. The bonds have a total face value of Rp 450,000 in Rp 50 denomination and will mature on September 25, 2007. The bonds have an idAA- (stable outlook) rating given by PT Pemeringkat Efek Indonesia (Pefindo). The rating for the year 2004/2005 by Pefindo is idA+ (stable outlook).

MPP's bonds listing on The Surabaya Stock Exchange (BES) was approved on the basis of the BES Decision Letter No. JKT-033/LIST-EMITEN/BES/IX/2002 dated September 26, 2002.

The bonds bear fixed interest rate at 17.875% per annum for 5 years starting September 25, 2002. PT Kustodian Sentral Efek Indonesia (KSEI), acting as the payment agent, shall pay quarterly interest on the bonds starting December 25, 2002 until September 25, 2007.

The bonds are collateralized by certain landrights, buildings and equipment with fair value representing 125% of the total face value of the bonds.

The proceeds of the bonds have been earmarked to be used for the opening of new stores and renovating of the existing ones and for MPP's working capital requirements, such as for the purchase of merchandise inventory.

Based on the Bonds Indenture, MPP is required to comply with certain conditions, such as maintaining several financial ratios. As of December 31, 2004, all of the financial ratios have been met.

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The amortization of bonds issuance costs charged to 2004 operations amounted to Rp 3,043.

If the bonds' annual rating decreases below idA-, MPP should maintain a sinking fund in that year and in the following years for as long as the rating remains at below idA-, in amounts determined as follows:

- First year, 10% of the bonds' face value; or*
- Second year, cumulative 15% of the bonds' face value; or*
- Third year, cumulative 20% of the bonds' face value; or*
- Fourth year, cumulative 30% of the bonds' face value; or*
- Fifth year, cumulative 40% of the bonds' face value.*

b. Second Matahari Bonds in Year 2004 with Fixed Rates and First Matahari Syariah Ijarah Bonds in Year 2004

On May 11, 2004, MPP, a subsidiary, issued Obligasi II Matahari Putra Prima Tahun 2004 Dengan Tingkat Bunga Tetap (Second Matahari Bonds) and Obligasi Syariah Ijarah I MPP Tahun 2004 (First Matahari Syariah Ijarah Bonds), with PT Bank Negara Indonesia Tbk as the trustee. The bonds have total face values of Rp 300,000 and Rp 150,000, respectively, in Rp 50 denomination and will mature on May 11, 2009. The ratings given by Pefindo are idA+ (stable outlook) for the Second Matahari Bonds and idA+(sy) for the first Matahari Syariah Ijarah Bonds.

MPP's bonds listing on the Surabaya Stock Exchange (BES) was approved on the basis of the BES Decision Letter No. JKT - 007/LIST - EMITEN/BES/V/2004 dated May 10, 2004.

The Second Matahari Bonds bear fixed rate interest at 13.8% per annum for 5 years starting May 11, 2004. PT Kustodian Sentral Efek Indonesia (KSEI), acting as the payment agent, shall pay quarterly interest on the bonds starting August 11, 2004 until May 11, 2009.

Each bondholder of First Matahari Syariah Ijarah is entitled to Ijarah fee at 13.8% per annum. The fee shall be paid for 5 years starting May 11, 2004. KSEI, acting as the payment agent, shall pay quarterly "Ijarah" fee starting August 11, 2004 until May 11, 2009.

The bonds are collateralized by certain landrights and buildings with fair value representing 115% of the total face value of the bonds.

The proceeds of the Second Matahari Bonds have been earmarked to be used for the opening of new stores and the renovation of the existing ones and for MPP's working capital requirements, such as for the purchase of merchandise inventory.

The proceeds of the First Matahari Syariah Ijarah Bonds have been earmarked to be used for the lease of store spaces which has been determined in Akad Wakalah.

Based on the Bonds Indenture, MPP, a subsidiary, is required to comply with certain conditions, such as maintaining several financial ratios. As of December 31, 2004, all of the financial ratios have been met.

The amortization of bonds issuance costs charged to 2004 operations amounted to Rp 2,163.

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If the bonds' annual rating decreases below idA- (for Second Matahari Bonds) and idA-(sy) (for the First Matahari Syariah Ijarah Bonds), MPP, a subsidiary, should maintain a sinking fund in that year and in the following years for as long as the rating remains at below idA- and id A-(sy), respectively, in amounts determined as follows:

- First year, 10% of the face value of the Second Matahari bonds or First Matahari Syariah Ijarah bonds; or
- Second year, cumulative 15% of the face value of the Second Matahari bonds or First Matahari Syariah Ijarah bonds; or
- Third year, cumulative 20% of the face value of the Second Matahari bonds or First Matahari Syariah Ijarah bonds; or
- Fourth year, cumulative 25% of the face value of the Second Matahari bonds or First Matahari Syariah Ijarah bonds; or
- Fifth year, cumulative 30% of the face value of the Second Matahari bonds or First Matahari Syariah Ijarah bonds.

21. Loans

	2004	2003
	Rp	Rp
Bank Loans		
PT Bank Mandiri Tbk (including 2004: USD 15,256)	231,400	255,333
PT Bank Internasional Indonesia Tbk (2004: USD 1,744; 2003: USD 784)	16,198	6,637
PT Bank Niaga Tbk (2004: USD 1,342)	12,466	--
PT Bank Permata Tbk	9,393	--
PT Bank Akita	2,501	--
<i>Sub Total</i>	<u>271,958</u>	<u>261,970</u>
Non-Financial Institutions		
Eastbourne Worldwide Ltd	47,083	47,083
<i>Total</i>	<u>319,041</u>	<u>309,053</u>
Less Current Maturities		
Bank Loans		
PT Bank Mandiri Tbk (including USD 3,594)	54,048	29,000
PT Bank Internasional Indonesia Tbk (2004: USD 697; 2003: USD 304)	6,479	2,573
PT Bank Niaga Tbk (2004: USD 503; including 2003: USD 148)	4,675	--
PT Bank Permata Tbk	3,131	--
PT Bank Akita	465	--
<i>Sub Total</i>	<u>68,798</u>	<u>31,573</u>
Non-Financial Institutions		
Eastbourne Worldwide Ltd	--	4,709
<i>Total</i>	<u>68,798</u>	<u>36,282</u>
Long-term Portion	<u>250,243</u>	<u>272,771</u>

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The Company entered to the loan agreement with PT Bank Mandiri Tbk on August 23, 2003, which had been amended on October 7, 2003, with total maximum credit facilities amount of Rp 260,333. The loan bears annual interest rates ranging from 14.25% to 16% in 2004 and ranging from 16% to 17% in 2003. Based on the loan agreement, the loans consist of 2 (two) facilities:

- a) Investment Loan I with maximum amount of Rp 154,533 which was used to take over the loan obtain from:
- PT Bank Danamon Indonesia Tbk amounting to Rp 50,000;
 - PT Bank Central Asia Tbk amounting to Rp 50,000;
 - PT Bank Mayapada Tbk amounting to Rp 5,000;
 - PT Bank Niaga Tbk amounting to Rp 23,600;
 - PT Bank Lippo Tbk amounting to Rp 24,500; and
 - PT Bank Permata Tbk amounting to Rp 1,400.
- b) Investment Loan II with maximum amount of Rp 105,800 which was used to take over the loan obtain from Japan Asia Investment Corporation (JAIC) amounting to Rp 105,850.

Then, based on loan agreement dated July 13, 2004, PT Bank Mandiri Tbk agreed to convert the remaining balances of Investment Loan I into Rp 100,000 and USD 5,559; and Investment Loan II into USD 11,422. The loan denominated in Rupiah bear annual interest rate of 14.25% per annum and the loan denominated in US Dollar bear annual interest rate of 9.5% per annum. All these loans will mature in 2008 with quarterly repayment of specific amounts, as follows:

	Amounts
	Rp
2005	54,048
2006	64,235
2007	70,249
2008	42,868
Total	231,400

The loans are collateralized by shares of PT Matahari Putra Prima Tbk owned by the Company (see Note 9.f), investment in PT Broadband Multimedia Tbk shares which owned by RPK, a subsidiary, and AcrossAsia Ltd (formerly AcrossAsia Multimedia Ltd), a majority stockholder (see Note 9.a), long-term investment in properties of the Company and subsidiaries' (see Note 10.b) and property and equipment of the Company and subsidiaries' (see Note 11). This loan also related to the collateral of short-term loan which was obtained by the Company from PT Bank Mandiri Tbk (see Note 14).

In 2004, loans obtained from PT Bank Internasional Indonesia Tbk, PT Bank Niaga Tbk and PT Bank Permata Tbk represent credit facilities that used by the Company for financing the purchase of inventories that was agreed by the banks (contract of sales). The inventories purchase based on contract of sales was mainly from PT IBM Indonesia. Every credit facilities used for this contract of sales will mature at the same time with the term of the financed contract of sale. The loans used for contract of sales for more than 1 (one) year consists of:

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- The loan obtained from PT Bank Internasional Indonesia Tbk will mature on April 20, 2007 and August 28, 2007. The loan bears annual interest rate rounding from 6% in 2004 and 7% in 2003. These loans collateralized by the Company's escrow account, trade receivable and inventories financed by this loan with minimum value of approximately 125% from the credit facility (see Notes 4, 6 and 8).
- The loan obtained from PT Bank Niaga Tbk has balance of USD 1,342 and will mature on August 23, 2007. This loan bears annual interest rate of 6% in 2004. The loan is collateralized by the Company's escrow account, trade receivable with minimum amount of 125% from the credit facility and inventories financed by this loan with minimum value of approximately 110% from the credit facility (see Notes 4, 6 and 8).
- The loan obtained from PT Bank Permata Tbk has maximum credit facility of USD 1,500 (see Note 14). As of December 31, 2004, this facility has used by the Company amounting to Rp 9,393 for project financing which will mature on September 16, 2007. The loan bears annual interest rate of 7% in US Dollar and 14% in Rupiah in 2004. These loans collateralized by the Company's escrow account, trade receivable with minimum amount of 150% from the credit facilities and inventories financed by this loan with minimum value of approximately 125% from the credit facility (see Notes 4, 6 and 8).

In 2004, the Company obtained installment investment credit facility from PT Bank Akita of Rp 2,750. This loan bears annual interest rate of 11% and will mature on May 6, 2009. The loan is collateralized by IBM equipments and trade receivable (see Notes 11 and 6).

The loan from Eastbourne Worldwide Ltd was initially from debt transfer from Japan Asia Investment Corporation (JAIC). In 2003, this account represent the balance of principal and accrued interest of Rp 58,853 to JAIC that come from loan restructure of PT Multipolar Perkasa (a subsidiary that has been disposed in 1999) to PT Bank Indonesia Raya Tbk (liquidated). In December 2003, JAIC was transferred and restructured the whole obligation to Eastbourne Worldwide Ltd to become Rp 47,083 The Company recognized gain from debt restructuring of Rp 11,771 which is recorded as extraordinary income in December 2003. On December 5, 2004, Eastbourne Worldwide Ltd agreed to restructure the principal and interest. Such loan is payable in 3 (three) times installments, as follows:

	Rp
December 23, 2006	7,062
December 23, 2007	7,062
December 23, 2008	32,958
Total	47,082

The loan bears quarterly SBI interest rate plus 2%. Based on agreement, the Company is prohibited to pledge its investments in MPP of Rp 30,000 (see Note 9.a) and BM's share which are owned by AcrossAsia Ltd (formerly AcrossAsia Multimedia Ltd), a stockholders, of Rp 60,000 to other parties (see Note 9.f).

The agreements covering the above loans provide among others, that the Company and subsidiary may not, unless reported to the creditors, use the credit facilities beyond the initial purposes, obtain new credit/loan in any form from other parties, for both working capital and or investment except for the purposes of normal course of business, engaged as loan guarantor or restrict most or the entire assets of the Company to other parties, perform investing activities in excess 20% of total assets, provide new loan to any party including

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shareholders except for the normal course of business, sell or transfer by any means or discharge partially or all of debtor's assets being restricted, assign partially or all of the Company's rights or obligations, perform merger and submit the proposal and or assign other parties to submit proposal to the court in order to be declared as bankrupt or loan settlement rescheduling. As of December 31, 2004, the Company and subsidiaries have complied with all of the requirements stated in the loan agreements.

22. Other Long-Term Payables

	2004	2003
	Rp	Rp
Obligation to Non - Financial Institutions	15,425	--
Estimated Liabilities on Employee Benefit (see Note 29)	12,888	4,162
Others	53,184	763
Total	81,497	4,925

Obligation to Non-Financial Institutions represent rental payable related to MPP, a subsidiary's stores which consist of:

	2004
	Rp
PT Trikaya Idea Sakti	11,438
PT Griya Mentari Dewata	7,350
PT Matahari Mas Sejahtera	4,950
PT Bogor Internusa Graha Hotel (USD 429)	3,987
Others (including USD 65)	605
Total	28,330
Less Current Maturities	
PT Griya Mentari Dewata	7,350
PT Matahari Mas Sejahtera	4,950
Others (including USD 65)	605
Total	12,905
Long-term Portion	15,425

MPP, a subsidiary, has discontinued the payment of debts related to stores which were damaged by fire. The payments will be continued by the time the stores are reopened.

Estimated liabilities on employee benefit represents the provision for termination, gratuity and compensation benefits for employees in accordance with the provisions of Indonesian Law No.13 year 2003 concerning "Labor Law", adjusted by the amounts covered under the Company and subsidiaries' retirement benefits. The provision amounting to approximately Rp 12,888 and Rp 4,162 in 2004 and 2003, are presented under this account in compliance with SFAS 57, "Provisions, Contingent Liabilities, and Contingent Assets".

23. Capital Stock

The Company's stockholders as of December 31, 2004 and 2003 are as follows:

2004

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<i>Stockholders</i>	<i>Shares</i>	<i>Ownership Percentage (%)</i>	<i>Total Rp</i>
<i>AcrossAsia Ltd (formerly AcrossAsia Multimedia Ltd)</i>	938,328,300	50.13	469,164
<i>Management</i>			
<i>Jeffrey Koes Wonsono</i>	112,000	0.01	56
<i>Others (each below Rp1)</i>	400	0.00	0
<i>Ohtes (each below 5% ownership)</i>			
	933,327,300	49.86	466,664
Total	1,871,768,000	100.00	935,884

2003			
<i>Stockholders</i>	<i>Shares</i>	<i>Ownership Percentage (%)</i>	<i>Total Rp</i>
<i>AcrossAsia Ltd (formerly AcrossAsia Multimedia Ltd)</i>	938,328,300	50.13	469,164
<i>Management</i>			
<i>Jeffrey Koes Wonsono</i>	112,000	00.01	56
<i>Billy Sindoro</i>	7,500	00.00	4
<i>Others (each below Rp 1)</i>	600	00.00	0
<i>Others (each below 5% ownership)</i>	933,319,600	49.86	466,660
Total	1,871,768,000	100.00	935,884

The Company's management stockholders which the amount are as below Rp 1 are as follows:

2004			
<i>Stockholders</i>	<i>Shares</i>	<i>Ownership Percentage (%)</i>	<i>Total (in Full Rupiah) Rp</i>
<i>Antonius Agus Susanto</i>	400	00.00	200,000

2003			
<i>Stockholders</i>	<i>Shares</i>	<i>Ownership Percentage (%)</i>	<i>Total (in Full Rupiah) Rp</i>
<i>Antonius Agus Susanto</i>	400	00.00	200,000
<i>Jenny Kuistono</i>	200	00.00	100,000
Total	600	00.00	300,000

24. Additional Paid-in Capital - Net

**Amount
Rp**

Premiums arising from:

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- Issuance of Shares through Limited Public Offering of Right Issue II	32,613
- Issuance of Shares Other than the Limited Public Offering	33,375
Declaration of Stock Dividends	(22,856)
Stock Issuance Cost	(10,819)
Total	32,313

25. Changes in the Equity Transactions of a Subsidiary/Associates

	<u>2004</u> <u>Rp</u>	<u>2003</u> <u>Rp</u>
PT Reksa Puspita Karya		
Difference in Value arising from Restructuring Transaction of Entities Under Common Control	(6,553)	(6,553)
Changes in the Equity Transaction of NGT, an Associate	(701)	(701)
Sub Total	<u>(7,254)</u>	<u>(7,254)</u>
PT Matahari Putra Prima Tbk		
Unrealized Loss on Available for Sale Securities	--	(15,037)
Changes in the Equity Transaction of Subsidiaries	4,583	(3,284)
Sub Total	<u>4,583</u>	<u>(18,321)</u>
Total	<u>(2,671)</u>	<u>(25,575)</u>

26. Net Sales, Services and Other Operating Revenues

a. The net sales, services and other operating revenues were derived from the following customers:

	<u>Total</u>		<u>Percentage to Total Revenue</u>	
	<u>2004</u> <u>Rp</u>	<u>2003</u> <u>Rp</u>	<u>2004</u> <u>%</u>	<u>2003</u> <u>%</u>
Related Parties				
(See Note 31)	49,957	98,280	1.99	16.53
Third Parties	2,456,979	496,108	98.01	83.47
Total	<u>2,506,936</u>	<u>594,388</u>	<u>100.00</u>	<u>100.00</u>

The net sales, services and other operating revenues were derived from third parties mainly consist from PT Bank Negara Indonesia Tbk, PT Bank Mandiri Tbk and PT Bank Permata Tbk totally approximately of Rp 262,404 and 251,920 in 2004 and 2003 respectively or about 10.47% and 42.38% from total sales in 2004 and 2003. For year 2004, sales to third parties amounting Rp 1,921,515 or 76.65% respectively, represents net sales from MPP, a subsidiary.

b. The details of sales by product and services are as follows:

<u>2004</u> <u>Rp</u>	<u>2003</u> <u>Rp</u>
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	<u>2004</u> <u>Rp</u>	<u>2003</u> <u>Rp</u>
Retail and Distribution	1,921,515	--
Information Technology		
Hardware and its Peripherals	443,690	468,477
Software	25,698	56,101
Other Services	112,949	65,936
Sub Total	<u>582,337</u>	<u>590,514</u>
Share Administration and Other Services	3,084	3,874
Total	<u><u>2,506,936</u></u>	<u><u>594,388</u></u>

Sales of retail and distribution represent sales from MPP, subsidiary's stores which include MSE and family entertainment centers known as Time Zone.

In 2004, MPPs' consignment sales amounted to Rp 2,277,548 and the related cost due to consignors amounted to Rp 1,613,393.

27. Cost of Sales and Services

- a. This account consists of cost of goods sold and services provided by the following suppliers:

	<u>Total</u>		<u>Percentage to Total Cost</u> <u>of Sales and Services</u>	
	<u>2004</u> <u>Rp</u>	<u>2003</u> <u>Rp</u>	<u>2004</u> <u>%</u>	<u>2003</u> <u>%</u>
PT IBM Indonesia	147,840	159,682	8.11	33.50
PT Computrade Technology International	75,299	35,331	4.13	7.41
NCR Global Solutions	69,769	50,462	3.83	10.59
Cisco System	48,897	12,549	2.68	2.63
PT Bina Data Mandiri	9,351	21,508	0.51	4.51
Others	129,582	197,156	7.10	41.36
Sub Total	<u>480,738</u>	<u>476,688</u>	<u>26.36</u>	<u>100.00</u>
Cost of Sales of Retail and Distribution	<u>1,342,891</u>	<u>--</u>	<u>73.64</u>	<u>--</u>
Total	<u><u>1,823,629</u></u>	<u><u>476,688</u></u>	<u><u>100.00</u></u>	<u><u>100.00</u></u>

- b. Cost of sales and services by products and services consists of:

	<u>2004</u> <u>Rp</u>	<u>2003</u> <u>Rp</u>
Information Technology		
Hardware and its Peripherals	385,595	387,184
Software	22,534	41,717
Other Services	72,072	45,999
Sub Total	<u>480,201</u>	<u>474,900</u>
Share Administration and Other Services	537	1,788
Retail and Distribution	<u>1,342,891</u>	<u>--</u>
Total	<u><u>1,823,629</u></u>	<u><u>476,688</u></u>

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28. Operating Expenses

	2004 Rp	2003 Rp
Selling		
Rent	108,556	2,173
Marketing	94,319	83
Salaries, Allowance and Employee's Benefits	8,197	7,870
Traveling, Transportation and Delivery	2,181	1,761
Depreciation (see Note 11)	1,151	1,764
Others	25,192	2,154
Sub Total	239,596	15,805
General and Administrative		
Salaries, Allowance and Employee's Benefits	138,514	23,753
Depreciation (see Note 11)	55,401	9,577
Water and Electricity	34,877	1,317
Professional Fees	11,337	2,750
Tax and Licence	8,423	492
Traveling and Transportation	8,303	1,070
Insurance	7,674	122
Telephone, Facsimile and Postage	6,713	1,574
Repair and Maintenance	5,059	367
Others	19,041	11,798
Sub Total	295,342	52,820
Total Operating Expenses	534,938	68,625

29. Retirement Benefits

The Company and certain subsidiaries have defined contribution retirement plans covering certain permanent employees according to their preference. The assets under these plans are being managed by PT Asuransi AIG Lippo Life, a related party.

The retirement plans are contributory, with the employees contributing 3% of their annual basic salaries, while the Company and subsidiaries contribute 5% of the employees' annual basic salaries.

The Company and subsidiaries also provide provisions for employees' benefits as required under Indonesian Law No. 13 Year 2003 regarding labor. The provisions which have not been covered under the above-mentioned retirement plans are presented in the consolidated balance sheets under Other Long-term Payables (see Note 22).

30. Assets and Liabilities Denominated in Foreign Currencies

As of December 31, 2004 and 2003, the monetary assets and liabilities in foreign currencies are as follows:

	2004	
	Amount in Foreign Currencies	Equivalent Rp
Assets		
Cash and Cash Equivalents	USD 2,034	18,904
	EUR 88	1,118
	USD 7,180	66,714

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	2004	
	<i>Amount in Foreign Currencies</i>	<i>Equivalent Rp</i>
<i>Short-term Investments</i>		
<i>Trade</i>		
<i>Related Parties</i>	<i>USD</i> 3,320	30,844
<i>Third Parties</i>	<i>USD</i> 6,685	62,102
<i>Others</i>	<i>USD</i> 137	1,268
<i>Other Non Current Assets -</i>		
<i>Guarantee Deposits and Long-term</i>	<i>USD</i>	16,603
<i>Accounts Receivable</i>	<i>USD</i> 2,199	20,432
Total Assets		217,985
Liabilities		
<i>Short-term Loans and Overdraft</i>	<i>USD</i> 3,313	30,779
<i>Short-term Promissory Notes</i>	<i>USD</i> 1,627	15,116
<i>Accounts Payable - Trade</i>	<i>USD</i> 3,459	32,132
	<i>SGD</i> 3	20
<i>Accrued Expenses</i>	<i>USD</i> 8,349	77,562
<i>Other Current Liabilities - Customer</i>		
<i>Deposits</i>	<i>USD</i> 1,258	11,690
<i>Long-term Bank Loans</i>	<i>USD</i> 18,342	170,395
<i>Other Long-term Payable</i>	<i>USD</i> 494	4,592
Total Liabilities		342,286
Net Liabilities Denominated in Foreign Currencies		(124,301)

	2003	
	<i>Amount in Foreign Currencies</i>	<i>Equivalent Rp</i>
Assets		
<i>Cash and Cash Equivalents</i>	<i>USD</i> 2,246	19,009
<i>Short-term Investments</i>	<i>USD</i> 4,742	40,142
<i>Accounts Receivable</i>		
<i>Trade</i>		
<i>Related Parties</i>	<i>USD</i> 5,170	43,776
<i>Third Parties</i>	<i>USD</i> 10,692	90,505
<i>Others-lain</i>	<i>USD</i> 122	1,031
<i>Other Current Assets</i>	<i>USD</i> 1,094	9,257
<i>Other Non Current Assets -</i>		
<i>Guarantee Deposits and Long-term Accounts Receivable</i>	<i>USD</i> 357	3,021
Total Assets		206,741
Liabilities		
<i>Short-term Loans and Overdraft</i>	<i>USD</i> 6,079	51,466
<i>Short-term Promissory Notes</i>	<i>USD</i> 2,049	17,341
<i>Accounts Payable - Trade</i>	<i>USD</i> 6,928	58,647
<i>Accrued Expenses</i>	<i>USD</i> 1,385	11,726
<i>Other Current Liabilities - Customer</i>		
<i>Deposits</i>	<i>USD</i> 545	4,610
<i>Long-term Bank Loans</i>	<i>USD</i> 784	6,637
Total Liabilities		150,427
Net Asset Denominated in Foreign Currencies		56,314

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31. Accounts and Transactions with Related Parties

The Company and subsidiaries, in their normal course of business, have engaged in transactions with related parties principally consisting of sales, providing services and space rental which are made on an arm's length basis, and intercompany advances.

The details of the accounts and transactions with related parties are as follows:

	Amount		Percentage to Total Assets/Liabilities/respective Revenue and Cost of Sales/Expenses	
	2004	2003	2004	2003
	Rp	(Restated, see Note 9.a) Rp	%	(Restated, see Note 9.a) %
Cash and Cash Equivalents (see Note 4)				
PT Bank Lippo Tbk	<u>66,861</u>	<u>5,012</u>	<u>1.37</u>	<u>0.32</u>
Short-term Investment (See Note 5)				
PT Ciptadana Sekuritas	62,071	--	1.27	--
Indonesian Investment Fund Ltd.	18,008	--	0.37	--
PT Ciptadana Asset Management	8,739	--	0.18	--
PT Bank Lippo Tbk	650	418	0.01	0.03
Others (each below Rp 250)	304	195	0.01	0.01
Total	<u>89,772</u>	<u>613</u>	<u>1.84</u>	<u>0.04</u>
Accounts Receivable				
Trade (see Note 6)				
PT Link Net	14,747	11,012	0.30	0.70
PT Bank Lippo Tbk	14,160	34,982	0.29	2.23
PT Broadband Multimedia Tbk	9,778	8,312	0.20	0.53
PT Natrindo Telepon Seluler	4,625	4,113	0.10	0.26
Others (each below Rp 1,000)	869	1,455	0.02	0.09
Total	<u>44,179</u>	<u>59,874</u>	<u>0.91</u>	<u>3.81</u>
Prepaid Expenses	<u>224</u>	<u>52</u>	<u>0.10</u>	<u>0.00</u>
Due from Related Parties				
PT Lippo Sekuritas Tbk	20,463	--	0.42	--
Employees	9,468	--	0.19	--
PT Natrindo Telepon Seluler	2,320	1,786	0.05	0.11
PT Sarana Karya Gemilang	1,600	--	0.03	--
PT Inti Mitratama Abadi	1,035	805	0.02	0.05
PT Multifiling Mitra Indonesia	--	1,043	--	0.07
Others (each below Rp 1,000)	2,279	930	0.05	0.06
Total	<u>37,165</u>	<u>4,564</u>	<u>0.76</u>	<u>0.29</u>

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Investment in Associates

PT Broadband Multimedia Tbk	47,621	39,541	0.98	2.52
PT Bintang Sidoraya	21,219	--	0.44	--
PT Matahari Leisure	8,846	--	0.18	--
PT Tason Mitra Prima	3,395	--	0.07	--
PT Sarana Karya Cemerlang	400	--	0.01	--
PT Matahari Putra Prima Tbk	--	1,009,848	--	64.35
PT Multifiling Mitra Indonesia	--	9,637	--	0.61
PT Natrindo Global Telekomunikasi	--	84	--	0.01
Total	81,481	1,059,110	1.68	67.49

Other Long-term Investments

(see Notes 10.a and 10.c)

Investment In:

BigboXX.com (CI) Limited	84,050	--	1.73	--
PT Aneka Tirta Nusa	13,737	--	0.28	--
PT Matahari Courts Tbk	4,251	--	0.09	--
PT Lippo Karawaci Tbk (eks PT Siloam Healthcare Tbk)	1,755	1,350	0.03	0.09
PT Asianet Multimedia	507	507	0.01	0.03
PT Multipolar Telemedia	250	250	0.01	0.02
PT Lippo On Line	125	125	0.00	0.01
PT Natrindo Kartu Panggil	0	--	0.00	--
PT Natrindo Telepon Seluler	--	7,757	--	0.49
Sub Total	104,675	9,989	2.15	0.64

Advance for Investments in

PT Air Pasifik Utama	34,975	--	0.72	--
PT Asianet Multimedia	27,943	27,943	0.57	1.78
PT Lippo On Line	124	124	0.00	0.01
PT Natrindo Telepon Seluler	--	179	--	0.01
Sub Total	63,042	28,246	1.29	1.80
Total	167,717	38,235	3.44	2.44

Acquisition of Property and Equipment and Investment in Properties

PT Bukit Sentul Tbk	--	965	--	0.06
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Advance for Acquisition Property, Plant and Equipment

PT Lippo Karawaci Tbk (eks PT Lippo Land Development)	40,000	--	0.82	--
Others	800	--	0.02	--
Total	40,800	--	0.84	--

Other Trade Receivables

PT Bank Lippo Tbk	1,939	1,546	0.04	0.10
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Other Non-Current Assets

Guarantee Deposit

PT Matahari Leisure	2,307	--	0.05	--
Lainnya	488	15	0.01	0.00
Sub Total	2,795	15	0.06	0.00

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<i>Loan to Employee</i>	386	93	0.01	0.01
Total	3,181	108	0.07	0.01
Accounts Payable				
Trade (see Note 16)				
<i>Others (each below Rp 150)</i>	280	53	0.01	0.01
Total	2,016	2,341	0.07	0.04
Accrued Expense				
<i>PT Multifiling Mitra Indonesia</i>	3,050	2,288	0.11	0.34
<i>Others (each below Rp 600)</i>	--	525	--	0.08
Total	3,050	2,813	0.11	0.42
Other Current Liabilities				
Customer Deposits				
<i>PT Bank Lippo Tbk</i>	2	2,540	0.00	0.38
<i>Others (each below Rp 1,000)</i>	1,203	661	0.04	0.10
<i>Sub Total</i>	1,205	3,201	0.04	0.48
Unearned Services Income				
<i>PT Bank Lippo Tbk</i>	1,928	1,609	0.07	0.24
<i>PT Matahari Putra Prima Tbk</i>	--	671	--	0.10
<i>Others (each below Rp 200)</i>	275	382	0.01	0.06
<i>Sub Total</i>	2,203	2,662	0.08	0.40
Total	3,408	5,863	0.12	0.88
Due to Related Parties				
<i>PT Lippo Karawaci Tbk</i>	1,692	--	0.06	--
<i>Royalti - Avel Pty, Limited Australia</i>	1,675	--	0.06	--
<i>PT Bintang Sidoraya</i>	1,524	--	0.05	--
<i>Others (each below Rp 300)</i>	691	736	0.02	0.11
Total	5,582	736	0.19	0.11
Long term Promissory Notes				
<i>PT Ciptadana Sekuritas</i>	55,000	--	1.90	--
<i>PT Link Net</i>	15,450	15,450	0.53	2.32
<i>PT Satriajati Patria Luhur</i>	2,100	2,100	0.07	0.32
Total	72,550	17,550	2.50	2.64
Other Long-term Liabilities				
<i>PT Multifiling Mitra Indonesia</i>	--	763	--	0.11
Net Sales, Service and				
Other Operating Expense				
<i>(See Note 26)</i>				
<i>PT Bank Lippo Tbk</i>	36,978	85,103	1.48	14.32
<i>PT Matahari Putra Prima Tbk</i>	3,527	4,007	0.14	0.67
<i>PT Link Net</i>	3,078	3,832	0.12	0.65
<i>PT Broadband Multimedia Tbk</i>	3,004	1,222	0.12	0.21
<i>PT AIG Lippo Life</i>	1,545	1,395	0.06	0.23
<i>PT Natrindo Telepon Seluler</i>	370	1,150	0.01	0.19
<i>Others (each below Rp 1,000)</i>	1,455	1,571	0.06	0.26
Total	49,957	98,280	1.99	16.53

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Cost of sales and Service

<i>PT Multifiling Mitra Indonesia</i>	537	647	0.03	0.14
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Salaries and Employee Benefit

<i>Commissioner and Director</i>	9,754	5,105	6.65	16.14
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Rent Expense

<i>PT Matahari Putra Prima Tbk</i>	1,246	1,520	1.09	16.10
<i>PT Lippo Cikarang Tbk</i>	653	--	0.57	--
<i>Others</i>	--	70	--	0.74
Total	1,899	1,590	1.66	16.84

Telephone, Facsimile and Postage Expense

	416	555	5.77	28.88
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Archive Management Fees

<i>Others (each below Rp 500)</i>	577	481	67.49	76.10
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Insurance expense

<i>PT Lippo General Insurance Tbk</i>	1,859	109	24.07	23.85
<i>Others</i>	--	62	--	13.57
Total	1,859	171	24.07	37.42

Interest Income

<i>PT Ciptadana Sekuritas</i>	2,618	--	14.57	--
<i>PT Lippo Securities Tbk</i>	503	--	2.80	--
<i>PT Bank Lippo Tbk</i>	206	39	1.15	0.80
<i>PT Natrindo Telepon Seluler</i>	111	--	0.62	--
Total	3,438	39	19.14	0.80

Interest Expense and Others Financial Expense

<i>PT Bank Lippo Tbk</i>	322	3,130	0.33	5.35
<i>Others (each below Rp 100)</i>	--	111	--	0.19
Total	322	3,241	0.33	5.54

Other Income

<i>PT Inti Mitratama Abadi</i>	229	688	2.97	73.11
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Equity in Net Earning (Losses) of Associates

<i>PT Matahari Putra Prima Tbk</i>	15,226	40,727	83.17	95.46
<i>PT Multifiling Mitra Indonesia</i>	2,896	2,538	15.82	5.95
<i>PT Matahari Leisure</i>	1,641	--	8.96	--
<i>PT Natrindo Global Telekomunikasi</i>	(84)	(1,319)	(0.45)	(3.09)
<i>PT Broadband Multimedia Tbk</i>	(604)	718	(3.30)	1.68
<i>PT Bintang Sidoraya</i>	(768)	--	(4.20)	--
<i>PT Tirta Mandiri Sejahtera</i>	--	(1)	--	0.00
Total	18,307	42,663	100.00	100.00

Relationship and nature of account balance/transaction with related parties are as follows:

<u>Company</u>	<u>Relationship</u>	<u>Nature of Account Balance/Transaction</u>
<i>PT AON Indonesia</i>	<i>Affiliate</i>	<i>Insurance expense</i>
<i>PT AsiaNet Multimedia</i>	<i>Affiliate</i>	<i>Accounts receivable, intercompany advances, other long term investments and sales</i>

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<i>Company</i>	<i>Relationship</i>	<i>Nature of Account Balance/Transaction</i>
<i>PT Asuransi AIG Lippo Life</i>	<i>Affiliate</i>	<i>Accounts receivable, sales and pension fund</i>
<i>PT Asuransi Jiwa Lippo Utama</i>	<i>Affiliate</i>	<i>Sales</i>
<i>PT Avel Pty, Limited, Australia</i>	<i>Affiliate</i>	<i>Royalty payable and payment for promotion expense</i>
<i>PT Bintang Sidoraya</i>	<i>Affiliate</i>	<i>Investment in shares of stock and intercompany account</i>
<i>PT Bank Lippo Tbk</i>	<i>Affiliate</i>	<i>Current account, time deposits, marketable securities, accounts receivable, prepaid expenses, guarantee deposits, bank loans, customers' deposits, accrued expenses, unearned service income, sales, archive management fees, interest income and other financing costs</i>
<i>PT Broadband Multimedia Tbk</i>	<i>Affiliate</i>	<i>Marketable securities, accounts receivable, intercompany advances/loan, other long-term investment, customer's deposits, sales, telephone expenses</i>
<i>PT Bukit Sentul Tbk</i>	<i>Affiliate</i>	<i>Accounts receivable, advances for acquisition of property and equipment, acquisition of investment in properties and sales</i>
<i>PT Ciptadana Assets Management</i>	<i>Affiliate</i>	<i>Investment in Mutual Funds</i>
<i>PT Ciptadana Sekuritas</i>	<i>Affiliate</i>	<i>Investment in fund management, creating new current account, accounts receivables, customers deposit, archive management fees and sales</i>
<i>PT Graha Tata Cemerlang Indonesian Investment Fund Ltd</i>	<i>Affiliate</i>	<i>Advances for acquisition of property and equipment</i>
<i>PT Inti Mitratama Abadi</i>	<i>Affiliate</i>	<i>Investment in Mutual Fund s</i>
<i>PT Kodel Margahayu Telindo</i>	<i>Affiliate</i>	<i>Accounts receivable, intercompany advances/loans and other income</i>
<i>Leisure and Allied Industries Asia Pte, Limited, Singapura</i>	<i>Affiliate</i>	<i>Proforma investment in disposed subsidiary and associates, and proforma account attributable to disposed subsidiary and associates</i>
<i>PT Link Net</i>	<i>Affiliate</i>	<i>Intercompany receivable and interest expense/income</i>
<i>PT Lippo Cikarang Tbk</i>	<i>Affiliate</i>	<i>Accounts receivable, prepaid expenses, intercompany advances/loans, acquisition of property and equipment, promissory notes, sales, rent expense, telephone, interest expense and other financing costs</i>
<i>PT Lippo E-Net Tbk</i>	<i>Affiliate</i>	<i>Sales and payment of rental expense</i>
<i>PT Lippo General Insurance Tbk</i>	<i>Affiliate</i>	<i>Accounts receivable, intercompany advances/loans, unearned service income and sales</i>
<i>PT Lippo Karawaci Tbk (including the merger companies of ex PT Aryaduta Hotels Tbk, eks PT Lippo Land Development Tbk and PT Siloam Health Care Tbk)</i>	<i>Affiliate</i>	<i>Accounts receivable, prepaid expenses, unearned service income, sales and insurance expense</i>
<i>PT Lippo On Line</i>	<i>Affiliate</i>	<i>Marketable securities, accounts receivable, guarantee deposits, other long term investment, acquisition of investment in properties, advances for acquisition of property and equipment, unearned service income and sales</i>
<i>PT Lippo Securities Tbk</i>	<i>Affiliate</i>	<i>Accounts receivable, other long-term investment and sales</i>
		<i>Marketable securities, accounts receivable, due from related party, unearned service income, interest income, sales and archive management fees</i>

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<u>Company</u>	<u>Relationship</u>	<u>Nature of Account Balance/Transaction</u>
PT Matahari Courts Tbk	Affiliate	investment in shares of stock and interest income
PT Matahari Leisure	Associate	investment in shares of stock and guarantee deposit
PT Matahari Putra Prima Tbk	Associate	Marketable securities, accounts receivable, intercompany advances/loans, investment in associates, unearned service income, sales, rent expense, interest expense and other financing costs, equity in net earning of associates and accrued expense
PT Multifiling Mitra Indonesia	Associate	Accounts receivable, intercompany advances/loans, investment in associate, guarantee deposits, accrued expenses, other long-term payables, sales, rent expense, archive management fees, stationary and office supplies expense, interest income, and equity in net earning of associates
PT Multimedia Net Link	Affiliate	Accounts receivable and sales
PT Multipolar Telemedia	Affiliate	Intercompany advances/loans and other long-term investment
PT Muliasentosa Dinamika	Affiliate	Advances for acquisition of property and equipment
PT Natrindo Global Telekomunikasi	Affiliate	Accounts receivable, intercompany advances/loans and sales
PT Natrindo Kartu Panggil	Affiliate	Accounts receivable, intercompany advances/loans, other long-term investment, accounts payable, sales, and telephone, facsimile and postage expenses
PT Natrindo Telepon Seluler	Affiliate	Accounts receivable, intercompany advances/loans, other long-term investment, customer deposits and sales
PT Pasifik Utama Tbk	Affiliate	Sales
PT Satriaji Patria Luhur	Affiliate	Acquisition of property and equipments, promissory notes, other long term loan, interest expense and other financing costs
PT Tason Mitra Prima	Associate	Investment in shares of stock
PT Tirta Mandiri Sejahtera	Associate	Investment in associate
AcrossAsia Ltd (formerly AcrossAsia Multimedia Ltd)	Stockholder	Intercompany advances and company's loan guarantor
Komisaris dan Direktur	Employee	Loan to employee, salary and employee benefit

32. Other Agreements and Commitments

- a. On May 18, 1994, the Company entered into a distribution licensing agreement with BankVision Software Ltd. (BV), U.S.A., as amended by agreement dated November 28, 1997, whereby the Company was granted the right to sell and distribute the BV licensed products. As agreed by the parties, the Company paid BV a one-time payment of USD 250 as compensation for the entire grant and license. The amended agreement is valid for 99 years.
- b. In 1997, MPP, a subsidiary, entered into an agreement with PT Permana Indoasri Nusantara (PIN), whereby PIN was given the right to market and lease the MPP's store spaces located in Serang, Sukabumi, Cianjur and Karawang. The agreement is valid up to three months after the opening day of the malls where the store spaces are located. As of December 31, 2004, only the mall in Karawang has been opened.

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- c. *In March 2001, MPP, a subsidiary, entered into a lease agreement with PT Citraciti Pasific covering lease of store space with a floor area of 11,000 square meters in Pekanbaru. The lease period covers 20 years, divided into four 5-year periods to start 4 months after the leased property is turned over to MPP. As required in the lease agreement, MPP made a rental deposit amounting to Rp 3,795 and rental advances totalling Rp 5,795 which are presented as part of Other Non-current Assets (Guarantee Deposits) and Advances, respectively, as of December 31, 2004. As of December 31, 2004, the store has not opened yet.*
- d. *On March 8, 2001, MPP, a subsidiary, entered into a license agreement with IGA, Inc (IGA), whereby IGA authorized and licensed MPP to use the IGA trademarks (1) to identify MPP as an IGA member, (2) in connection with the distribution and promotion of products with the quality standards established by IGA, solely in MPP's stores, and rendering of services relating to IGA systems in those stores, and (3) in connection with the procurement and labeling of products with the quality standards established by IGA.*

On the same date, MPP, a subsidiary, entered into a service agreement with IGA to obtain service and support from IGA, including guidance and counsel, international public relations assistance, and attendance at major key events.

- e. *In July 2001, MPP, a subsidiary, entered into a lease agreement with PT Benteng Teguh Perkasa covering lease of store space with a floor area of 9,800 square meters for a 20-year period in Kramat Jati - Jakarta, for rental fees totaling Rp 75,100. The lease period started in November 2004. As required in the lease agreement, MPP made advance payments. The balance of the advance payment as of December 31, 2004 is Rp 23,581 which is presented as part of Other Non-current Assets (Prepaid Long-term Rent). As of December 31, 2004, MPP is still under negotiation with the building owner to change the lease period from 20 years to 11 years.*
- f. *In June 2002, MPP, a subsidiary, entered into a property agency agreement with PT Dwimustika Mas (DM) as a franchisee of Coldwell Banker USA, to assist MPP in conducting feasibility studies and identifying new potential areas for future stores development.*

Based on the proposal from DM, in December 2002, MPP agreed to purchase for Rp 90,000 store space with a floor area 12,000 square meters, located in Depok. As required in the sale-purchase agreement for the above property, as of December 31, 2004, MPP has already made advance payments amounting to Rp 89,000. In February 2004, MPP entered into additional sale-purchase agreements to purchase additional store spaces with floor areas totaling 1,045 square meters for Rp 9,405. As required in the sale-purchase agreements, MPP made advance payments amounting to Rp 9,405. Advance payments totaling Rp 98,405 as of December 31, 2004 are presented as part of Advances for purchase of property and equipment. As of December 31, 2004, the store has not opened yet.

Based on the proposal from DM, in December 2004, MPP agreed to purchase store space with a floor area of 19,400 square meters located in Jakarta for Rp 206,150. As of December 31, 2004, no payment has been made.

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- g. *On December 27, 2002, MPP, a subsidiary, entered into a management agreement with PT Matahari Graha Fantasi (MGF), MPP's subsidiary, whereby MPP agreed to provide management consultation services to MGF. MPP earns an annual management fee as compensation, which is computed at a certain percentage of the gross revenue of MGF. The agreement is effective for a 12-year period starting January 1, 2003.*

The related reciprocal management fee income and expense amounting to Rp 3,894 in 2004 have been eliminated in the consolidated financial statements.

- h. *In January 2003, MGF, a subsidiary, entered into a Business System License Agreement with Avel Pty. Limited, Australia (licensor) whereby the licensor granted MGF the exclusive right in Indonesia to use the Timezone Business System. The licensor earns an annual royalty as compensation, which is computed at a certain percentage of the gross revenue of MGF. The agreement is effective for a 12-year period starting January 1, 2003.*

The royalty fees charged to current operations as part of Selling Expenses (Marketing) amounted to Rp 8,793 in 2004.

- i. *In February 2003, MPP, a subsidiary, entered into a lease agreement with PT Margamas Indah Development covering lease of temporary store space with a floor area of 4,500 square meters and permanent store space with a floor area of 14,100 square meters in Ujung Pandang. The lease of the temporary store space covers 11 years or will be terminated after the completion of the permanent store construction. The lease period of the permanent store space covers 11 years to start at the opening day of the store. As required in the lease agreement, MPP made rental deposit and rental advance for the temporary and permanent store spaces amounting to Rp 1,000 and Rp 7,900, respectively, which are presented as part of Other Non-current Assets (Guarantee Deposits) and Advances, respectively, as of December 31, 2004. The stores have not opened yet as of December 31, 2004.*

- j. *In October 2003, MPP, a subsidiary, entered into sale-purchase agreements with PT Pendopo Niaga to purchase store spaces with floor area totaling 11,000 square meters, located in Malang, for Rp 99,585. As required in the sale-purchase agreements, MPP made advance payments totaling Rp 99,585, which are presented as part of Advances for purchase of property and equipment as of December 31, 2004. The store has not opened yet as of December 31, 2004.*

- k. *In March 2004, MPP, a subsidiary, entered into a lease agreement with PT Sarana Griya Prasarana Bangun covering lease of store space with a floor area of 10,515 square meters in Solo. The lease period covers 11 years to start at the opening day of the store and is extendable. As required in the lease agreement, MPP made advance payment amounting to Rp 15,000 which is presented as part of Advances as of December 31, 2004. The store has not opened yet as of December 31, 2004.*

- l. *In May 2004, MPP, a subsidiary, entered into a lease agreement with PT Federal Investindo covering lease of store space with a floor area 11,950 square meters in Batam. The lease period will start at the opening day of the store up to the end of August 2016 and is extendable. As required in the lease agreement, MPP made rental deposit and rental advance amounting to SGD 320 and SGD 300, respectively, which are presented as part of Other Non-current Assets (Guarantee Deposits) and Advances, respectively, as of December 31, 2004. The store has not opened yet as of December 31, 2004.*

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- m. *In June 2004, MPP, a subsidiary, entered into Open Book Master Logistic Services Agreement with PT Exel Indonesia (Exel), whereby Exel agreed to provide logistics services to MPP. MPP agreed to pay Exel all costs incurred in providing the services during the period which should be agreed by the parties. In addition, MPP shall pay management fee on a lump-sum basis for the first financial year. The agreement commenced on July 1, 2004 and will expire on June 1, 2009.*
- n. *In July 2004, MPP, a subsidiary, entered into a lease agreement with PT Govindo Utama covering lease of store space with a floor area 7,008 square meters in Banjarmasin. The lease period covers 11 years to start at the opening day of the store and is extendable. As required in the agreement, MPP made rental deposit amounting to Rp 630, which is presented as part of Other Non-current Assets (Guarantee Deposits) as of December 31, 2004. The store has not opened yet as of December 31, 2004.*
- o. *In August 2004, MPP, a subsidiary, entered into a lease agreement with PT Donindo Menara Utama covering lease of store space with a floor area of 9,000 square meters in Banjarmasin. The lease period covers 11 years to start at the opening day of the store and is extendable. As required in the agreement, MPP made rental deposit amounting to Rp 1,500 which is presented as part of Other Non-current Assets (Guarantee Deposits) as of December 31, 2004. The store has not opened yet as of December 31, 2004.*
- p. *In September 2004, MPP, a subsidiary, entered into lease agreement with PT Santosa Mitra Kalindo covering lease of store space with a floor area 12,071 square meters in Pontianak. The lease period covers 11 years to start at the opening day of store and is extendable. As required in the agreement, MPP made rental deposit amounting to Rp 1,300 which is presented as part of Other Non-current Assets (Guarantee Deposits) as of December 31, 2004. The store has not opened yet as of December 31, 2004.*
- q. *In September 2004, MPP, a subsidiary, entered into sale-purchase agreements with PT Unitech Prima Indah to purchase store spaces with floor areas totaling 13,417 square meters located in Medan for Rp 112,466. As required in sale-purchase agreements, MPP made payments totaling Rp 112,466, which are presented as part of Advances for purchase of property and equipment as of December 31, 2004. The store has not opened yet as of December 31, 2004.*
- r. *In November 2004, MPP, a subsidiary, entered into a final agreement with Pemerintah Kota Malang for the reconstruction of Pasar Besar Malang which is located in Malang. MPP is obliged to reconstruct the store, which was previously damaged by fire, in Pasar Besar Malang. As compensation, MPP's lease right is extended to year 2034.*

33.Segmen Information

Primary Segment

The Company and subsidiaries classify their products and services into three core business segment namely:

- Retails and Distribution*
- Information Technology,*
- Share Administration and Other Services, and*
- Others*

Information concerning the Company and subsidiaries business segment are as follows:

2004

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	<i>Retail and Distribution</i>	<i>Information Technology</i>	<i>Share Administration and Other Services</i>	<i>Others</i>	<i>Elimination</i>	<i>Consolidated</i>
	Rp	Rp	Rp	Rp	Rp	Rp
Revenues						
<i>External</i>	1,921,515	582,336	3,085	--	--	2,506,936
<i>Intersegment</i>	376	2,057	132	--	(2,565)	--
Total Revenues	1,921,891	584,393	3,217	--	(2,565)	2,506,936
Retail						
<i>Segment Results</i>	114,590	34,960	(1,382)	--	201	148,369
<i>Interest Income</i>	13,009	4,323	636	4	--	17,972
<i>Interest Expense and Other Financing Costs</i>	(33,672)	(64,433)	(266)	(1)	--	(98,372)
<i>Gain (Loss) on Disposal of Investment</i>	(2)	--	--	14,485	--	14,483
<i>Others – Net</i>	5,466	(21,673)	1,995	--	(3,771)	(17,983)
Income (Loss) Before Income (Loss) in Associates						
<i>Income (Loss) in Associates</i>	99,391	(46,823)	983	14,488	(3,570)	64,469
Income before Tax Benefits (Expenses)	100,264	3,342	983	13,800	(35,613)	82,776
<i>Benefit (Expenses) Income Tax</i>	(24,168)	5,251	(265)	--	--	(19,182)
Profit (Loss) before Extraordinary Item	76,096	8,593	718	13,800	(35,613)	63,594
Segment Assets						
<i>Investment in Associates</i>	4,086,018	662,140	63,513	14,203	(1,132,967)	3,692,907
<i>Total Assets</i>	--	1,132,189	--	47,621	--	1,179,810
Total Assets	4,086,018	1,794,329	63,513	61,824	(1,132,967)	4,872,717
Segment Liabilities						
<i>Capital Expenditures Depreciation</i>	2,129,304	790,529	17,171	86,638	(124,431)	2,899,211
<i>Capital Expenditures</i>	33,771	68,013	2	--	--	101,786
<i>Depreciation</i>	45,065	27,554	961	--	--	73,580
2003						
	<i>Retail and Distribution</i>	<i>Information Technology</i>	<i>Share Administration and Other Services</i>	<i>Others</i>	<i>Elimination</i>	<i>Consolidated</i>
	Rp	Rp	Rp	Rp	Rp	Rp
Revenues						
<i>External</i>	--	590,515	3,873	--	--	594,388
<i>Intersegment</i>	--	21	2,851	--	(2,872)	--
Total Revenues	--	590,536	6,724	--	(2,872)	594,388
Result						
<i>Segment Result</i>	--	48,478	425	(3)	175	49,075

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	2003					
	<i>Retail and Distribution</i>	<i>Information Technology</i>	<i>Share Administration and Other Services</i>	<i>Others</i>	<i>Elimination</i>	<i>Consolidated</i>
	Rp	Rp	Rp	Rp	Rp	Rp
Interest Income	--	2,764	516	1,610	--	4,890
<i>Interest Expense and Others Financing Costs</i>	--	(58,027)	(496)	(1)	--	(58,524)
<i>Others – Net</i>	--	(4,178)	(416)	(1,437)	(135)	(6,166)
Operating Profit	--	(10,963)	29	169	40	(10,725)
<i>Income (Loss) in Associates</i>	--	43,264	--	(601)	--	42,663
Income before Tax Benefits (Expenses)	--	32,301	29	(432)	40	31,938
<i>Benefit (Expenses) Income Tax</i>	--	(11,514)	(155)	(1,971)	--	(13,640)
<i>Net Loss from Discontinuing Operations</i>	--	--	--	(18,757)	--	(18,757)
Profit (Loss) before Extraordinary Item	--	20,787	(126)	(21,160)	40	(459)
<i>Extraordinary Item</i>	--	11,771	--	--	--	11,771
Net Profit	--	32,558	(126)	(21,160)	40	11,312
<i>Segment Assets</i>	--	572,828	44,145	18,207	(125,032)	510,148
<i>Investment in Associates</i>	--	1,019,484	--	39,626	--	1,059,110
Total Assets	--	1,592,312	44,145	57,833	(125,032)	1,569,258
<i>Segment Liabilities</i>	--	713,204	23,688	96,447	(168,470)	664,869
<i>Capital Expenditures</i>	--	1,931	--	--	--	1,931
<i>Depreciation</i>	--	18,284	1,289	--	(40)	19,533

Secondary Segment

Information concerning the Company and subsidiaries geographical areas segment are as follows:

	2004 Rp	2003 Rp
Sales		
<i>Jabotabek</i>		
<i>Retail and Distribution</i>	775,184	--
<i>Information Technology</i>	569,318	577,668
<i>Shares Administration and Other Services</i>	2,891	3,769
Sub Total	1,347,393	581,437
<i>Outside Jabotabek</i>		
<i>Retail and Distribution</i>	1,146,331	--
<i>Information Technology</i>	13,018	12,847
<i>Shares Administration and Other Services</i>	194	104
Sub Total	1,159,543	12,951
Net	2,506,936	594,388

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34. Economic Conditions in Indonesia

Indonesian economic condition has not been fully recovered from the economic crisis and still influenced by national social and politic stability. However, there has been a positive improvement in several main economic indicators, such as the increasing economic activity showed by the increase in gross domestic product, improvement in liquidity, decrease in interest and inflation rate and also increase in investors' trust, as seen in increasing in global prices of stocks traded in Indonesian stock exchange.

During 2004, the general election for legislative and president had been conducted in tranquility and democratic manner, relatively stable Rupiah exchange rate, and composite stock price index could achieve the highest level during Indonesian stock exchange history.

The consolidated financial statements included the effect of the economic condition to the extent they can be determined and estimated.

35. Subsequent Events

- a. *On January 17, 2005, the Company purchased 47,964,400 shares of PT Lippo Karawaci Tbk (LK), a related party, at price of Rp 1,050 per share or totaling to Rp 50,363 through Limited Public Offering of Rights Issue II of LK. These additional shares purchased was intended to be sold within a year (see Note 10.c).*
- b. *On March 18, 2005, the Company withdraw part of short-term investment in Wireless World Limited amounting to USD 1,222 and at the same date, SI, a subsidiary, withdraw all short-term investment in Wireless World Limited amounting to USD 2,000 (see Note 5).*
- c. *In March 2005, the Company obtained credit facility of PTX-OD (fixed loan on demand) of Rp 55,000 from PT Bank Lippo Tbk, a related party, which is used for working capital. This loan will mature in 24 months since the signed credit agreement and bear interest rate at 14% per annum. This loan is secured by the Company's 15,500 shares of MPP, a subsidiary, fiducia of trade receivables and inventories.*
- d. *Based on shareholders Meeting Reduction which was covered under notarial deed No. 84 of Poerbaningsih Adi Warsito, SH, dated March 30, 2005, the shareholders agreed to change par value of share in portepel into Rp 125 per share, as a result capital stock consist of two type of shares, are as follows:*
 - A Series share with par value of Rp 500 per share*
 - B Series share with par value of Rp 125 per share*
- e. *In accordance with the Stockholders' General Meeting held on May 27, 2005, the members of the Company's boards of commissioners and directors are as follows:*

President Commissioner
Independent Commissioners

Commissioner

President Director

Dr. Cheng Cheng Wen
Jonathan L. Parapak
M. Salim Radjiman
Marshall W. Cooper

Jeffrey Koes Wonsono

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Vice President Director
Directors

Eddy H. Handoko
Harijono Suwarno
Ketut Budi Wijaya
Antonius Agus Susanto
Dicky Setiadi Moechtar
Lay Krisnan Cahya

36. SFAS 24 (Revised 2004) - Employee Benefit

The Accounting Standards Board of the Indonesian Institute of Accountants (“DSAK – IAI”) has approved the revision of Statement of Financial Accounting Standards (“SFAS”) No 24 concerning “Accounting for Employee Benefit Costs”. The SFAS 24 (Revised 2004) provides guidance for various types of employee benefits amongst others, consists of:

a. *Short-term employee benefits*

The SFAS requires the Company to recognize short-term employee benefits when an employee has rendered service in exchange for those benefits.

b. *Post-employment employee benefits*

Post-employment benefits plans are classified as either defined contribution plans or defined benefit plans. The SFAS gives specific guidance on the classification of multi-employer plans, state plans and plans with insured benefits. Under defined contribution plans, the company pays fixed contributions into a separate company (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The SFAS requires the company to recognize contributions to a defined contribution plan when an employee has rendered service in exchange for those contributions.

All other post-employment benefit plans are defined benefit plans. Defined benefit plans may be unfunded, or they may be wholly or partly funded. The SFAS requires the company to, amongst others account not only for its legal obligation, but also for any constructive obligation that arises from the company's practices; use the Projected Unit Credit Method to measure its obligations and costs.

c. *Other long-term employee benefits*

Accounting for other long term employee benefit is simpler compared to post employment benefit: actuarial gains and losses and past service cost are recognized immediately.

d. *Termination benefits*

Termination benefits are employee benefits payable as a result of either an company's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits. The event which gives rise to an obligation is the termination rather than employee service. Therefore, an company should recognize termination benefits when, and only when, the company is demonstrably committed to either:

- (i) terminate the employment of an employee or group of employees before the normal retirement date; or
- (ii) provide termination benefits as a result of an offer made in order to encourage voluntary resignation.

e. *Equity compensation benefits*

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The standard will effective for periods beginning on or after July 1, 2004.

The Company has not fully applied this accounting standard for the year ended December 31, 2004.

The estimated effect on implementation of SFAS No. 24 (Revised 2004) to the Company is the restatement of 2003's retained earnings by Rp 307.

37. Additional Information Regarding with Parent Company's Financial Statements

ASSETS	2004	2003
	Rp	(Restated, see Note 9.a) Rp
CURRENT ASSETS		
Cash and Cash Equivalents	17,961	23,278
Short-term Investments		
Related Parties	440	283
Third Parties	17,312	24,023
Accounts Receivable		
Trade		
Related Parties	45,596	60,450
Thrid Parties		
(Net of allowance for doubtful accounts of Rp 889 and Rp 1,041 as of December 31, 2004 and 2003, respectively)	92,069	132,703
Others		
Third Parties	11,543	12,854
Inventories		
(Net of allowance for inventory obsolescence of Rp 3,506 and Rp 5,387 as of December 31, 2004 and 2003, respectively)	56,492	31,371
Prepaid Taxes and Expenses	14,861	20,656
Other Current Assets	17,406	10,248
Total Current Assets	273,680	315,866
NON-CURRENT ASSETS		
Due from Related Parties	90,215	151,630
Deferred Tax Assets - Net	5,321	70
Investment in Associates	1,181,765	976,270
Other Long-term Investments	74,495	39,115
Property and Equipment		
(Net of accumulated depreciation of Rp 66,081 and Rp 42,554 as of December 31, 2004 and 2003, respectively)	84,830	44,482
Advances	600	600
Intangible Assets		

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ASSETS	2004	2003 <i>(Restated, see Note 9.a)</i>
	<u>Rp</u>	<u>Rp</u>
CURRENT ASSETS		
<i>(Net of accumulated amortization of Rp 4,368 and Rp 2,784 as of December 31, 2004 and 2003, respectively)</i>	4,096	5,436
<i>Other Trade Receivables</i>	5,365	3,642
<i>Other Non-Current Assets - Net</i>	5,514	5,172
<i>Total Non-Current Assets</i>	<u>1,452,201</u>	<u>1,226,417</u>
TOTAL ASSETS	<u>1,725,881</u>	<u>1,542,283</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY	 2004	 2003 <i>(Restated, see Note 9.a)</i>
	<u>Rp</u>	<u>Rp</u>
CURRENT LIABILITIES		
<i>Short-term Loans and Overdraft</i>	190,498	171,967
<i>Promissory Notes</i>	20,352	2,000
<i>Accounts Payable</i>		
<i>Trade</i>	34,231	59,876
<i>Others</i>	732	1,122
<i>Taxes Payable</i>	15,370	9,311
<i>Accrued Expenses</i>	23,236	18,865
<i>Current Maturities of Long-term Loans</i>	68,798	36,282
<i>Other Current Liabilities</i>	19,638	9,951
<i>Total Current Liabilities</i>	<u>372,855</u>	<u>309,374</u>
NON-CURRENT LIABILITIES		
<i>Due to Related Parties</i>	25,423	15,624
<i>Promissory Notes</i>		
<i>Related Parties</i>	72,550	17,550
<i>Third Parties</i>	48,702	18,702
<i>Long-term Debts - Net of Current Maturities</i>	250,243	272,771
<i>Other Long-term Payables - Net</i>	5,283	3,873
<i>Total Non-Current Liabilities</i>	<u>402,201</u>	<u>328,520</u>
STOCKHOLDERS' EQUITY		
<i>Capital Stock - par value of Rp 500 per share Authorized Capital 7,485,000,000 shares Issued and Fully Paid 1,871,768,000 shares</i>	935,884	935,884

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LIABILITIES AND STOCKHOLDERS' EQUITY	2004	2003 <i>(Restated, see Note 9.a)</i>
	Rp	Rp
Additional Paid in Capital - Net	32,313	32,313
Changes in the Equity Transaction of a Subsidiary/Associates	(2,671)	(25,575)
Unrealized Loss on Available for Sale Securities	(3,245)	(3,650)
Deficit	(11,456)	(34,583)
Total Stockholders' Equity	<u>950,825</u>	<u>904,389</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>1,725,881</u>	<u>1,542,283</u>

	2004	2003 <i>(see Note 9.a)</i>
	Rp	Rp
NET SALES, SERVICES AND OTHER OPERATING REVENUES	<u>584,393</u>	<u>590,536</u>
COST OF SALES AND SERVICES	<u>480,964</u>	<u>474,899</u>
GROSS PROFIT	<u>103,429</u>	<u>115,637</u>
OPERATING EXPENSES		
Selling	16,529	15,805
General and Administrative	50,927	51,354
Total Operating Expenses	<u>67,456</u>	<u>67,159</u>
INCOME FROM OPERATIONS	<u>35,973</u>	<u>48,478</u>
OTHER INCOME (CHARGES)		
Interest Income	4,323	2,764
Loss on Foreign Exchange – Net	(6,525)	(1,432)
Loss on Disposals of Property and Equipment - Net	(365)	(3,499)
Interest Expense and Other Financing Costs	(69,024)	(58,026)
Others – Net	(15,211)	549
Total Other Charges - Net	<u>(86,802)</u>	<u>(59,644)</u>
LOSS BEFORE EQUITY IN NET EARNINGS OF ASSOCIATES	<u>(50,829)</u>	<u>(11,166)</u>
EQUITY IN NET EARNINGS OF ASSOCIATES - NET	<u>68,705</u>	<u>22,221</u>
INCOME BEFORE INCOME TAX BENEFIT (EXPENSE)	<u>17,876</u>	<u>11,055</u>
INCOME TAX BENEFIT (EXPENSE)		
Current	--	--
Deferred	5,251	(11,514)
Total Income Tax Benefit (Expense)	<u>5,251</u>	<u>(11,514)</u>
NET INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	<u>23,127</u>	<u>(459)</u>
EXTRAORDINARY ITEM	<u>--</u>	<u>11,771</u>
NET INCOME	<u>23,127</u>	<u>11,312</u>

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38. Reissuance of The Consolidated Financial Statements

In the connection with Limited Public Offering III, the Company reissued its consolidated financial statements for the year ended December 31, 2004 and 2003 include several changes in presentation on consolidated balance sheets and consolidated statements of cash flows and additional disclosures on Notes 2.c, 2.i, 4, 5, 8, 9, 10, 11, 14, 15, 18, 23, 31, 33, 35, 36 and 37 to the consolidated financial statements.

39. Responsibility of the Consolidated Financial Statements

The management of the Company is responsible for the preparation of the consolidated financial statements that were completed on June 3, 2005.

XV. STANDBY BUYERS

According to the Standby Buyers Agreements for the unsubscribed shares in this Rights Issue III No. 50 and No. 51 dated April 27, 2005, executed in front of Mrs. Poerbaningsih Adi Warsito, SH., a public notary in Jakarta, the standby buyers are as follows:

AcrossAsia Limited
Head Office
Room 4302, 43rd Floor, Tower One
Lippo Centre, 89 Queensway
Hong Kong

PT Ciptadana Sekuritas
Citra Graha Lantai 8
Jl. Gatot Subroto Kav. 35-36
Jakarta 12950

In the event that the shares offered in this Rights Issues III are not entirely subscribed by the entitled owners of the HMETD, the remaining allocation will be made available to other Shareholders who subscribe for more than their allocated rights as outlined in the Certificate of Proof HMETD (“SBK”) in accordance to the law. AcrossAsia Limited as a shareholder will exercise its rights to subscribe.

In the event there is any remaining allocations thereafter, AcrossAsia Limited and PT Ciptadana Sekuritas as Standby Buyers will purchase as much as 82.86% and 17.14%, respectively, of the unsubscribed shares at the offering price of Rp125 (one hundred twenty five Rupiah) per share to be paid in full. Both AcrossAsia Limited and PT Ciptadana Sekuritas state that they have adequate funds to act as Standby Buyers in this Rights Issue III.

XVI. DESCRIPTION OF THE PRE-EMPTIVE RIGHTS (“HMETD”)

This Rights Issue III is not registered under any laws or regulations other than those applicable in Indonesia. Those outside the jurisdiction of Indonesia, who receive this Prospectus or an HMETD Certificate (“SBKH”), these documents do not constitute an offer of, or an invitation to buy shares or execute the HMETD, unless the offer and the purchase of shares through Rights Issue III and/or the exercise of the HMETD is not in violation of any existing laws, regulations, and applicable stock exchange rules within the recipient’s country.

Every party that has the intention to execute the HMETD is obliged to ensure that the execution of the HMETD does not violate against and/or is in contradiction to any applicable rules and laws where the Shareholder is located.

The offered share for the purposes of the Rights Issues III is published pursuant to HMETD to allow it to be able for transaction during the period and to be determined as one of conditions for purchasing of the share.

1. Rightful Recipients for HMETD

The Company’s stockholders whose names are registered in the Shareholders Registry as of June 22, 2005, at 16:00 WIB are eligible to receive HMETD. Each

owner of 4 (four) Class A Shares will be entitled to 5 (five) HMETD to buy 5 (five) Class B Shares.

2. Registered Holders of HMETD

The Company's stockholders whose names registered in the Shareholders Registry as of June 22, 2005 at 16:00 WIB whose HMETD are not sold or the last holder/buyer of HMETD whose name is written endorsement column of the HMETD certificate. The HMETD holders in KSEI's collective depository until the end of the trading period of HMETD.

3. Trading of HMETD

The HMETD can be sold or transferred during trading of HMETD, from June 24, 2005 up to July 7, 2005. HMETD holders, as such intention, can execute it either through or without mediation of trading agents as registered in Jakarta Stock Exchange and the Surabaya Stock Exchange, and also outside these exchanges in accordance with applicable capital market regulations. All expenses arising out of the trade of HMETD are assumed by the HMETD holder or the HMETD candidate owner.

The trade of HMETD will have to abide by regulations that are applied in Indonesia, including but not limited to, capital market rules including the regulation of shares where HMETD is traded and KSEI regulations. Should there be any doubt when making a trading decision, the HMETD owner best seek the counsel of an investment adviser, trading agents, investment managers, or other qualified professionals.

4. HMETD Form

For stockholders whose shares are not registered in KSEI collective depository, the Company will issue HMETD certificate that states the name and address of the HMETD holder, amount of shares owned, amount of HMETD that can be used to subscribe to shares, number of shares purchased, total amount of payment required, number of additional shares subscribed, endorsement column and other required information.

5. Application for Splitting of HMETD certificate

For HMETD owner who wishes to sell or transfer some of the amount written in the HMETD certificate, the HMETD holder in question can contact the Share Registrar, PT Sharestar Indonesia, to split the HMETD certificate.

For HMETD owner who wishes to split HMETD certificate may submit a written request from June 23, 2005 to July 6, 2005 to the Company via the Share Registrar, PT Sharestar Indonesia.

Each split of the HMETD certificate will be charged of Rp11,000 (eleven thousand Rupiah) including a 10% VAT for each new split HMETD and should be paid when request is submitted and will be borne by the HMETD owner.

6. Value HMETD

- a) Value of the HMETD will be different among HMETD owner pursuant to supply and demand.
- b) Following is an example for the calculation of value of the HMETD, however, it doesn't guarantee that calculation of the value of the HMETD will be the HMETD price in the market. Illustration hereunder is to give a general picture on how to value HMETD:

Assumed Market Price for One Share = Rp a
Share Price Rights Issues III = Rp b
Rights Issues III conversion ratio = c : d
(holder c number of existing share has right to purchase d number of new shares)

$$\text{Theoretical New Share Price} = \frac{(\text{Rp } a \times c) + (\text{Rp } b \times d)}{(c + d)}$$

$$\text{Price HMETD per Share} = \text{Rp } e - \text{Rp } b$$

7. Odd lot HMETD

In accordance with Peraturan No. IX.D.1 concerning HMETD, holders of odd lot HMETD certificate should be sold by the Company and the proceeds should be credited to the account of the Company.

8. Usage of HMETD Certificate

HMETD certificate represents the right to subscribe the Company's shares that are offered through the Rights Issues III. This HMETD certificate cannot be converted into cash or any other form from the Company and also cannot be traded in photocopy form.

HMETD certificate for HMETD owner in KSEI collective depository will be given by KSEI through an exchange member or a custodian bank.

XVII. TERMS FOR SHARE SUBSCRIPTION

The Company has appointed PT Sharestar Indonesia as Share Administration Undertaker and as the Executing Agent whose duty is to submit collective share certificate which reflect the ordering results for the purpose of the Rights Issue III, in accordance with Deed No. 52, dated April 27, 2005, which was made in the presence of by Ny. Poerbaningsih Adi Warsito, S.H., Notary in Jakarta.

Other clauses and procedures in the ordering of share purchases for the Rights Issue III are as follows:

1. Rightful subscriber of Rights Issue

The Company's shareholders whose names are registered in the Shareholders Registry as of June 22, 2005, at 16:00 WIB is entitled to purchase Class B Shares of the Rights Issues III provided that each Shareholder have 4 (four) Class A Shares which entitles him to 5 (five) HMETD to buy 5 (five) Class B Shares with a price of Rp125 (one hundred twenty five Rupiah) per share at the price of execution of Rp125 (one hundred twenty five Rupiah) per share to be paid in full at the time the order is placed to purchase the share.

The rightful subscriber of the Rights Issue III is a valid HMETD holder that is not sold or the last holder or purchaser of the HMETD as written in the HMETD certificate or in the endorsement column of the HMETD certificate or the HMETD holder registered in the KSEI collective depository. Subscriptions may be made by individuals and/or Indonesia/foreign legal entities as outlined in Capital Markets Act No. 8 year of 1995.

To facilitate and also fulfill the registration schedule of rightful claimant stockholders, hence, for stockholders to exercise his rights to obtain HMETD, it is strongly suggested they enlist before the final registration of stockholders that is date of June 22, 2005 at 16.00 WIB.

2. Distribution of HMETD

- a) For shareholders whose shares stay in the KSEI collective depository, HMETD will be distributed electronically through the securities accounts of Exchange Members or each Custodian Bank of KSEI at the latest 1 (one) Trading Day after the date of Shareholders Registry that determines the rightful subscriber of the Rights Issue III, that is June 23, 2005.
- b) For shareholders whose shares are not retained in the KSEI collective depository, the Company will publish HMETD certificate on behalf of the Stockholder.

3. Registration for the subscription of the HMETD

For shareholders whose shares are retained within the KSEI collective depository

The HMETD Owner is obliged to submit his exercise through a securities company or custodian bank as his agent. Thereafter, the securities company or custodian bank will provide its authorization/instructions to execute through the C-BEST system in accordance with procedures specified by KSEI. In the event of this exercise, the Exchange Member or the custodian bank has to comply with the followings:

- a). The HMETD Owner has to provide the exercise fund to exercise the rights at the moment it is applied;
- b). The adequacy of the HMETD and the funds to exercise and is made available to the securities account to effect the execution.

One day thereafter, the KSEI will submit the HMETD owner list in the collective depository of KSEI who execute their rights and have remitted the HMETD execution fund payments to Company's account.

The resulting shares from the execution of the HMETD will be distributed by the Company or by PT Sharestar Indonesia in an electronic form to the respective accounts as have been determined by KSEI for distribution to each HMETD account owner that executed his rights via KSEI. The resulting shares from the execution of the HMETD will be distributed by the Company or by PT Sharestar Indonesia no longer than two-days after the application of execution has been accepted from KSEI and the payment is accepted in good funds in the Company accounts.

For Shareholders whose shares are not retained within the KSEI collective depository

The rightful shareholders and/or owners of HMETD certificate that exercise the HMETD are obliged to deliver in person or to give the power of attorney to the Company's Share Registrar:

PT. Sharestar Indonesia
Gedung Citra Graha Lt. 3
Jl. Gatot Subroto Kav 35-36
Jakarta 12950
Tel: 527 7966, Fax: 527 7967

by presenting the following documents:

- a) Original HMETD certificate which has been completely filled and signed
- b) Proof of payment in the form of transfer slip/cash/giro/check
- c) Photocopy of valid KTP/SIM/Passport/KITAS (for individuals), and photocopy of a company's Articles of Association (for corporations)
- d) Power of attorney (if necessary) with a stamp duty Rp6,000 along with photocopies of KTP of the authorizer and the authorized. For foreign orders, forms must also indicate clear name and address of the authorizer and the clear overseas address and country of residence of the authorizer.
- e) The resulting shares from the execution of the HMETD will be deposited into KSEI collective depository hence Registration for the subscription of the HMETD have to be done by a securities company or a custodian bank where the subscriber open an account and by enclosing the completed endorsement form issued by KSEI.

Registration time:

Date: June 24-July 7, 2005

Time: Monday to Friday; 9.00 to 15.00 WIB

If completed endorsement HMETD form is inconsistent with instructions listed in the HMETD and the Final Prospectus, the subscription will be rejected. The exercise shall only be deemed to have been executed at the time of payment with good funds in the Company's bank account pursuant to the payment terms.

4. Additional Subscription

The stockholder who has not sold his HMETD or the holder of the HMETD certificate whose name is in the endorsement column of the SBK of the HMETD can subscribe to additional shares exceeding the allocated portion as determined by the

total right owned by filling in the Subscription to Additional Shares column, which has been provided in the HMETD certificate in 500 (five hundred) shares denomination.

HMETD owners who are in KSEI collective depository should complete and deliver Additional Share Subscription Form that are provided by PT Sharestar Indonesia by enclosing the following documents:

1. A copy of a successfully settled exercise through C-BEST indicating name of HMETD owner;
2. Security Deposit Form as issued by KSEI which has been fully completed for the purpose of distribution by PT Sharestar Indonesia the shares resulting from the exercise;
3. Photocopy of valid identification;
4. Proof of payment to the Company's bank account.

Payment for additional subscription has to be done and deposited in the Company's bank account at the latest by July 11, 2005 in good funds. Orders that fail to meet the requirements will be rejected.

5. Allocation of Additional Subscription

The allocation of additional subscription will be determined on July 12, 2005 proportionately on the amount of HMETD exercised by each stockholder requesting for additional subscription at the order price. Should the additional subscription exceed the available shares for sale, the allocation of the additional subscription will be proportionately on the amount of HMETD exercised.

6. Payment Requirements

Subscription payment of the Rights Issues III has to be made in full at the time of the subscription by cash, cheque, money order or giro, or fund transfer by including the name of the person subscribing and the number of the HMETD certificate. Payment can be made to the Company's account:

PT Multipolar Corporation Tbk
Bank Lippo
Cabang Karawaci -Tangerang
A/C No. 570-30-81373-8

If payment is made by cheque, fund transfer, or giro, the payment date will be the date on which the payment is accepted in good funds and has been confirmed to be deposited in the Company's bank account. For additional subscription, payment is made on the day of subscription and has to be received in good funds in the Company's bank account no later than July 11, 2005.

All bank charges and expenses from any fund transfer arising from the purchase of shares will be borne by the subscriber. Subscription will be rejected if payment requirements are not met.

7. Proof of Receipt of Share Subscription

When the share subscription of shares is received, PT Sharestar Indonesia will deliver to the subscriber a Proof of Receipt of Share Subscription as part of the stamped and signed HMETD certificate as the Proof of Receipt of Share Subscription as a proof to collect Share Validation Confirmation and to claim a refund when an order is not fulfilled.

For HMETD owners in the KSEI collective depository, they will receive confirmation of their HMETD exercise request through C-BEST from KSEI through the KSEI account holder.

8. Cancellation of Share Subscription

The Company reserves the right to cancel a share subscription in part or in whole when any of the conditions are not fulfilled. A notification concerning the cancellation of a share subscription will be provided at the same time with the announcement of allocation of additional shares on July 12, 2005.

Factors that may cause the canceling of share subscription include:

- a. The completion of the HMETD certificate or SBK of HMETD is inconsistent with the share subscription instructions written in the HMETD certificate, SBK of HMETD and the Final Prospectus.
- b. Payment requirements are not fulfilled.

9. Subscription Refund

In the event of non-fulfillment of some or the entire share subscription in excess of the subscriber's proportionate rights or the outright rejection/cancellation of a share subscription, the Company will effect the refund at the latest on July 7, 2005 that can be collected at the Share Registrar office appointed by the Company on working days and hours. Cheque collection after July 14, 2005, should be made at the Company's office.

Refund can be made only after presentation of valid identification and the surrender of Proof of Receipt of Share Subscription. Subscriber will not be subject to bank or transfer charges for the refund. If the subscriber cannot collect the refund in person, the subscriber may give a power of attorney to an authorized that is required to present the original power of attorney with Rp6,000 stamp duty property affixed and photocopy of the authorizer's identification and the original and photocopy of the authorizer's identification.

Refund that is made beyond 2 days after the date of allotment or after the announcement date of the cancellation of the Rights Issue III based on the proof of payment by the Company will carry an interest that will accrue from the second day after the date of allotment or after the announcement date of the cancellation of the Rights Issue III until the refund date.

The interest for the delay in making the refund will be calculated as the average of 1-month deposit rates from Bank Mandiri, Bank BNI and Bank BRI, calculated by multiplying the average deposit rate to the division between the number of days of the

delay to 365. The Company will not pay refund if the delay is due to the subscriber's failure to collect the refund according to the determined time.

For subscribers that are in KSEI collective depository, the refund will be made to the securities account that places the subscription by KSEI.

10. Collection Share Certificate Delivery and Credit to Securities Accounts

Shares resulting from the exercise of HMETD for subscribers who exercise the HMETD in accordance with his rights through KSEI will be credited in the securities account within two working days after the application of HMETD exercise has been received from KSEI and payment of good funds in the Company's bank account has been confirmed.

Shares resulting from the allocation of additional share subscription will be distributed electronically in KSEI collective depository within two working days after the allocation date.

11. Allocation of unexercised HMETD

If shares offered in the Rights Issues III are not entirely subscribed by HMETD certificate holders, these shares will be allocated to those subscribers who subscribe in excess of his right as specified in the HMETD certificate and or in the SBK of HMETD proportionately pursuant to the exercised rights. If after this allocation, there are shares remaining, AcrossAsia Limited and PT Ciptadana Sekuritas as Standby Buyers will purchase all the remaining unsubscribed shares at the offering price equal to Rp125 (one hundred twenty five rupiah) per share.

XVIII. DISSEMINATION OF PROSPECTUS AND HMETD CERTIFICATE

The Prospectus, Share Subscription Form, and Splitting of HMETD Certificate Form can be made available from June 9, 2005, from the Share Registrar office for all shareholders registered on the Shareholder Registry.

For HMETD that are in electronic form, HMETD certificate will be distributed into the KSEI's share depository account or distributed to the shareholders through the KSEI's account holder.

For HMETD that are still in script form, HMETD certificate can be collected at the Share Registrar's office on the working days from 9:00 to 16:00 WIB between June 23-July 6, 2005, by presenting proof of identification.

SHARE REGISTRAR
PT Sharestar Indonesia
Gedung Citra Graha Lt. 2
Jl. Gatot Subroto Kav 35-36
Jakarta 12950
Tel: 527-7966
Fax: 527-7967

Information regarding this Rights Issue III has been published in one newspaper in Bahasa Indonesia that has wide distribution and is issued in the Company's premises.

XIX. SUPPLEMENTARY INFORMATION

Parties who require additional explanation regarding the Limited Public Offering III or wish for additional information addition may contact:

PT Multipolar Corporation Tbk

Menara Matahari Lantai 16
Palem Raya Boulevard 7
Lippo Karawaci 1100,
Tangerang 15811
Tel : 546 0011
Fax : 546 0020

Or

Share Registrar

PT Sharestar Indonesia
Gedung Citra Graha Lt. 3
Jl. Gatot Subroto Kav 35-36
Jakarta 12950
Tel: 527-7966
Fax: 527-7967